
The Mandan City Commission met in Special Meeting Session at 1:30 p.m. on March 15, 2012 in the Ed “Bosh” Froehlich Room at City Hall, Mandan, North Dakota. Commissioners present were Helbling, Tibke, Rohr, Frank, and Jackson. Department Heads present were Deputy Police Chief Leingang, City Attorney Brown, City Administrator Neubauer, Director of Public Works Wright, Business Development and Communications Director Huber, Engineering Project Manager Bechtel, City Assessor Barta, and WWTP Director Himmelspach. Absent: Finance Director Welch, Fire Chief Nardello and Police Chief Bullinger.

OLD BUSINESS:

1. *Consider award of bids for flood removal projects including, Hesco & various earthen levees, Bridgeview Bay, Marina Bay, Borden Harbor and Lakewood Harbor.* Mayor Helbling reported that a letter was received on March 14, 2012, from FEMA granting an extension for the period of performance to September 30, 2012 and that extension should be sufficient to get everything completed. Approval has been given for the Marina Bay plug, Bridgeview Bay plug and Hesco & various earthen levees removal. Remaining are Borden Harbor and Lakewood Harbor and it is anticipated that those will also be covered. Regarding sandbar removal behind the plugs, the State of North Dakota is still working on that and we are still pursuing processing those requests. Everything looks good so far and it appears that we can go ahead with no problems foreseen.

Mayor Helbling recommended moving forward with the flood removal projects. Brent Erickson from Kadrmass, Lee and Jackson was present to answer any questions if needed. Erickson stated that load restrictions are in place as a state restriction and the City of Mandan follows those guidelines. It has been determined that removing the plugs and taking over the streets with the load restrictions on will cause more damage than the cost of the plugs. If there is damage done to the streets, the damages are not reimbursable by FEMA. It does not make sense to take the plugs out and damage the streets. He stated he does not know when the load restrictions will be lifted. He indicated that if the bids are awarded today the earliest the project would start is May 1st to May 15th. If road restrictions come off earlier there is flexibility to give the Notice to Proceed on May 1st or May 15th. Erickson stated he has talked to all five contractors and all of them anticipate starting approximately May 15th. He said he will continue to watch the river and the Notice to Proceed will not be issued if the water stays at 14 feet which is the action stage. Right now it is at the 5.5 foot to 6 foot range.

Mayor Helbling stated that the contract says that once the load restrictions are lifted by the state they have ten days in which to start the project. Erickson clarified that the Notice to Proceed will not be issued until after the load restrictions are lifted for the final time by the state. It does not state the “day” the load restrictions are lifted. They have ten days to mobilize and start and then 45 days to complete the project. Erickson noted that different projects will take different time frames to be completed. The project consists of five bid packages on five distinct projects.

Commissioner Jackson moved to approve Bid Package # 8 – Marina Bay Clay Plug Removal to H & S Contracting, Moorhead, Minnesota with a bid of \$414,920.00.

Commissioner Tibke seconded the motion. Roll call vote: Commissioner Rohr: Yes; Commissioner Tibke: Yes; Commissioner Frank: Yes; Commissioner Helbling: Yes; Commissioner Jackson: Yes. The motion passed.

Commissioner Jackson moved to approve Bid Package #9 - Borden Harbor Clay Plug Removal to Rachel Contracting, St. Michael, Minnesota with a bid of \$153,338.00.

Commissioner Frank seconded the motion. Roll call vote: Commissioner Rohr: Yes; Commissioner Tibke: Yes; Commissioner Frank: Yes; Commissioner Helbling: Yes; Commissioner Jackson: Yes. The motion passed.

Commissioner Jackson moved to approve Bid Package #10 – Lakewood Harbor Clay Plug Removal to Tom’s Backhoe Service, Inc. Brainerd, Minnesota with a bid of \$166,500.00. Commissioner Rohr seconded the motion. Roll call vote: Commissioner Rohr: Yes; Commissioner Tibke: Yes; Commissioner Frank: Yes; Commissioner Helbling: Yes; Commissioner Jackson: Yes. The motion passed.

