

Vergas EDA/HRA
Vergas Event Center Council Chambers and Zoom 2:00
PM on Tuesday, September 5, 2023

The City of Vergas Economic Development Authority (EDA) and Housing Redevelopment Authority (HRA) met on Tuesday, September 5, 2023 at 2:00 pm at the Vergas Event Center for a hybrid with the following members present: Kevin Zitzow, Bruce Albright, Joy Summers, Duane Ditterich and Vanessa Perry. Absent: None. Also Present: City Clerk-Treasurer Julie Lammers.

Call to Order

The meeting was called to order by Chair Kevin Zitzow at 2:00 pm.

Agenda Additions and Deletions

Approve agenda as presented.

Minutes

Motion by Summers, seconded by Albright to approve the minutes of August 1, 2023. Motion carried.

Status of Recommendations to City Council

Albright reviewed the HRA request to have the Council forgive the 2019 water and sewer project amounts on three parcels 82000990253000, 82000990254000 and 82000990255000 owned by Otter Tail County. The Council forgave the water and sewer fees from the 2019 water and sewer project.

Financial Update

Lammers reviewed the 2023 income and expenses report.

Old Business

2023 Housing and Economic Goals

The goals and timelines have not changed.

Tax-Forfeited Land in Vergas

The Vergas HRA owns 8 parcels in the Sunny Oaks Development. The committee discussed selling the lots with the criteria provided by Otter Tail County. Summers stated we could sell the lots for \$25,000-\$30,000 but feels we should look into the costs for the HRA to build spec house on one of them. Zitzow reviewed needing to know what the city is going to charge the HRA for water and sewer installation. The City will be able to put specials on these parcels when they sell. The committee compared the Lawrence Lake lots – which are different due to having water and sewer and views. Listings that do not sell can have a negative effect on selling lots. Zitzow stated he did not feel selling these lots are not worth doing if we are only going to make \$1,000 a lot. Discussed going to the City and asking for ½ of the 2019 Water and Sewer project expenses to be forgiven. The cost per lot is \$21,375.13. This would lower the amount owed to the water and sewer funds to \$10,687.56 and the HRA could then make at least \$8,000.00 per lot to build a spec house with. If the city denies this request, we can then sell the lots for \$8,000 and then have the city put on special assessments. We may want to ask Council for a reduction if sold within the next 2 years. Discussed the amounts the City would be collecting if these lots were sold. Vergas does not have extra money any place and the utility customers will be paying this bill if forgiven. What will the HRA use this money for? Due to not having funds, the HRA has not been able to do large projects.

Projects they would like to work on:

- Build a home or duplex on one of the lots.
- Add commercial property for new business.

Items EDA/HRA has spent funds on:

- Crossroads – sign
- Skal – cooler
- Citizens of Vergas – Housing Study
- Summers Construction – Water and Sewer connection fees
- S & Z Properties – Water and Sewer connection fees

Motion by Summers, seconded by Perry at the sale of the lots by the HRA will pay \$10,000.00 to the water and sewer funds for 2019 project with the condition the city does not ask for other fees to be reimbursed. Motion passed unanimously.

Discussed the County HRA lots and when they would know if they were building and if they had received funds. Lammers stated she would let the committee know when she is informed about the grant the County applied for. Zitzow asked Lammers to get information regarding all programs available for building in Vergas. Such as the Big Build program, property tax refund, Down Payment Assistance...

New Business

Dispensary

Lammers reviewed the new cannabis laws and licenses in Vergas. The planning commission is working on where they will allow dispensaries in Vergas as they are responsible for land use. Lammers explained how Otter Tail County legally needs to allow 5

dispensaries due to the number of people in Otter Tail County. The City of Vergas does not legally need to allow any dispensaries in Vergas. There are people who would like to open one in January of 2025 when they become legal. Looking for recommendations on if the EDA would like to recommend allowing dispensary licenses and if they want to limit the amount of them. Zitzow stated we need to help businesses out why would we want to limit them. Others commented that we want to control the types of dispensary and protect some businesses. Discussed the benefits of the amount the city will receive from the taxes of the sale of products. Motion by Summers, seconded by Perry to recommend to Council the EDA is not against having dispensaries as there could be some advantages, however we have some concerns and would like the Council to take into consideration all the pros and cons.

131 E Main St

Zitzow questioned why the EDA was not involved in the purchase of 131 E Main St, he did not appreciate learning of the purchase of the building on Main Street. Lammers explained the building came up for sale on Monday and was sold the following Monday and the Council had enough time to have an emergency meeting. Lammers spoke with both the City Attorney and Bond Council before purchasing the building. Zitzow and Ditterich questioned why the city took the only available building off the market. The building has not closed, and this can be discussed at the next Council meeting. Having the City Office on Main Street is not beneficial for the City. Both Perry and Ditterich stated they were interested in purchasing the business. Albright explained the liquor store just had the building designed for remodel for over \$700,000.00. The current city offices are small, have no privacy and employees need to use a public restroom. Albright stated he raised the concern of what kind of business could be put in this building. This will allow space for the liquor store and if the city had to build a city office it would be at a greater expense. Discussed the County property and what would be happening to the building. Zitzow asked if an analysis was done on the building, as he has an older building and knows what it costs. Zitzow asked for a motion regarding the building and multiple members stated they have a financial interest and could not vote regarding this. Why has the city not looked at remodeling the event center for city offices, the Council meetings could be held in the large area. This would give more parking. Zitzow again asked for a motion. A member stated he does not believe the purchase of 131 E Main Street is in the best interest of the EDA's goals, it takes the building off the tax rolls, it does not create economic development, it was competitive with others, does not feel it is ADA compliant and the purchase price was too high. Government should not put interest into things others are interested in. EDA totally agrees the city office space needs to be moved into a new space, but this is not the space. The city needs bigger offices but the idea of being in the event center makes so much sense.

Motion by Perry, seconded by Summers to adjourn the meeting at 4:00 p.m.

Julie Lammers
City Clerk-Treasurer
City of Vergas

Council Recommendations

Lower 2019 water and sewer fund fees to \$10,000 per lot owned by the Vergas HRA in the Sunny Oaks Development.
Allow dispensaries in Vergas.
Make Council aware they are not in favor of purchase of 131 E Main St.

Follow up Actions.

Update goal timeline.
Set up discussion with Arvig regarding broadband.

Here are 2 types of Dispensaries:

