

Minutes of the meeting of the Logan Municipal Council convened in regular session on Tuesday, April 20, 2010 at 5:30 p.m. in the Logan Municipal Council Chambers, 290 North 100 West, Logan, Utah. Chairman Jay A. Monson conducting.

Council members present: Chairman Jay A. Monson, Vice Chairman Herm Olsen, Holly H. Daines, Dean W. Quayle and Laraine Swenson. Administration present: Mayor Randy Watts, City Attorney Kymber Housley and City Recorder Teresa Harris.

Chairman Monson welcomed a local scout group that was in attendance at tonight's Council meeting.

OPENING CEREMONY.

Councilmember Dean Quayle gave the opening prayer and led the audience in the pledge of allegiance.

Chairman Monson welcomed those present. There were approximately 32 citizens in the audience at the beginning of the meeting.

Meeting Minutes. Minutes of the Council meeting from April 6, 2010 were reviewed and approved with minor changes.

Chairman Monson recommended that when approving the minutes to concentrate on the major corrections that need to be made and any information that doesn't seem clear.

Councilmember Daines stated that she has questions regarding the Good Landlord Program and when training will begin.

Jay Nielson responded there is not a funding mechanism for the training prior to people applying and paying their application fee. Meetings have been held with potential trainers and they could possibly offer a class the first of June and those who attend this class could come in and get the discount for a \$10 application fee rather than the \$50 fee.

Councilmember Daines feels this would be a good opportunity to get the training up front and she is supportive of this being done.

Chairman Monson said that he talked with Paul Smith and he would be willing to hold a training class in May in addition to the class that Mr. Nielson is planning for June.

Mr. Nielson said whether we do two classes is something to consider. There are now two groups that want to do the training so there is competition which is in the tax payer's best interest and for those who pay the fee. He said in other communities, training is done by various departments within the City. He stated the funding will come from those attending the training, a list of names will be given to Community Development and those attending the training will be reimbursed.

Meeting Agenda. The meeting agenda was approved. Chairman Monson announced at tonight's meeting there would be one public hearing.

QUESTIONS AND COMMENTS FOR MAYOR AND COUNCIL.

No questions or comments for the Mayor or Council.

MAYOR/ STAFF REPORTS.

Mayor Watts recognized Ethan Alfred who is a 4th grade student at Adams Elementary. Ethan found \$700 in cash on his way to school, he then gave the money to his crossing guard and the owner of the money was located. Mayor Watts expressed his thanks for Ethan in being honest, returning the money and being a good citizen.

Appointments – Mayor Watts.

Mayor Watts asked the Council for ratification of four new board appointments on the Neighborhood Council:

Richard Steele – Wilson District
Paul Sanders – Bridger District
Marilyn Griffin – Adams District
Spencer Lee – USU District

Councilmember Olsen asked about Spencer Lee's position at Utah State and said his term of office at USU will be ending soon and it was his understanding that Mr. Lee would be moving from the area. He said if this is correct, then his appointment should be postponed at this time.

Neighborhood Improvement Director James Geier responded that Mr. Lee has participated on other boards and the ordinance for the Neighborhood Council position only calls for the person to be a USU student and they don't necessarily need to be affiliated politically at USU. Mr. Geier said if Mr. Lee remains as a student at USU then he would like to move ahead with him serving on this board. He will check on the status of Mr. Lee and see what his plans are in the coming months.

Mayor Watts thanked the Neighborhood Council for their service and dedication.

ACTION. Motion by Councilmember Swenson seconded by Councilmember Daines to approve ratification of Richard Steele, Paul Sanders, Marilyn Griffin and Spencer Lee to the Neighborhood Council.

Youth City Council Update.

No report given at tonight's meeting.

Census Update – Glen Goins.

Community Development Planner Glen Goins gave a report on the Census. He feels that Logan City has answered the call and is responding well to the Census. The Governor of Utah has asked the municipalities to get involved and would like this to be an open and ongoing process until the Census is delivered to President Obama. He stated that our complete support will help secure an additional seat in Congress. There are two Census Assistance Centers here in Logan, located at the Multicultural Center and the Fresh Market formerly known as Albertsons on 400 North. There is a 15 member count committee that is participating in distributing Census information and generating interest. Nationally, the response to the Census is at 69% and Logan City is at 71% as a whole.

COUNCIL BUSINESS.

Meeting Schedule. Chairman Monson announced that regular council meetings would be held the first and third Tuesdays of the month at 5:30 p.m. The next regular council meeting is Tuesday, May 4, 2010.

Chairman Monson announced that budget workshops are scheduled for Tuesday, May 11 and Tuesday, May 25 beginning at 5:30 p.m. in the Council Chamber. The public is invited to attend.

Discussion items from the Utah League of Cities and Towns (ULCT) Mid-Year Conference – Holly Daines, Jay Monson, Dean Quayle and Mayor Watts.

Chairman Monson said that several attended the recent ULCT meetings in St. George, Utah.

Mayor Watts stated that as he talked with other Utah municipalities at the conference and he noticed a change because of the slow down of the economy. He thanked the Council and department heads for keeping the City budget in the positive and keeping things moving along, he feels the economy will turn around. He feels that we need to get people back to work throughout the State of Utah and Logan City will continue living within our budget and making sure the citizens are being taken care of. He appreciates Logan City employees for stepping up and making things work.

Councilmember Quayle said he attended several sessions and found them very interesting. One of the sessions was regarding civility. He also enjoyed the session with Dan Jones and the speech from Senator Bob Bennett.

Councilmember Daines felt the economic development and storm water session were very good.

Chairman Monson felt the same way about the storm water session and in the regional council meeting last night they talked about this issue and the enormous amount of money it will take to manage this program. He also attended a session that talked about electronic meetings and how they can be improved.

Public Works Director Mark Nielsen stated that he is looking into the issue of electronic meetings and he will report back to the Council on what he finds.

Chairman Monson said regarding closed meetings, there was a concern about the RAPZ meetings being held as a closed meeting and he feels this should be open to the public.

Councilmember Daines said that the RAPZ committee conducts their meetings the same as the CDBG meetings. The committee makes a recommendation to the Council and the Council makes adjustment's as needed and gives final approval.

City Attorney Kymber Housley responded that if it's a recommending committee and involves public monies then it's required to be a public meeting.

Councilmember Swenson said the RAPZ Committee goes to the County and they make the decision. There isn't anyone from Logan City serving on the RAPZ Committee.

Chairman Monson said that Steve Thompson would like to take the Council on a tour of the bio fuel site at the Logan sewer lagoons. Arrangements will be made after the May budget workshops to go on this tour.

Chairman Monson said that Superintendent Marshall Garrett and the Logan City School Board requested a meeting with the City Council. He will work with Superintendent Garrett to schedule a meeting. They would like to talk about the Logan City Recreation Center and the tax inequities within the Logan City school boundaries.

ACTION ITEM.

PUBLIC HEARING: Budget Adjustment FY 2009-10 appropriating: \$10,000 for the EMPG Grant; \$530,000 to purchase property on Canyon Road; \$36,000 for architectural fees for fire station 72 – 10-21.

Chairman Monson opened the meeting to a public hearing.

No comments were made during the public hearing.

Chairman Monson closed the public hearing.

City Treasurer Tyson Griffin stated the architectural fees for Fire Station 72 need to be increased to the amount of \$36,000.

Mr. Housley said regarding the \$430,000 property purchase from the last council meeting, an additional \$100,000 was added to purchase another home on Canyon Road and Logan City will purchase this property located at 907 Canyon Road.

Councilmember Swenson said it was her understating that UDOT will participate equally on the reconstruction of the Canyon Road hillside.

Mr. Housley responded that Logan City continues to work with UDOT. They have a new Director in place at this time and they will be coming to Logan and will tour the hillside.

There are no guarantees but it is our understating that UDOT will participate and they have just received their first notice of claim from the landslide that occurred in July 2009. The \$530,000 amount for the property purchase will not change and we will remove the homes and clean up the area. There is a potential of one more home being purchased which is located East of the landslide area but that has not yet been determined. There are no lawsuits at this time but we have received a notice of claim. Any additional homes that are purchased would need to be done by UDOT or as part of the litigation process in the future. During an executive session the Council put a cap on the amount that could be spent for property purchases. Additional property will not be purchased but there could be additional costs involved with demolition and removing the homes.

Mayor Watts said the property where these homes are located is now owned by Logan City and the homes will be cleared away and it will become open, green space. No future building permits will be given in this area.

ACTION. Motion by Councilmember Quayle seconded by Councilmember Daines to approve Res. 10-21 with the change of the architectural fees for Fire Station 72 from \$26,348 to the amount of \$36,000. Motion carried unanimously.

WORKSHOP ITEMS.

Budget Adjustment FY 2009-10 appropriating - \$3,481 for 600 West SID debt payments; \$2,644 for the police department banquet; \$24,424 for reimbursement of snow removal costs – 10-24 – Tyson Griffin.

Mr. Griffin addressed the Council and stated regarding the police banquet, all of the money was received from donations throughout the fiscal year or the previous fiscal year.

This will be an Action Item at the next Council meeting to be held on May 4, 2010.

Consideration of a resolution to adjust service fees at the Logan City Police Department – 10-20 – Chief Gary Jensen.

Police Chief Gary Jensen addressed the Council and explained the proposed fee schedule.

Councilmember Olsen asked regarding police records, there is an increase of people that are requesting records and he is concerned about public defenders that request records and will now have a higher cost.

Mr. Housley stated that we currently do not charge public defenders for police records. The proposed fee increase is for GRAMA requests.

Chief Jensen said the police department has looked at other fees throughout the State of Utah and they are in line with other municipalities in the area of dog licenses and the other proposed fees.

Councilmember Swenson asked if Chief Jensen could provide comparisons of other Utah City's on these fees and report back to the Council.

This will be an Action Item at the next Council meeting to be held on May 4, 2010.

Logan, Hyde Park and Smithfield Water Share Costs – Mark Nielsen.

Public Works Director Mark Nielsen addressed the Council and distributed the Canal Project Financial Scenarios which was prepared by a member of the Board of Directors for the Logan, Hyde Park and Smithfield Canal, Jim Huppi who is in the audience tonight. The Board of Directors will hold a meeting in May where the canal shareholders will be asked for support in going forward with this project. There are three entities that account for 50% of the water shares which are Smithfield, Utah State and Logan City. Smithfield and Utah State have more than Logan City which holds just over 10% of the shares in the canal company. Based on the different five scenarios they all hinge on how the project is funded by canal companies and cities. Project funded 75% federal with 25% match, Project funded 75% federal with 25% match (match financed by State Utah Water Resources (DWR) at 2.9% for 25 years), Project funded 75% federal with 25% local match (match financed by State UWR at 1% for 30 years). During the May meeting, Logan City will be required to vote on the shares and support the canal project. Mr. Nielsen recommended that Logan City support the canal and give the latitude to proceed. These five scenarios are only based on financing and the Council will first vote on the financing before the option of structuring is decided.

Mr. Huppi addressed the Council and said the five financial scenarios are based on the most expensive of the five alternatives. If a lesser alternative is approved then the costs will change. The scenarios are all based on taking the canal to 3100 North with either a pipe or a culvert and it is the most expensive alternative. The scenarios tell the shareholders what they can expect in the future and the UWR will determine what the loan amount will be and provide the percentage. They will also determine the interest rate and what the payback time period will be. Loans are never final with the UWR until they are paid back and they indicated that depending on how things go with mitigation with Logan Power, the interest rate could be as high as 2.9% or as low as 1% and there is a possibility there might not be any interest. If we are having problems raising funds in the future there is a possibility that the loan can be extended.