Commissioner Jackson moved to approve Bid Package #11 Bridgeview Bay Clay Plug Removal, Park Construction Company of Hampton, Minnesota with a bid of \$321,177.50 and Bid Package #12 Earth Levee Removal, Hesco Barrier Removal, Sandbag Removal, Disposal and Restoration, Park Construction Company of Minneapolis, with a bid of \$354,970.00. Commissioner Tibke seconded the motion. Roll call vote: Commissioner Rohr: Yes; Commissioner Tibke: Yes; Commissioner Frank: Yes; Commissioner Helbling: Yes; Commissioner Jackson: Yes. The motion passed.

NEW BUSINESS:

1. *Overview of Request for Proposals for development of land parcels located near I-94 & evaluation criteria.* Business Development and Communications Director Huber gave a short refresher summary that the Board had previously approved, of the Request for Proposals for development of these two parcels of land consisting of @22 acres of property in northwest Mandan issued on January 3, 2012. On January 12, 2012, the proposal was revised based on the announcement from Walmart that occurred on that day regarding their planned supercenter in the near vicinity. Four responses were received by a Feb. 17 deadline. Those developers are here today to present their proposals to the Commission and to answer any questions.

2. *Presentations and interviews by interested developers:*

Proposal No. 1

Annabelle Homes presented by Tom Bakritges, Project Manager.

Dean Dovolis, LEED AP Lead Architect for Annabelle Homes, LLC’s presentation of approximately 10 minutes, (Segment No. 2), missing from CD

Bakritges reviewed the proposal as outlined:

- Single Family Homes – 13
- Townhomes – 48
- Retail including restaurants two-story, 30,000 sq. ft.
- Retail & Office – 15,000 sq. ft. retail; second story office @ 15,000 sq. ft.
- Lodging/Hotel – 80 rooms with two levels
- Convenience store and gas station
- Open parking spaces

Bakritges stated that the project will be completed in three phases:

Phase 1: Townhomes and hotel with a construction value of \$17,400,000

Phase 2: Convenience Store and retail/office with construction value of \$5,800,000

Phase 3: Retail, restaurant, single family homes, and a neighborhood park with construction value of \$31,475,000

Bakritges stated that after completion of construction the City will have received approximately \$370,000 in construction sales taxes. The three phase project is projecting an investment of approximately \$31.5 million in newly constructed properties. He stated that in the future there is potential the City will receive annual property taxes of \$245,000 with an additional sales tax of \$132,000.

Bakritges indicated that the project can start sooner than anticipated. He stated that if awarded the property the prep work would be started this year and continue into 2013 which is Phase 1. Phase 2 and Phase 3 would start in 2014. Bakritges re-iterated that Annabelle Homes is in line with the City of Mandan’s Vision Statement “Together we can make it happen” and they are committed to the success of this project.

Additional notes:

- The infrastructure costs would be included within the project wherein the City would not be responsible to put in streets, sewer and water;
- Development of the properties would include consideration of working with Mandan local business and/or other retail within the plans. This project is not exclusive to just their own businesses.
- Proposed price @ \$1: In order to put together the infrastructure costs in order to keep affordable housing costs down.

Proposal No. 2

Link’s True Value Hardware presented by Matt Appleby, Retail Consultant North Dakota representative for True Value and appears on behalf of Link Golz, owner of Link’s True Value, Ashley, ND. Matt Appleby gave a short history of Link Golz’s business experience and why he is interested in pursuing a business relationship with Mandan. Golz has plans to move to Mandan. True Value Company is one of the largest retail cooperative businesses in the world. “Destination True Value” is what Golz plans to implement in Mandan. Parcel #1, is the area requested to build this store which will request 40,000 sq.

ft. for an 11,400 sq. ft. store. A review of the Project Costs at \$1.4 million will be covered by Golz's personal investments with a brief breakdown as follows:

- Inventory: \$375,000
- Startup costs: \$106,400
- Equipment: \$96,750
- Fixtures: \$173,600
- Computers, registers: \$22,200
- Forklifts, pallets: \$5,500

Appleby stated that the request is to acquire the property for \$40,000. Golz would like to request a five-year tax exemption and he would request that the City cover all required infrastructure costs leading to the property and that there be no special assessments during the five-year property tax exemption period. The request includes closing on the property as soon as possible with plans to break ground by June 1, 2012. The construction would be completed by September and merchandise intact with plans to host a Grand Opening in December 2012. Benefits to Mandan would include attracting retail sales making Mandan a shopping destination for local and surrounding communities and provide employment for ten plus employees. Appleby stated that True Value would not be in opposition to partnering with other businesses should the opportunity arise.

