



## Horace City Council Meeting Minutes

The Horace City Council met on January 24, 2023 @ 6:00 pm at Horace Fire Hall Event Center. Those present were Mayor Kory Peterson, Councilmembers Sarah Veit, Naomi Burkland, Stephanie Landstrom, and Jeffrey Trudeau. Others present included: Brenton Holper, City Administrator; Jace Hellman, Community Development Director; Matt Voltz, Finance Director; Sally Showalter, Communications Specialist; and Lukas Croaker, City Attorney.

Mayor Peterson called the meeting to order at 6:01 pm.  
The pledge of allegiance was recited.

### Agenda Item #3: Approve Regular Agenda

**Motion:** Approve the Regular Agenda.

**1<sup>st</sup> Motion:** Councilmember Veit

**2<sup>nd</sup> Motion:** Councilmember Trudeau

**Action taken:** All in favor, none opposed. Motion carried.

### Agenda Item #4: Approve Consent Agenda

- a. Vendor Invoices
- b. Pledge Reports
- c. Amendment of 2023 Legal Rates
- d. Declarations of Official Intent
  - i. Sanitary Sewer Improvement District No. 2021-4 (Lift Station SA-14)
  - ii. Water, Sewer, Storm, and Street Improvement District 2022-2 (Lost River 7<sup>th</sup> Addition)
  - iii. Water, Sewer, Storm, and Street Improvement District No. 2022-5 (Maple Lakes Estates – Phase 2)
  - iv. Water, Sewer, Storm, and Street Improvement District No. 2022-6 (Southdale Farms 4<sup>th</sup> Addition)
  - v. Water, Sewer, Storm, and Street Improvement District No. 2022-7 (Southdale Farms 5<sup>th</sup> Addition)
  - vi. Water, Sewer, Storm, and Street Improvement District No. 2022-8 (66<sup>th</sup> Street)
  - vii. Water, Sewer, Storm, and Street Improvement District No. 2022-9 (63<sup>rd</sup> Street)
  - viii. Sewer, Storm, and Street Improvement District No. 2022-10 (Chestnut Dr. Rehabilitation)
  - ix. Water, Sewer, Storm, and Street Improvement District No. 2022-11 (River's Edge 2<sup>nd</sup> Addition)
  - x. Water, Sewer, Storm, and Street Improvement District No. 2022-12 (Altenburg Acres 2<sup>nd</sup> Addition)

Councilmember Landstrom requested that agenda item No. 4d would be moved to the regular agenda so that the item could be properly discussed. Mayor Peterson noted the change and suggested that agenda item No. 4d would be moved to agenda item No. 10b.



**Motion:** Approve the Consent Agenda and Move Agenda Item No. 4d to the Regular Agenda to Agenda Item No. 10b.

**1<sup>st</sup> Motion:** Councilmember Landstrom

**2<sup>nd</sup> Motion:** Councilmember Burkland

**Action taken:** All in favor, none opposed. Motion carried.

**Agenda Item #5: Approval of City Council Meeting Minutes from January 9, 2023.**

**Motion:** Approve the January 9, 2023, City Council Meeting Minutes.

**1<sup>st</sup> Motion:** Councilmember Veit

**2<sup>nd</sup> Motion:** Councilmember Landstrom

**Action taken:** All in favor, none opposed. Motion carried.

**Agenda Item #6: Amendment of the City Council Meeting Minutes from September 6, 2022**

**Motion:** Approve the Amended September 6, 2022, City Council Meeting Minutes.

**1<sup>st</sup> Motion:** Councilmember Burkland

**2<sup>nd</sup> Motion:** Councilmember Landstrom

**Action taken:** All in favor, none opposed. Motion carried.

**Agenda Item #7: Public Comment**

No comments.

**Agenda Item # 8: Sheriff's Update | Craig Keller & Jake Murray, Cass County Sheriff's Department**

No update.

