

**OFFICIAL PROCEEDINGS  
CITY OF COLUMBIA HEIGHTS  
CITY COUNCIL MEETING  
SEPTEMBER 23, 2019**

The following are the minutes for the regular meeting of the City Council held at 7:00 pm on Monday, September 23, 2019, in the City Council Chambers, City Hall, 590 40<sup>th</sup> Avenue N.E., Columbia Heights, Minnesota.

**1. CALL TO ORDER/ROLL CALL**

Mayor Schmitt called the meeting to order at 7:03 pm.

Present: Mayor Schmitt; Councilmember Buesgens; Councilmember Murzyn, Jr.; Councilmember Novitsky; Councilmember Williams

Also Present: Kelli Bourgeois, City Manager; Sean Broom; Aaron Chirpich, Community Development Director; Mitch Fomey, Community Development Coordinator; Becky Hansen; Kevin Hansen, Public Works Director; Jim Hoeft, City Attorney; Pastor Bill Hugo; KT Jacobs; Joe Kloiber, Finance Director; Stacie Kvilvang; Lorien Mueller; Dan O'Brien, Fire Captain; Ben Sandell, Communications Coordinator; Chris Schoenhauer; Amada Marquez Simula; Charlie Thompson, Fire Chief; Nicole Tingley, City Clerk; Tim Utz; Malcolm Watson; Keith Windschitl, Recreation Director; Clara Wolfe

**2. INVOCATION**

Invocation provided by Pastor Bill Hugo, St. Matthew Lutheran Church.

**3. PLEDGE OF ALLEGIANCE**

**4. MISSION STATEMENT**, Read by Mayor Schmitt

Our mission is to provide the highest quality public services. Services will be provided in a fair, respectful and professional manner that effectively address changing citizen and community needs in a fiscally responsible manner.

**5. APPROVAL OF AGENDA**

Mayor Schmitt reported the addition of Items 6C, "HeightsNEXT Plant Exchange and HeightsNEXT Fix-It Clinic," and 6D, "Flag Retirement Ceremony and Fire Department Open House."

*Motion by Councilmember Buesgens, seconded by Councilmember Williams, to approve the agenda as amended. All Ayes, Motion Carried 5-0.*

**6. PROCLAMATIONS, PRESENTATIONS, RECOGNITION, ANNOUNCEMENTS, GUESTS**

**A. Columbia Heights Athletic Booster Presentation of Donation to Recreation Department**

Accompanied by Becky Hansen, treasurer, and Chris Schoenhauer, board member, Clara Wolfe, Columbia Heights Athletic Boosters president, read the organization's mission statement and stated that through its continuing partnership with the City and the Parks and Recreation Department, Athletic Boosters has been able "to put its mission into action." She thanked the City for its support and presented a \$20,000 donation check to the Recreation Department. Director Windschitl accepted the check on behalf of the City and said it would help provide programs to youth at an affordable price.

It was noted that on the third Wednesday of every month at 7:00 pm, Athletic Boosters holds a meeting at Murzyn Hall in the Senior Room and anyone over 18 years of age is welcome to join.

**B. School District Update**

Lorien Mueller, Columbia Heights Public Schools board member, reported that school is in session and fall conferences will be forthcoming. Current sport team opportunities include boys and girls soccer, girls swimming, girls tennis, volleyball, adapted soccer, bowling and football. Homecoming will be held on Friday, October 11, with Athletic Boosters tailgating scheduled at 6:00 pm, the football game at 7:00 pm versus Bloomington Kennedy, followed by fireworks, and dance on Saturday. There will be no school on Thursday, October 17, and Friday, October 18.

**C. HeightsNEXT Plant Exchange and HeightsNEXT Fix-It Clinic**

Amada Marquez-Simula, HeightsNEXT board member, invited all to attend the HeightsNEXT Fall Plant Exchange at 11:00 am on Saturday, September 28, at Lomianki Park. Those interested are welcome to attend the free event and bring their labeled plants to exchange.

The HeightsNEXT Fix-It Clinic will be held 10:00 am to 1:00 pm on Saturday, October 2, in the basement at the Community United Methodist Church. The clinic is free, supported by volunteers, and participants can bring any small appliances and/or clothing that need to be fixed.

**D. Flag Retirement Ceremony and Fire Department Open House**

Chief Thompson announced the Columbia Heights Fire Department open house will be 11:00 am to 2:00 pm on Saturday, September 28, at the Public Safety Building, and the Flag Retirement Ceremony will be conducted on Saturday, October 5, at 10:00 am at VFW Post #230, 4446 Central Avenue NE.