Mr. Nielsen said the City would pay 15% as a match to the UWR and the rest would be an annual payment based on the interest rate and we can pay off our portion sooner.

Mr. Huppi said that if the City's participates in kind to help with the construction work, this will go towards the amount and reduce the amount the City is expected to pay.

Mr. Nielsen clarified that we could do pieces of the process and it would have to fit into the bid and this does not include the Lundstrom Park project of burying the pipe. The money would come from the storm water fund. The canal company purchased the pipe last year and it was placed above grade. Logan City crews will now install the pipe below grade and there will be no additional cost to the City except for labor.

Mr. Huppi said the public, Cache County, NRCS and the canal companies will be the decision makers on what option for construction is selected. Public meetings will be scheduled and public comments will be taken on all five options and alternatives will also be considered. The cost benefit will be determined to the canal company and to the

communities and a decision will be based on the comments received. A timeline will be announced during the public hearings and a public announcement will be made on what people can expect in the future, public meeting dates have been scheduled at this time.

Councilmember Olsen said he would like to better understand and asked what does Logan City benefit from doing this project.

Mr. Nielsen responded the concept is the water will go into the upper canal out to 3200 North. That leaves the Logan and Northern Canal empty for Logan to use as a storm water conveyance rather than an irrigation conveyance and that is the primary benefit that we receive. The 10% that Logan City has deals with the canal water shares portion. There are hundreds of canal share owners along the upper canal and based on their share, they will also pay a portion on these shares of the expense of the canal.

Mr. Huppi stated that he represents USU on this project and USU owns 304 shares in the Logan, Hyde Park and Smithfield canal and 215 shares in the Logan Northern Canal. Based on these proposals, USU will pay between \$500,000 and \$600,000 for their shares over the total period of the project. The most expensive alternative provides the most benefit to the City's in terms of storm water. This percentage is based on going to 3200 North with this project and if it only goes to 1500 North there is less of a storm water benefit and the City's portion would be reduced based on that benefit and the canal company's portion would be increased.

Councilmember Swenson asked Light & Power Director Jeff White to address the issue of our renewable resource and how this will impact Logan City and what the cost will be.

Mr. White said that studies were done of what the impact would be at the Hydro Plant II in the mouth of Logan Canyon and it varies depending on the water year. We are more impacted during a short water year. He has estimated that the impact on a good water year would be \$50,000 per year up to \$300,000 per year depending on how renewable energy is priced. Hydro II has a total capacity of 5 megawatts with the worst case scenario; we would be looking at 1.3 megawatts of reduced capacity. That would be 1/5 of peak load or 20%. Three of the project options would have an impact on the power capacity.

Councilmember Olsen said we should be very protective of our capacity to generate from the Hydro and this is a concern.

Mr. White said he is hopeful that mediation can be done and they can come to an agreement. Negotiations have not started at this time.

Councilmember Daines said that a formal protest has been filed.

Mr. Huppi stated the Logan Northern Canal has filed a temporary point of diversion change for the coming year and also for a permanent division change. They want to find out what the issues are and work towards a solution prior to starting construction. There are several ways this can be done. They have discussed micro generating plants and other options that can work as a solution.

Councilmember Swenson said she is concerned that once the Council gives approval then it will move forward. She asked when does the Council have an opportunity to voice their concerns and give input.

Mr. Nielsen stated the power side of this is a completely different issue then with the canal shares. A protest has been filed and once the protest is in and if we can't work out an agreement on the power issue then it will go to the State Water engineer who will say yes or no on the diversion. We don't have an option that has been selected at this time.

Councilmember Swenson said that she wants to better understand the connection of power and the canal shares and she wants to make sure that everything is taken into consideration.

Mr. White stated there is another component to the damage to be considered with this project if the point of diversion is changed. Logan City originally invested 25 million dollars into Hydro II and Logan City will need to recover those costs.

