

**CITY OF SAINT PETER, MINNESOTA  
AGENDA AND NOTICE OF MEETING**

Regular Workshop Session of Monday, February 5, 2018  
St. Peter Room of the Community Center – 5:30 p.m.  
600 South Fifth Street

- I. **CALL TO ORDER**
- II. **DISCUSSION**
  - A. Fire Relief Association Presentation
  - B. Short Term Residential Rentals
  - C. Spec Home Realtor Agreement
  - D. Board of Equalization Training
- III. **ADJOURNMENT**

**\*\*\*At 6:30 p.m. the City Council will reconvene for a Committee of the Whole meeting with the members of the Fire Relief Association at the Fire Hall (227 West Mulberry Street).**

Office of the City Administrator  
Todd Prafke

TP/bal



**SAINT PETER VOLUNTEER  
FIRE DEPARTMENT  
FIRE RELIEF ASSOCIATION**

227 West Mulberry Street  
Saint Peter, MN 56082

February 5, 2018

Dear Honorable Mayor and City Council

The Saint Peter Fire Relief Association hereby submits the following concerns, objectives and financial projections to the Mayor and City Council for their review and consideration. We believe the following information will help the City and the Relief Association understand the future pension projections. We desire to have a close working relationship with the City to assure the citizens have the most efficient fire department possible.

Concerns and Objectives:

1. As of January 1, 2018 the City of Saint Peter has 34 firefighters.
2. The training requirement for firefighters continues to increase due to technology, state and federal requirements.
3. In 2016, the SPFRA investments had a positive rate of return of 5.9%. In 2017, we anticipate a positive rate of return of 16%. The actual rate of return will be determined when our annual audit is completed.
4. At the end of 2016, the SPFRA pension fund was 94.2 percent sound. At the end of 2017, we estimate the pension fund will be 107 percent sound. The actual percent sound will be determined when our annual audit is completed.
5. Future projections indicate adequate funding.
6. The last lump sum pension benefit increase was a \$400.00 per year of service increase in 2015.

In accordance with the information provided, the Saint Peter Fire Relief Association Board of Trustees asks for your approval to increase the current retirement benefit by \$200 per year of service to the total of \$3,000 per year of service. This request was approved by the SPFRA Board of Trustees at its January 2, 2018 meeting. Based on an estimated rate of return of 5% in 2018, this request would set the required City of Saint Peter's contribution to the Relief Association at \$0 for 2019.

Thank you for your consideration of this matter.