**7. CONSENT AGENDA**

(These items are considered to be routine by the City Council and will be enacted as part of the Consent Agenda by one motion. Items removed from consent agenda approval will be taken up as the next order of business.)

**A. Approve Minutes of the City Council**

MOTION: Move to approve the minutes of the City Council Work Session of September 3, 2019.

MOTION: Move to approve the minutes of the City Council Meeting of September 9, 2019.

**B. Consideration of Approval of Attached List of Rental Housing Applications**

MOTION: Move to approve the items listed for rental housing license applications for September 23, 2019, in that they have met the requirements of the Property Maintenance Codes.

**C. Approve Business License Applications**

MOTION: Move to approve the items as listed on the Business License Agenda for September 23, 2019, as presented.

**D. Review of Bills**

MOTION: Move that in accordance with Minnesota Statute 412.271, subd. 8, the City Council has reviewed the enclosed list of claims paid by check and by electronic funds transfer in the amount of \$949,495.41.

*Motion by Councilmember Murzyn, Jr., seconded by Councilmember Novitsky, to approve the Consent Agenda as presented. All Ayes, Motion Carried 5-0.*

## **8. PUBLIC HEARINGS**

### **A. Consideration of revocation of the license to operate a rental unit within the City of Columbia Heights is requested against the rental property at 2103 Fairway Drive NE for failure to meet the requirements of the Residential Maintenance Codes**

Fire Captain O'Brien reported the owner failed to submit a rental application, pay the fees and correct a few outstanding violations on the property at 2103 Fairway Drive NE. He said multiple attempts were made to reach the owner but they resulted in no response.

Mayor Schmitt opened the public hearing.

*Motion by Councilmember Buesgens, seconded by Councilmember Williams, to close the public hearing and waive the reading of Resolution Number 2019-73, there being ample copies available to the public. All Ayes, Motion Carried 5-0.*

*Motion by Councilmember Buesgens, seconded by Councilmember Williams, to adopt Resolution Number 2019-73, being a Resolution of the City Council of the City of Columbia Heights approving revocation pursuant to City Code, Chapter 5A, Article IV, Section 5A.408(A) of the rental license listed. All Ayes, Motion Carried 5-0.*

### **B. Establishment of NE Business Center TIF District**

Director Chirpich provided background information regarding the redevelopment site at 3989 Central Avenue NE, for which the EDA secured Alatus LLC as its preferred development partner and requests public financial assistance in the form of tax increment financing. Details are being reviewed and finalized among City staff, Ehlers finance consultants, and the developer, but a plan is being formed that would establish broad parameters for the TIF District. Eligible TIF improvements for reimbursement include acquisition of the land and buildings, any public improvements in the space, utilities, demolition and underground parking. Within the City, it is the EDA that has authority to exercise TIF powers; however, it's required that the City Council authorize any new district as well.

The current plan includes 266 luxury apartments as well as 3,500 SF retail space and 20,000 SF office space. The maximum duration for this district would be set at 26 years; and if it maxed out, the annual estimated tax increment would be just over \$1 million. Director Chirpich described TIF and its uses and said the property qualifies as a redevelopment district and conforms with the general development plan for the City.

Mayor Schmitt opened the public hearing.

Sean Broom, City resident, expressed his disappointment that the City Council appears "to be voting on a very substantial investment by the City" and there have been "very few in the way of public questions (about the TIF district) because work sessions and EDA meetings are not videotaped or televised, so it's really hard to think that the public is informed about these decisions."

Tim Utz, City resident, sought clarification about a cited \$2 million credit from the developer and how a proposed parking ramp and new City Hall fall in relation to TIF districting.

Director Chirpich responded by stating that creating a TIF district was part of the development plan with the EDA and includes several projects within it which still need discussion.

Mayor Schmitt cited the City's history in approving two other TIF districts, Central Value Center in 2017 and 47<sup>th</sup> and Grand in 2018.

She also inquired as to what would happen to the TIF if the proposed NE Business Center project does not start in the allotted time, and Director Chirpich responded that the district would need to be recertified.

Stacie Kvilvang, Senior Municipal Advisor at Ehlers & Associates, provided clarification that after a public hearing has been done, a TIF district is not created and established until a request for recertification is made to the Office of the State Auditor, which is not done until a TIF agreement is in place, and development after recertification must begin and expenditures fully funded within five years. She then clarified that the City would be at no risk because the developer would front all the costs and the City would not close on the transaction until the developer had financing in place in order to construct the development.