Councilmember Swenson asked for additional information on the scenario options and would also like information on the power costs involved.

Mr. Huppi stated this is a very complex issue and the NRCS has made it clear that if things don't work out financially we can all walk away and water will not be available for approximately 7,000 acres in Cache County.

Councilmember Swenson said that is not a solution but she would still like to understand the options.

Mr. Nielsen said he will provide additional information to the Council. He stated the next canal share meeting is scheduled for May 3 and the next Council meeting is May 4. He needs to be able to express at the May 3 canal meeting what is best for the irrigation aspect of Logan City. From the standpoint of voting he is looking at City irrigation.

Mr. Housley said that whatever option is selected does not commit Logan City to spend any money. The canal company will move forward no matter what we do and our shares won't be voted.

Mr. Nielsen said there will be a cost impact with our shares and a double or triple increase in what we pay to Logan, Hyde Park, and the Smithfield Canal. His recommendation is that Logan City should vote yes, at the May 3 meeting based on the irrigation standpoint. There is time to deal with the other issues the Council has brought forward.

Mr. Huppi said the USU Water Research Lab has also filed a protest and one option they are recommending is to install automated gates in the canal.

Mr. Nielsen asked for a head nod from the Council for him to attend the canal meeting on May 3, 2010 and vote yes, on our shares for irrigation purposes and this will not tie Logan City to anything financially.

Mayor Watts feels this is a very important issue and we should move ahead and be willing to go into some debt to move forward.

Councilmember Olsen stated that he is willing to support Logan City bearing its proportionate share of the cost but he is cautious about subsidizing water usage for those who are not bearing their fair share.

Mr. Nielsen stated that based on the information that he has developed, this is the best guess at what is fair amongst all parties and we have done the best we can to make this fair for everyone.

Mr. Huppi stated that since the landslide occurred on July 11, 2009, four cities's the County and the canal company has worked together and it was been very cooperative. The canal company understands there are issues with power generated for Logan City and USU. It has been an atmosphere of cooperation and the canal company does not want the City's to pay more than their fair share.

Mr. Nielsen and Jeff White will bring additional information back in a future council meeting during the month of June or July.

There was a head nod of approval from the Council for Mr. Nielsen to attend the May 3 meeting and vote on the water shares for Logan City.

Consideration of a resolution to adjust power rates to provide for renewable energy prices and conservation programs – Laraine Swenson.

Councilmember Swenson introduced the proposed resolution to adjust power rates by 1% to pay for renewable energy and conservation programs for Logan City Light & Power customers. She said the program started a few years ago with a one time allocation of monies and patterned the program after Rocky Mountain Power to begin the process. She said that conservation is the least expensive energy that we buy and there is also a guideline in the State of Utah to have a certain amount of renewable energy in the future. She introduced Emily Malik who is the Conservation Coordinator for the City of Logan and Carl Francis with the City of Logan Environmental Department. Rob Davies from the Renewable Energy and Conservation Board was also introduced and will give additional information.

Mr. Davies addressed the Council. He stated that the renewable board met this week and they concurred with the proposal given to the Council. Over the past two years, Logan City has made great strides incorporating energy conservation and efficiency programs. Logan City currently offers ENERGY STAR appliance rebates, commercial lighting retrofit incentives, and a solar incentive program. Customer education has also played an important role in Logan City's programs over the past two years. The board feels that it is important to educate residents on important issues such as renewable energy, energy conservation, and energy efficiently. These programs have been largely effective and because of Logan City's programs, more than 4,000,000 kilowatt hours of electricity will be saved over the next 10 to 14 years. Further calculation shows that Logan City has spent approximately \$.01 cents per kilowatt hour of "conserved" electricity. Compared to the cost of wholesale electricity at \$.05 per kilowatt hour, conserved electricity has a

much lower price tag. With this new funding source, programs can be expanded and grown in order to continue the initial success. The following is a breakdown of the types of programs that will be sought out in Fiscal Year 2011:

\$150,000 to continue conservation/efficiency and education programs with a rough distribution as follows:

\$15,000: Advertising, Brochures, Supplies, Education, Publications, Audits

\$15,000: Appliance incentive programs

\$50,000: Contracting with an energy use tracking company

\$40,000: Commercial lighting incentive programs

\$29,500: Additional programs which might include street lights, evaporative cooler incentives for HVAC equipment, etc.