Sincerely,

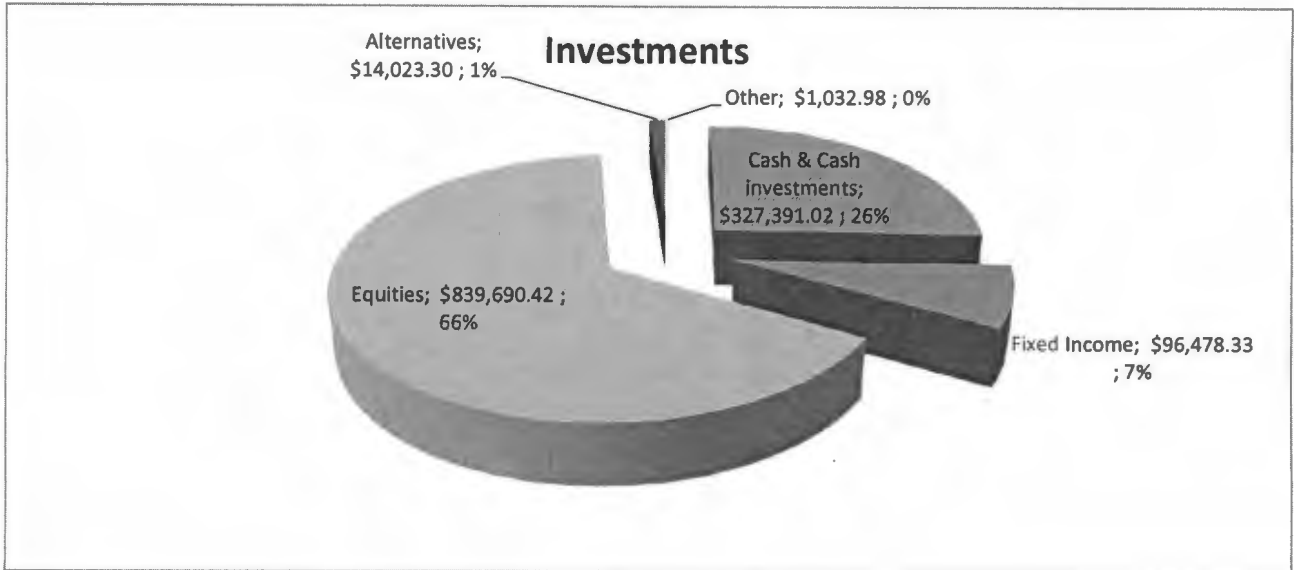
Darrell Pettis, SPFRA Treasurer

## Projection Based on \$200 per year benefit Increase to \$3,000 per year

|                                   | (Actual)<br><u>2013</u> | (Actual)<br><u>2014</u> | (Actual)<br><u>2015</u> | (Actual)<br><u>2016</u> | (Unaudited)<br><u>2017</u> | (Projected)<br><u>2018</u> | (Projected)<br><u>2019</u> |
|-----------------------------------|-------------------------|-------------------------|-------------------------|-------------------------|----------------------------|----------------------------|----------------------------|
| Assets as of January 1            | \$ 848,404              | \$ 1,061,264            | \$ 996,074              | \$ 1,043,728            | \$ 1,052,577               | \$ 1,176,370               | \$ 1,078,393               |
| <b>Revenue</b>                    |                         |                         |                         |                         |                            |                            |                            |
| Investment Earnings (1)           | \$ 129,508              | \$ 42,954               | \$ (15,325)             | \$ 61,246               | \$ 169,544                 | \$ 58,819                  | \$ 53,920                  |
| <b>Contributions</b>              |                         |                         |                         |                         |                            |                            |                            |
| City (5)                          | \$ 5,012                | \$ 8,864                | \$ -                    | \$ -                    | \$ -                       | \$ -                       | \$ -                       |
| State (4)                         | \$ 63,263               | \$ 64,452               | \$ 68,622               | \$ 68,480               | \$ 69,532                  | \$ 69,532                  | \$ 69,532                  |
| State Retiree Refund              | \$ -                    | \$ 3,280                | \$ -                    | \$ 2,000                | \$ 2,045                   | \$ 3,000                   | \$ 1,000                   |
| <b>Total Revenue</b>              | <b>\$ 197,783</b>       | <b>\$ 119,550</b>       | <b>\$ 53,297</b>        | <b>\$ 131,726</b>       | <b>\$ 241,121</b>          | <b>\$ 131,351</b>          | <b>\$ 124,452</b>          |
| <b>Expenditures</b>               |                         |                         |                         |                         |                            |                            |                            |
| Benefits (2)                      | \$ -                    | \$ 179,444              | \$ -                    | \$ 117,248              | \$ 111,699                 | \$ 223,698                 | \$ 94,000                  |
| Expenses                          | \$ 4,923                | \$ 5,296                | \$ 5,643                | \$ 5,629                | \$ 5,629                   | \$ 5,629                   | \$ 5,629                   |
| <b>Total Expenditures</b>         | <b>\$ 4,923</b>         | <b>\$ 184,740</b>       | <b>\$ 5,643</b>         | <b>\$ 122,877</b>       | <b>\$ 117,328</b>          | <b>\$ 229,327</b>          | <b>\$ 99,629</b>           |
| Assets as of December 31          | \$ 1,061,264            | \$ 996,074              | \$ 1,043,728            | \$ 1,052,577            | \$ 1,176,370               | \$ 1,078,393               | \$ 1,103,216               |
| Obligations as of December 31     | \$ 1,042,986            | \$ 943,707              | \$ 1,152,063            | \$ 1,117,738            | \$ 1,099,924               | \$ 1,054,705               | \$ 1,066,776               |
| <b>Funding Percentage</b>         | <b>101.8%</b>           | <b>105.5%</b>           | <b>90.6%</b>            | <b>94.2%</b>            | <b>107.0%</b>              | <b>102.2%</b>              | <b>103.4%</b>              |
| <b>Rate of Return</b>             | <b>14.9%</b>            | <b>4.0%</b>             | <b>-1.5%</b>            | <b>5.9%</b>             | <b>16.1%</b>               | <b>5.0%</b>                | <b>5.0%</b>                |
| Benefit Level per year of Service | \$ 2,400.00             | \$ 2,400.00             | \$ 2,800.00             | \$ 2,800.00             | \$ 2,800.00                | \$ 3,000.00                | \$ 3,000.00                |
| <b>Membership</b>                 |                         |                         |                         |                         |                            |                            |                            |
| Vested                            | 26                      | 24                      | 23                      | 24                      | 24                         | 27                         | 26                         |
| Non-vested                        | 4                       | 9                       | 9                       | 9                       | 11                         | 6                          | 6                          |
| Active Firefighters               | 30                      | 33                      | 32                      | 33                      | 35                         | 33                         | 32                         |
| Deferred Members                  | 6                       | 4                       | 5                       | 5                       | 3                          | 1                          | 1                          |