Mayor Schmitt commented that the proposed TIF is unique in that the current municipal parking ramp, for which the County collects no property tax on it, is part of the plan and so that tax would increase. Director Chirpich agreed and quoted \$2 million being added to the building base value, which would then total \$5 million, resulting in a \$19,000 additional City tax revenue for the general fund.

*Motion by Councilmember Buesgens, seconded by Councilmember Williams, to close the public hearing and to waive the reading of Resolution 2019-74, there being ample copies available to the public. All Ayes, Motion Carried 5-0.*

*Motion by Councilmember Buesgens, seconded by Councilmember Williams, to approve Resolution 2019-74, a Resolution adopting a modification to the downtown CBD revitalization plan for the downtown central business district redevelopment project, establishing the NE Business Center tax increment financing district therein, and adopting a tax increment financing plan therefor. All Ayes, Motion Carried 5-0.*

## **9. ITEMS FOR CONSIDERATION**

### **A. Other Ordinances and Resolutions**

None

### **B. Bid Considerations**

None

### **C. New Business and Reports**

#### **a. Authorizing the establishment of a new City Hall as part of a vertical mixed use development at 3986 Central Avenue NE**

Director Chirpich reiterated background information regarding the proposed Alatus LLC development of 3986 Central Avenue NE that includes establishment of a new City Hall, which would occupy 20,000 SF of office space on the first floor. As part of the analysis, he said the City Council directed that 1) the City have a functional layout at the location and 2) that it could be achieved in a cost-effective manner.

Pros were identified as 1) a significant cost-saving of \$5.5 million when compared to the next viable option, 2) the money saved by co-locating could be used by the City for other priorities without having to bond, 3) the Central Avenue location is prominent and accessible, allows streamlined proximity to the City's current library, and drives pedestrian traffic and commercial investment along the corridor and provides a stable anchor presence on Central Avenue. Cons were identified as 1) sharing space with other uses equates to less site control and joint decision making related to the facility moving forward, 2) City Hall would use space that could be used for other purposes, 3) untraditional location for City Hall and 4) limited use for future expansion. Analyzing all pros and cons, City staff does believe the plan should move forward with Alatus, the primary rationale being cost of over \$5 million that could be used for park improvements, renovations to Murzyn Hall, improvements to the Public Works building as well as alleyway reconstruction. It also would ensure that the City wouldn't have to borrow additional resources to fund this project or any other priorities that are currently being worked on.

Manager Bourgeois reported that the initial plan for City Hall included 17,500 SF but did not include Public Works or Engineering staff but it made more sense to include them in an updated 20,000 SF plan because of needed staff business interaction with them; and an updated 20,700 SF plan also includes the IS staff on the first floor as well. She said the last iteration is usable and opens up a lot of opportunity for operational efficiency and public access to the Council Chambers and community room but does not allow for a staff fitness area, which could be incorporated into a Murzyn Hall site plan. Mayor Schmitt added that the plan allows unassigned meeting space that could be used by staff and Councilmembers as needed.

Councilmember Buesgens expressed her desire from the beginning to have a stand-alone City Hall but acknowledges the cost savings of the proposed plan. Her concerns are what the proposed plan will provide 40-50 years beyond; what happens to the current City Hall building when it falls out of the City's control; if the City doesn't move into the proposed building, there is no guarantee that Alatus would build commercial space and, if it did, would there be vacancies; potential noise and parking issues; and possible less welcoming façade as a stand-alone. Her pros are: the plan would be a first of its kind, the City would have a cost savings of \$5 million and the proposed building is attractive. She said with a stand-alone, the City would have to bond for a third of it, approximately \$2-3 million; and she's been notified that there is a City resident who plans to push for a referendum to put it up for vote for the City during the next election, which could put the new City Hall in jeopardy. With the new City Hall, the City would have complete control of the building; with a stand-alone, there would be a bit shorter TIF and would be more welcoming.

Councilmember Murzyn, Jr., said it is a tough decision and supports the Central Avenue site plan because of its location and the cost savings to taxpayers.

Councilmember Novitsky agreed it is a tough decision and thanked City staff for planning the Wednesday meeting for residents to discuss the proposed plan. He believes the new building will be very energy efficient and staff has vetted their support for the plan and, though there may be unknowns, he supports the plan.

Councilmember Williams said he initially supported a Murzyn Hall site and was against the proposed plan but, after seeing what the developer has built in New Hope, he now supports it.

After lengthy consideration, he believes the proposed plan “is the best thing that will happen to the City” and may inevitably lure HyVee to build their grocery store and restaurant nearby. He complimented Alatus on the work he’s seen, said feedback response to him has been 10:1 in favor of the new development, and offered his 100% support.

Mayor Schmitt said the comp plan was just completed and the 40<sup>th</sup> and Central site would fulfill a mixed-use configuration with office, restaurants and housing; provides underground parking for multi-use and expanded green space with public gathering places; the building front walls would abut the sidewalk edge; would attract visitors and shoppers; is cost effective and allows for job growth and management opportunities in the apartment complex; and creates a unique and marketable identity for Columbia Heights.

Director Kloiber provided clarification that a public-private partnership is not new, such as sports facilities, the Fairview parking ramp and the bar at Murzyn Hall.

*Motion by Councilmember Buesgens, seconded by Councilmember Williams, to work with Alatus Development Corporation to establish a new City Hall on the first floor of a vertical mixed-use development at 3986 Central Avenue. All Ayes, Motion Carried 5-0.*

## **10. CITY COUNCIL AND ADMINISTRATIVE REPORTS**

Councilmember Novitsky attended “Coffee with Cop” at Parkview before the meeting last Wednesday (about the proposed Central Avenue development plan) and thanked residents for attending. He said approximately 200 people participated in the Apraxia Walk, raising approximately \$13,600, and thanked the Lions and Athletic Boosters for their support.

Councilmember Murzyn, Jr., attended the Library Spaghetti Dinner, which he described as a success.

Councilmember Williams said it was wonderful to see Chief Thompson return and “end his career in Columbia Heights” and thanked Captain O’Brien for supporting him and City Manager Bourgeois for getting him back.

Councilmember Buesgens attended a Metro Cities Housing and Economic Committee meeting, Library Spaghetti Dinner, “Stories of Our Neighborhood” at First Lutheran Church, open meeting training, the City Hall information session and the well-attended “Youth Climate Strike” at the Minnesota State Capitol.

Mayor Schmitt attended the League of Minnesota Cities board retreat in Duluth and the organization’s final meeting of the Policy Committee and thanked Councilmember Buesgens for all her work.

Manager Bourgeois thanked and congratulated Mike O’Reilly of Public Works on his retirement on Friday, September 27, after serving the City for 42 years. The Library has an author talk with Carolyn Porter at 6:00 pm on Wednesday, September 25, and AARP is holding tech training sessions on iPhones on Friday, September 27.

## **11. COMMUNITY FORUM**

Sean Broom, City resident, expressed the City Council’s action to approve the Alatus project as “shameful and embarrassing for such an expenditure for City resources on a building that is to reflect the desires and wishes of the residents of the City of Columbia Heights with barely a sneeze of community involvement.”

He said, "A single meeting less than a week ago that got less than a week's notice is preposterous to think that it is meaningful community engagement about something as important as our City Hall. So you all have basically in secret shoveled money into the pockets of a developer." He disagreed with the plan's site location and the City utilizing 20,000 SF of nontaxable prime space and believes Huset Park would have been a better, more welcoming choice.

Malcolm Watson, City resident and former Columbia Heights City Manager, expressed his interest in the financing projected for the various upcoming projects and said, though he may disagree with the Council's decision, the Council does determine how best to spend taxpayer dollars. He estimates the current City Hall structure has a value of approximately \$1.5 million depending on the buyer and hopes the Council will be careful in how taxpayer dollars are spent. He expressed concern about how the property will be used and would like to know what the final expenditures will be. Finally, he reported the Kiwanis will have their annual "Peanuts Sale" fundraiser to support City youth.

Mayor Schmitt referred Mr. Watson to Director Chirpich, to respond to his concerns about the Alatus development project.

## 12. ADJOURNMENT

*Motion by Councilmember Murzyn, Jr., seconded by Councilmember Novitsky, to adjourn. All Ayes, Motion Carried 5-0.*

Meeting adjourned at 8:28 pm.

Respectfully Submitted,

A handwritten signature in blue ink that reads "Nicole Tingley". The signature is written in a cursive style with a horizontal line underneath the name.

Nicole Tingley, City Clerk/Council Secretary