\$150,000: Renewable Energy Production; solar

Logan City's education, conservation and efficiency programs will help customers save even more money on their electric bill than they would spend on the 1% increase. For example, the average annual dollar amount saved by commercial customer's participation in the commercial lighting retrofit program is \$2,500 (savings much greater than the cost of a 1% increase).

Mr. Davies said the proposed amount is inline with what other City's are doing. With the money the City has invested already, four megawatt hours of energy have been purchased at a cost of \$.01 cent per kilowatt hour which is five times less then what we are paying for our cheapest energy now. He feels it has been a worthwhile investment and he would recommend moving forward with the increase.

Councilmember Swenson stated this is proposed as a five year program, which will sunset in 2015 without renewal. The cost for a residential home would be \$.50 per month or \$6.00 per year. A portion from the funding will also go towards purchasing renewable power.

Mr. White stated that besides the conservation and incentive programs. He would also like to put half towards tangible renewable energy projects and other projects to target PRV stations within Logan City and smart grid, load control projects. He would really like to target a community based solar panel farm so people who don't want solar panels on their home can use the solar from these farms.

City Treasurer Tyson Griffin stated that as per Finance Director Rich Anderson, the Finance Department has no comment at this time. If there are specific questions, they should be directed to Mr. Anderson.

Mayor Watts said he has no comment at this time.

Councilmember Olsen asked based on input he has received will the power rates be reduced because of the savings.

Mr. White responded that the power revenues will decrease and the power rates will most likely not increase because our resources are going up every year. In the light department

they have tried to make every attempt to do more with less and a general rate increase has been discussed. They have funded the conservation program out of their reserves every year and now is the time to step up and move this project forward and it should operate on its own rather than coming out of reserves. The power department is still trying to recover from the 2001 energy crisis.

Councilmember Olsen asked how we can assure that the money generated from a 1% increase will be dedicated to a tangible renewable project that has been described and not lost in administrative costs.

Mr. White responded the funds will be overseen by the Renewable Energy and Conservation Board to manage projects.

Councilmember Swenson said this will create a savings for people and through the choices that people make they will save money and receive greater than a 1% savings on their power bill. The other option is to do nothing and she feels this would be a big mistake. The program is effective and it promotes reduced consumption and conservation. It hurts the revenue that we receive because we are not buying more and more power but it results in a savings to the customer and if we can buy less and conserve, then it will be a savings and we need to prepare for the future and address the changes that are coming.

Councilmember Quayle stated this issue needs to be publicized. In a smaller group discussion he met with citizens who perceive this as a tax increase and there is a concern this would add to the burden of budgets stretched thin already. He said that more information will need to go out and help people understand this issue.

Councilmember Swenson responded there is a difference between a tax increase and a rate increase. People will have the opportunity to defray these costs by conserving. There are significant things that people can do and they will not feel the affects of the 1% increase at all.

Councilmember Quayle said the problem is the timing of this increase.

Councilmember Swenson said this could wait until another year but we do not know when there will be other increases in Logan City and if we put this off year after year we might not have a program.

Councilmember Daines stated that water is also a concern in the future.

Councilmember Swenson said there are a lot people that can defray the cost and do a 1% conservation somewhere in their lifestyle. She said the board voted and there was only one abstention but that person is still supportive of the program.

Mr. Davies stated that when it comes to energy conservation, a lot of people aren't sure where to go for more information and how they can conserve energy.

Mr. Griffin stated that approximately 80 people per week have their power shut off for non payment.