Proposal No. 3

RiverWest Development presented by Kathleen Spilman, consultant for Keitu Engineers & Consultants, Inc. Kathleen Spilman indicated that RiverWest is interested in Parcel 1 to construct a development referred to as the "River Garden Office Park". She stated that the packet for this project was previously submitted to the Commission for review outlining the plans for mixed use commercial office space and a restaurant. The proposal is already consistent with the zoning in the area. She stated that they are not dependent upon Walmart coming in or a feasibility study being conducted. There will not be any requests for City tax incentives or tax breaks for the project and the developer will pay costs up front of \$270,000 for 135,022 sq. ft. of property. The project will be privately financed. A reference letter of confirmation from Security State Bank was provided with the project plan.

A review of the project timeline is as follows:

- (i) August 2012 Sale of property complete
- (ii) September 2012 construction to commence of first 4970 sq. ft. building site
- (iii) April 2013 first building ready for occupancy
- (iv) September 2013 construction to commence of second 4970 sq. ft. building site
- (v) April 2014 second building ready for occupancy

Additional information:

- Keitu Engineers & Consultants, Inc. would occupy one of the buildings
- Walking bridge constructed within the area
- Plans include a bus stop area to encourage public transportation to the site
- Parking will be adequate for restaurant capability

-
- Possibility of drive-thru coffee and/or snack shop
 - Up to two of the buildings would be expandable for future growth
 - Office complex to attract white collar firms moving into Bismarck/Mandan area
 - The request includes a penalty if the project is not completed on time
 - Is willing to work with local businesses as prospective tenants

Proposal No. 4

Don McGuire & John Shultz represented by Mike Tappe, Solid LLC, a carpentry and cement contracting entity from Minneapolis, presented a site plan for the parcel owned by the City: Parcel 2698AA @ 18.22 acres in its entirety for a price offer of \$493,938.

Tappe stated that the proposed project includes:

(i) An 89-unit extended stay hotel planned for spring 2012 with an approximate value of \$10.2 million.

A strip mall valued at \$2 million (iii) A restaurant valued at \$1.7 million

An office building valued at \$2.5 million

A single family and town home residential development totaling approximately \$11.6 million. Brochures were provided that depicted single family housing units similar to the ones that are being constructed in Minot

(iv) Request for a five-year exemption on the property taxes for the hotel only

(v) \$398,404 in specials to be paid by the company (requesting forgiveness of \$31,000 that is deemed not buildable at this time)

The proposed timeline is as follows:

(i) Begin site development for the hotel in the spring with completion in 2013

(ii) Next phase would be single and multifamily site development in Spring 2013

(iii) Office and strip mall development would be in 2013

Tappe introduced the team members representing this project. An investor group has been secured for the project costs of the hotel and residential property development. The hotel will be the first part of the project to be developed. Annual gross revenue from the hotel is estimated at \$2,225,000 generating hospitality and sales taxes for Mandan. An annual average payroll of \$300,000 to operate the hotel is expected. The project includes infrastructure costs and will be taken care of by the developer. There will be no special assessments. There will be approximately 60 single family housing units available and there would be a limited number of multi-family units constructed.

3. *Discussion and consideration of any action(s).*

Mayor Helbling commented that all four developers have heard each other's proposal. There were no additions to any of the presentations given. Business Development and Communications Director Huber asked Engineering Project Manager Bechtel if there will be a need for a street connecting from Big Sky Development to Sunset Drive or if Bechtel would view that site plan as compatible with site plans for that area. Bechtel stated that the main concern would be the sewer from the Big Sky Development area to be brought down to Sunset Drive either through a corridor easement or the projected plan as shown. Bechtel mentioned he could work with this plan to meet the needs.