**Agenda Item #9: Tax Exemption Claim for New Construction (Tax Abatement) | Brenton Holper, City Administrator**

Mr. Holper explained that the two-year tax abatement takes \$150,000 off the true and full value of a newly built residential home beginning the first full calendar year after assuming occupancy. He added that most cities in the metro area offer this tax abatement. The Horace Tax Abatement Resolution has a two-year expiration, and the City Council must renew it biennially. The Tax Abatement Resolution was brought to the City Council during the December 6, 2021, meeting. The Council did not renew the resolution, meaning it would expire on December 31, 2022.

Mr. Hellman presented the City's PowerPoint presentation on home sales and tax abatement statistics. He explained that a total of 738 building permits for residential homes have been issued since 2019. Out of the 738 new homeowners (who had applied for a new building permit), 538 tax exemptions have been issued. He added that these numbers are not final because some of the applications are still pending, and some eligible homeowners have not yet applied. Mr. Voltz broke down the financial information further into detail.

Mr. Holper recommended that any homeowner who received a residential building permit during 2022 should still be eligible for the tax abatement even if their house was not completed in 2022. Mayor Peterson agreed and said that would be the fair thing to do. Councilmember Veit proceeded to make the motion.



**Motion:** Approve the Horace Tax Abatements for Residential Properties that were Permitted prior to January 1, 2023.

**1<sup>st</sup> Motion:** Councilmember Veit

**2<sup>nd</sup> Motion:** Councilmember Burkland

**Action taken:** All in favor, none opposed. Motion carried (4-0).

Kevin Fisher, President of the North Dakota Association of Realtors, asked if residential property owners who closed in 2021 or 2022 would also still be allowed to apply for the tax exemption. Mr. Holper responded that they can still apply for the tax exemption. Mr. Fisher then started to summarize the benefits of a tax abatement and emphasized that only the homeowner would benefit from the tax exemption, not the realtor, builder, or developer.

A resident explained that the tax abatement program made the decision for him and his wife to build their first home in Horace.

Mr. Fisher pointed out that the building industry has been slowing down because of rising interest rates, labor costs, and construction costs. The statement was echoed by David Reid, the President of the Home Builder's Association (HBA). Mr. Reid explained that home sales in the local region had dropped by 40% between December 1, 2022, and January 18, 2023. Several audience members (a small business owner, a developer's representative, and two builders) said that it is vital that the community keeps growing to support new and incoming businesses. Without the tax abatement, the growth will slow down further, which will not help the current residents, and it will force prices to continue to rise.

Councilmember Burkland asked the audience if any Horace residents had comments regarding the tax abatement. Some residents spoke in favor, some not in favor of reinstating the Tax Abatement Resolution. Mayor Peterson read a few letters that were sent to the City Council prior to the meeting. Mr. Fisher asked the City Council if the Horace Tax Abatement Resolution could be reinstated and if the sunset clause could be removed. Councilmember Veit asked for a show of hands from Horace residents who were opposed to reinstating the resolution. A few people raised their hands. Then she asked for a show of hands from people who were in favor of reinstating it, many people in the room raised their hands.

Councilmember Burkland stated that she does not think the expiration of the Tax Abatement Resolution would slow Horace's growth. Councilmember Veit explained that she is all for lowering costs for residents but that she does not believe letting the tax abatement expire is the way to go. Mayor Peterson expressed concern that letting the resolution expire might give the perception that Horace is no longer a welcoming community for families. He added that he would like to see the resolution reinstated.

Councilmember Landstrom explained that her thoughts and comments are not based on slowing growth but instead are based on the definition of the tax abatement. She stated that the purpose of the tax abatement is to attract growth in an area where it is lacking or blighted, but questioned what message was being sent to the families who are moving to Horace and are buying an existing home because they would not get a tax abatement. She concluded that if the tax abatement is treated as a welcome, she would like to find a different mechanism and added that the City Council has a



responsibility to all Horace residents in providing incentives.

Councilmember Veit asked to make a motion.

**Motion:** Reinstate the Tax Abatement retroactive to January 1, 2023, Eliminate the Sunset Clause, and Use the Next Two years to Evaluate Effectiveness.

**1<sup>st</sup> Motion:** Councilmember Veit

**2<sup>nd</sup> Motion:** None; motion failed for a lack of a second.

Councilmember Trudeau requested to discuss the proposed motion and asked why the City could not monitor the situation first and renew the Tax Abatement Resolution when the City Council feels it is necessary. Councilmember Veit pointed out that most audience members representing the community and the area were in favor of reinstatement. Mayor Peterson asked for someone to second the motion, but the motion failed.