Councilmember Daines asked will there be other rate increases brought forward this budget year besides this one? She also asked to see other proposed increases before the next Council meeting and those other increases might be a reason to put the 1% rate increase on hold.

This will be an Action Item at the next Council meeting to be held on May 4, 2010.

OTHER CONSIDERATIONS.

No additional considerations were brought forward at this time.

RECESS TO MEETING OF LOGAN REDEVELOPEMNT AGENCY.

ACTION ITEMS:

Consideration of a request from Young Electric Sign Company (YESCO) to modify its existing RDA participation commitment – 10-22 RDA.

Economic Development Director Kirk Jensen addressed the Council regarding an amendment to a prior resolution. The request comes from YESCO who is requesting additional tax increment to help offset wetland mitigation costs. The economic development committee is recommending to the Council to increase the cap up to \$252,000 and if they build an energy efficient building the cap would be \$352,000.

Councilmember Swenson said she is opposed to the request because YESCO initially came to the economic development committee and they received a portion of redevelopment money and the reason they are coming back is because they said the mitigation for the project would cost more. Her concern is this is tax payer money and she feels what was given is a fair amount and giving them more will not benefit the citizens of Logan and just because they have created more jobs than anticipated does not mean they should receive more.

Mr. Jensen said in terms of the wetlands, it has taken a few years for YESCO to address this issue which will be an additional cost of \$80,000. YESCO increased the amount of jobs they brought to Logan City to a total of 315 jobs with an average salary of \$46,000. They need to build a larger building to receive the additional increment. He stated this request from YESCO is because of the unfortunate circumstances of unforeseen wetland issues.

Councilmember Daines stated that other than Councilmember Swenson, the economic development committee was in support of a modification to the existing commitment.

ACTION. Motion by Councilmember Daines seconded by Councilmember Quayle to approve Res. 10-22 RDA as presented. Motion carried 4-1 (Swenson opposed).

Consideration of a request from Lundahl Family Associates to modify its existing RDA participation commitment – 10-23 RDA.

Mr. Jensen gave a background on the request from Lundahl Family Associates. This is an amendment to a prior resolution which was to pay the Lundahl Family 80% of the tax increment generated on the Joann's redevelopment area with the condition that to receive payment they had to complete Phase II which consisted of 35,000 square feet. With market conditions the way they are, the Lundahl's asked the economic development committee to amend the agreement and eliminate the condition that Phase II has to be built before the increment can be paid on Phase I. There is ongoing discussion regarding what project that will be built in Phase II.

Councilmember Swenson said she would prefer to deal with this in the context of Phase I and Phase II and see what the next proposal and request will be before assistance is given. She would like to see Phase I and Phase II tied together.

Councilmember Daines said she would prefer to give increment on Phase I now and if they come back and make a request for Phase II that can be considered at that time.

Mr. Jensen said this RDA has a cap of \$68,000 and does not have a set time frame but once that cap is met it stops which will be in approximately 2017 or 2018 when the cap is reached.

Councilmember Olsen said he is pleased with the work that has been done in the area of Joann's and the improvements that have been made. He is not convinced that additional help is needed relevant to Phase II but he is willing to proceed with approving Phase I.

Councilmember Daines said the economic development committee feels that if we give the incentive for Phase I then it will give the Lundahl's time to consider Phase II and she feels we should give the incentive for the improvements that have been made to this point.

Mr. Jensen stated that Phase II will be presented at a future economic development meeting.

Councilmember Swenson said she will abstain from voting at this time. Her concern is that what hasn't been completed on Phase I will continue in Phase I and she would rather consider both Phase I and Phase II at the same time. She is very appreciative for the improvements and quality of what has been done and she feels the Lundahl's are deserving of some increment at this time.

ACTION. Motion by Councilmember Daines seconded by Chairman Monson to approve Res. 10-23 RDA as presented. Motion carried 4-1 (Swenson abstained).

There being no further business to come before the Council, meeting adjourned at 7:57 p.m.

Teresa Harris, City Recorder