Commissioner Frank brought up a few questions:

- (1) What if the City were to absorb the special assessments? How does the City then pay off the costs associated with that? City Administrator Neubauer replied that generally if the City is to borrow money for a project, say at 3%, the interest rate allowed to be charged that district by law is 1.5% above so we assess at 4.5%. That accounts for any delinquencies in assessments on a project or if someone comes in to pay off their special assessment early and our bond isn't callable for maybe five years from the date of issue; so we have to have in place some kind of backstop to protect us. In addition we levy for city special assessments.
- (2) If there is not enough money to cover the project where will that revenue come from? Administrator Neubauer replied that the City has options where they could use a portion of the sales tax or if they might want to tax an additional one or two mill to cover that debt service payment on to the property tax.
- (3) What is the land currently valued at? Huber provided information that she obtained from the City Assessor's Department on Parcel 1 which is the 3.1 acres that is closest to I-94 Exit 152 and the larger piece of property known as Parcel 2.

Mayor Helbling mentioned that one of the questions he has gotten is that with all the oil development, why doesn't the City hold on to this parcel? He noted that the City is not in the land business and that it should be put into private hands. Considering there is \$429,000 in specials it would be beneficial for the City to sell the property as soon as possible so the rest of the community does not end up paying those special assessments.

Commissioner Jackson commented that this is a unique situation and an opportune time to sell the property. Commissioner Rohr concurred that selling this property would be a game winner for the citizens and for future developers.

Mayor Helbling suggested that the Board review the four proposals over the next couple of days, discuss the pros and cons of each, and determine what the best fit is for the criteria outlined regarding the sale of the property.

Commissioner Jackson motioned to table this matter until the next regular meeting scheduled for Tuesday, March 20, 2012. Commissioner Rohr seconded the motion. The motion received unanimous approval of the members present. The motion passed.

Commissioner Tibke commented that with regard to the four proposals, she is appreciative of the fact that consideration has been given for the uses for the properties such as primary sector office space, retail services and additional housing options.

Wayne Papke a Mandan City resident came forward to comment. He stated that he is representing the Citizens for Responsible Government, Mandan Chapter. He requested the Board put the taxpayer first and the most upfront money that can be obtained from these proposals is better for the taxpayer.

Commissioner Jackson stated that all the Commission members' email addresses are listed on the city website as well as their telephone numbers. He encouraged citizens to comment on any of the submitted proposals. Huber stated that there has been discussion about collaboration with the proposals among the developers. She recommended that if anyone wanted to bring forth an adaptation to the proposal that they be given a date and time certain in which to have that submitted so that it can be fairly considered if you are taking it up again at Tuesday's meeting.

Commissioner Jackson moved to amend the original motion to include a provision that any entity, (who has submitted a proposal), interested in proposing an adaptation that it be submitted by 5:00 pm CST, Monday, March 19, 2012. Commissioner Rohr seconded the Amended Motion. The motion received unanimous approval of the members present. The motion passed.

4. *Consider Energy Infrastructure and Impact Office Flood-Impacted Political Subdivision Infrastructure Grants.* City Administrator Neubauer reviewed with the Board a plan to allocate funds related to infrastructure grant application. He stated that Morton County has been allocated \$1M in funds to be used for flood projects. This is a local match program. Dave Bechtel (City of Mandan Engineering Project Manager), Jeff Wright (City of Mandan Director of Public Works), Mike Aubol (Morton Co. Superintendent of Roads), and Tammy Lapp-Harris (Morton Co. Emergency Preparedness Manager) have all been involved in preparing the applications in order to meet the needs of the City and County. Neubauer reviewed the top three projects which add up to the \$2 million projected project costs:

- (1) \$1.4M (\$700,000 local share) Lining of the effluent line from the WWTP to the Missouri River and pump station
- (2) \$250,000 (\$125,000 local share) Grade raise of 0.25 mile on Timberhaven Drive
- (3) \$350,000 (\$175,000 local share) Grade raise of 0.7 mile on 32 ½ Street, 22nd Avenue and River Place Drive.