Councilmember Burkland explained that she would like to make a new motion that would revisit the Tax Abatement Resolution in 6 months.

**Motion:** Not Renew the Tax Abatement Resolution and Revisit the Resolution during the First Meeting in July 2023.

**1<sup>st</sup> Motion:** Councilmember Burkland

**2<sup>nd</sup> Motion:** Councilmember Trudeau

**Action taken:** Councilmembers Landstrom, Burkland, and Trudeau in favor. Councilmember Veit opposed. Motion carried (3-1).

Councilmember Trudeau requested feedback and detailed data from builders and developers between now and the first meeting in July because the City Council will need the information to reevaluate the tax abatement resolution.

Mayor Peterson had the audio paused for a 5-minute break and invited the audience to stay for the rest of the meeting. Councilmember Burkland left the meeting.

#### **Agenda Item #10: Engineering/Public Works Report | Jim Dahlman, City Engineer**

As Mr. Dahlman was absent, Mr. Hellman presented the City's access management. He explained that the staff looked at incoming developments and how Horace's main road access points should be controlled in the future. He said that the current street access policy should be amended to add additional access points, especially on 76<sup>th</sup> Ave. S. and 100<sup>th</sup> Ave. S. He concluded that this item will be brought back to the City Council going forward to make sure that additional access points are added proactively.

He said that Mr. Dahlman will present the Wall Ave. Appraisal Package during the next meeting.

#### **Agenda Item #10b: Declarations of Official Intent | Lukas Croaker, City Attorney**

Mr. Croaker explained that a declaration of official intent is an Internal Revenue Service (IRS) requirement, and he described how the declarations work for the City's bonds.



**Motion:** Approve the Declarations of Official Intent as Presented by Staff.

**1<sup>st</sup> Motion:** Councilmember Trudeau

**2<sup>nd</sup> Motion:** Councilmember Landstrom

**Action taken:** All in favor, none opposed. Motion carried.

**Agenda Item #11: City Administrator Report | Brenton Holper, City Administrator**

Mr. Holper gave an update on the installation of the City's video system. He explained that the company ReadiTech is currently installing a fiber network in the Fire Hall Event Center. The Fire Department's electrician will install the electrical wiring that is needed for the video system. The company Tricorne can install the video system 2-3 weeks after the wire installation has been completed. Once the video system is installed and running, staff will conduct several test runs.

Mr. Holper asked if the City Council prefer if staff upload City Council agenda packets to the City's website. Councilmember Landstrom stated that she was the one who requested it. Councilmembers Veit and Trudeau asked if uploading the agenda packets would be time-consuming for staff. Mayor Peterson added that some of the files might be too big for uploading. Mr. Holper concluded that the staff will work on it.

**Agenda Item #12: Portfolio Reports**

- a. Mayor Peterson summarized the FMWF Chamber of Commerce State of the Cities Event which took place on January 19, 2023.

He added that he shot a video for the upcoming Giving Hearts Day which was posted on the City's Facebook site.

He explained that he will attend the HBA dinner, which will take place on January 27, 2023.

- a. Councilmember Veit said that she was busy speaking with builders and residents and that she attended a meeting regarding Terra Gardens 3<sup>rd</sup> Addition.
- b. Councilmember Burkland was absent – no update.
- c. Councilmember Landstrom spoke with lots of residents the past two weeks and attended the Horace 150<sup>th</sup> anniversary committee meeting.
- d. Councilmember Trudeau said that he attended a Metro COG meeting the previous week. He also met and spoke with many residents regarding the tax abatement and listened to their views on the expired resolution.

**Agenda Item #13: Adjourn**

**Motion:** Adjourn at 8:25 pm.

**1<sup>st</sup> Motion:** Councilmember Trudeau

**2<sup>nd</sup> Motion:** Councilmember Landstrom

**Action taken:** All in favor, none opposed. Motion carried.

The next City Council Meeting is scheduled for **Monday, February 6, 2023, at 6:00 pm**