



**MEETING MINUTES**  
**FINANCE & ADMINISTRATION SUB-COMMITTEE**  
**Wednesday, July 22, 2020 - 7:30 AM**  
**Held via Microsoft Teams**

Present: Councilmember Russ Trimble, Councilmember Greg Hudson, Deputy City Manager Jamie Letzring, City Attorney Dick Scieszinski, Finance Director Tim Stiles, Budget Analyst Chris Hamlett, Community and Economic Director Clyde Evans, Business Development Coordinator Rachel Wacker, Human Resources Director Jane Dodge, Parks and Recreation Director Sally Ortgies, and Secretary Katie Johnson

Guests:           Item 1 - Mr. Scott Cutler  
                      Item 2 - Mr. Matt Hauge, Historic Valley Junction Foundation

Meeting was called to order at 7:30 AM

**1.       Request from Developer Scott Cutler to Reallocate Previous Upper Story Housing Funding Award from 101- 4th Street Project to 304 - 5th Street Project**

Mr. Evans presented a proposal to reallocate funds previously awarded to Mr. Cutler as part of the City's Upper Story Housing Program. The City had originally awarded Mr. Cutler funding to be used toward the development of 11 affordable units at 101 4<sup>th</sup> Street. However, after the award was approved, the project faced resistance and zoning challenges and as a result, is no longer viable. Mr. Cutler is now requesting for that award to be reallocated to a similar project at 304 5<sup>th</sup> Street. This project will also include 11 affordable units along with first floor commercial, just as the previous project but at a more accommodating location.

Councilmembers supported the reallocation of funds to the new address and recommended placing the item on a future City Council Agenda.

**2.       Request from Historic Valley Junction Foundation (HVJF) to Reallocate FY 2021 City Funding Award from Constructing Phase II of Holiday Lighting Project to Continued Operation of Existing Lighting Program.**

Ms. Ortgies stated the HVJF is requesting that a portion of the funds that were allocated to the LIGHT Valley Junction Project in FY 19/20 be used instead to maintain the existing holiday light display on 5<sup>th</sup> Street during the upcoming holiday season. Councilmembers recalled that LIGHT Valley Junction is a multi-phase capital improvement project to supplement and eventually replace the existing conventional lighting.

To install, maintain, and operate the conventional display each year costs \$18,000 to \$20,000. This cost has historically been paid by operating revenues of the HVJF but their operations have been cut short due to COVID, so they are looking at alternatives.

Mr. Hauge explained that the next phase of the LIGHT Valley Junction project has been postponed for this year due to a lack of grant and fundraising opportunities. He emphasized that keeping the holiday lights on is critical to send a message that "Valley Junction is open for business" this upcoming holiday season.

Outside of the funding directly needed to maintain the existing program, all remaining City funds will remain in the restricted project fund until the next phase of LIGHT Valley Junction can occur – likely beyond 2020.

Mr. Stiles explained that full Council action was not required for the HVJF to reallocate the funds already awarded, but in the interest of maintaining dialogue and sharing information, the HVJF Board felt it was important to inform the Finance Committee.

Councilmembers supported the reallocation of funds.

### **3. Update to City's Economic Development Incentive Policy**

Ms. Wacker presented an update to the City's Financial Incentive Policy for Economic Development. This policy was originally presented to the committee in draft format in February 2020 and staff was directed to conduct further research.

Ms. Wacker explained that the policy which had been in place for several years required new office projects to create \$20 million in valuation and create or retain at least 500 jobs. That was not consistent with the incentives and projects the Council has approved in recent years and with policies in place with several other metro cities.

Following the February meeting, Staff completed further community research, as well as speaking with other staff and the City's legal counsel.

The more significant updates needed to the city's policy included:

- A conventional 5-year Sliding Scale Program
- An option to consider more lucrative packages for projects meeting deemed substantial and material by certain criteria
- Updates to the Property Tax Rebate Program

Councilmembers were supportive of the updated financial incentive policy and agreed to place the policy on a future City Council Agenda.

### **4. Staff Updates**

None

### **5. Other Matters**

None

Meeting was adjourned at 8:15 AM.

Respectfully Submitted,

*Katie Johnson*

Katie Johnson  
Recording Secretary