Neubauer stated that three additional projects are listed in the event additional funding becomes available. For financing purposes, there would have to be interim funding acquired through the Bank of North Dakota.

Mayor Helbling indicated that it makes sense for the effluent line being funded through water and utility rates. But the rest of the list, including those in the county, if there is a local flood control structure or additions to what needs to be there, it would be his understanding that special assessment districts would have to be set up in each of those areas and the county should be encouraged to do the same. The general taxpayer should not need to raise someone's road that has nothing to do with anyone in the City's subdivisions.

City Administrator Neubauer responded that while the City has no say in how the county would choose to finance their projects, with the flood control structures the City would look at an assessment district or doing it out of the storm water charge. There are two options. We can fully develop those options as we move on but we wanted to bring to

you today, after working on these projects for 2-3 months, to get to the point where we have solid engineering estimates. There is a March 20th deadline so the commitment today would be for the 50% match. The slip line project on the effluent line was scheduled on the Master Plan for the Waste Water Treatment Plant to be done within the next 3 or 4 years, but the opportunity to have that paid for by 50% presents itself today. We can make some modifications in the capital improvement plan at the WWTP to move this one up and move a couple of those back. Steve Himmelspach has been involved in these discussions.

Mayor Helbling commented that SRF funding at 20 years is way too long to finance a project of this nature stating that 12-15 years should be more than sufficient.

Neubauer stated that the WWTP also had issues with the river when the water was above 17 ft. and there were also issues when the water was being pushed to the south. There is a separate hazard mitigation grant application filed for the design of an alternate discharge so we would have the effluent going to the east and we would have the issue solved if we have to discharge to the south.

Commissioner Jackson commented that a couple of the projects listed could have more of an impact than simply as a flood reaction issue. Is there a reason why the City did not apply for the million dollar grant? Neubauer replied that the county was allocated a \$1M grant for use. The City is taking up a large portion of that due to priorities discussed with the county.

Commissioner Jackson moved to approve the commitment of \$1,000,000 local funding match for the above projects submitted in the Infrastructure Grant application through an SRF loan. Commissioner Frank seconded the motion. Roll call vote: Commissioner Rohr: Yes; Commissioner Tibke: Yes; Commissioner Frank: Yes; Commissioner Helbling: Yes; Commissioner Jackson: Yes. The motion passed

OTHER BUSINESS:

1. Jeff Zueger and Steve Pine, residents at Borden Harbor came forward and requested clarification as to the plug removal. Zueger had a question regarding the state's effort to try to get potential funding for the sand removal in front of the plugs. What is the effort and what is the timeline? Mayor Helbling replied that a project worksheet was submitted through the county and the state for the removal of the sand in front of all the plugs. The request has not been denied. It is still a work in progress. Actually it was denied the first time and then we put in a non-concurred (that we did not concur). City Administrator Neubauer stated that they are still working through all the project worksheets. They say it is not an eligible project that will be funded through FEMA because the sand that was deposited there is not above the ordinary high water mark of the river. So while they are saying it is not an eligible project, they write a project worksheet for that and they send it to us and when we get that, we will do a non-concur. Wherein we do not agree with them and then it moves up the appeal process. We are still waiting for that project worksheet to come down. Mayor Helbling stated that we have been in contact with congressional delegates Berg and Conrad requesting they push this through, as well as meeting with

Senator Hoeven who thought this should be an eligible FEMA project. Neubauer stated he expected an answer to the project worksheet last week. However, he believes they are currently working on it pursuant to an email received today indicating that it is currently in the State DES queue. Zueger requested that he be informed when something transpires with this matter.

There being no further actions to come before the Board of City Commissioners, Commissioner Tibke moved to adjourn the meeting at 3:25 p.m. Commissioner Jackson seconded the motion. The motion received unanimous approval of the members present.

/s/ James Neubauer

James Neubauer,
City Administrator

/s/ Timothy A. Helbling

Timothy A. Helbling,
President, Board of City
Commissioners