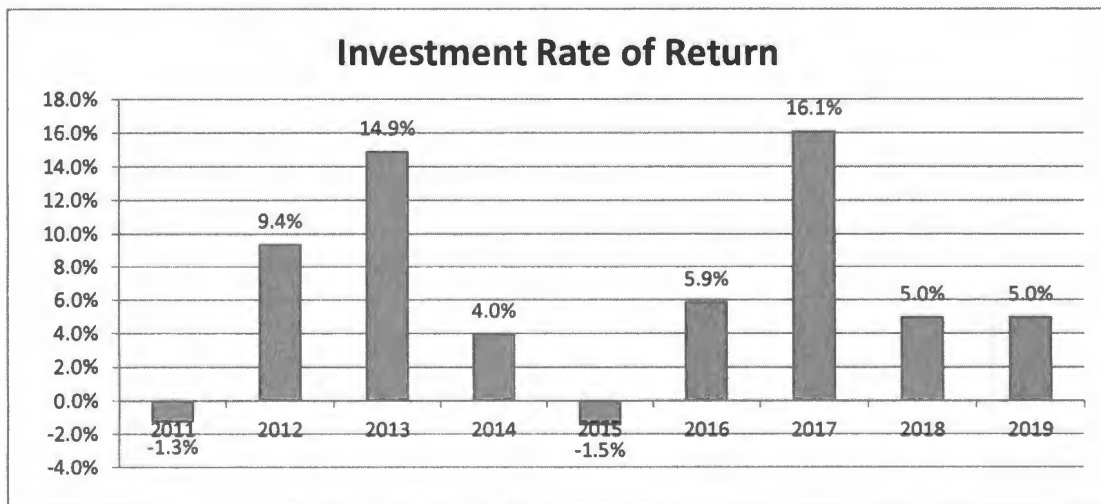
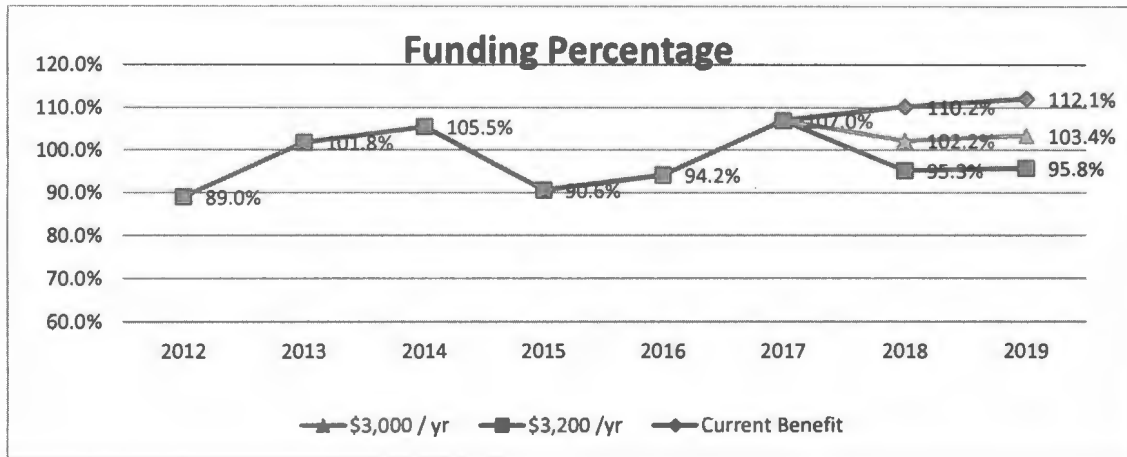
**Comments:**

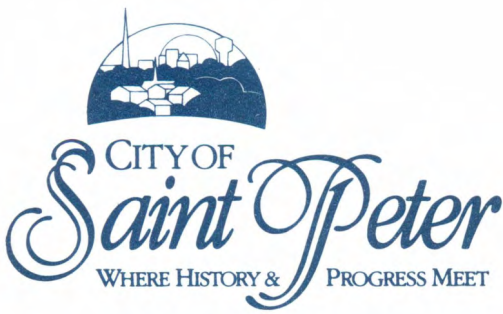
- (1) Estimated return on investments for 2018 and 2019 is 5% (average return of 5.8% from '13 to '16)
- (2) 2017 to 2019 benefit deduction assumes retirement of most senior member+ deferred member payout
- (3) Same state contribution for 2017 thru 2019
- (4) No city contribution for 2018 and 2019



12/31/2017

|                         |                        |
|-------------------------|------------------------|
| Cash & Cash investments | \$ 327,391.02          |
| Fixed Income            | \$ 96,478.33           |
| Equities                | \$ 839,690.42          |
| Alternatives            | \$ 14,023.30           |
| Other                   | \$ 1,032.98            |
| <b>Total</b>            | <b>\$ 1,278,616.06</b> |





## Memorandum

**TO:** Todd Prafke  
City Administrator

**DATE:** 2/2/18

**FROM:** Russ Wille  
Community Development Director

**RE:** Short Term Residential Rental

### ACTION/RECOMMENDATION

None needed. For Council consideration and discussion only.

### BACKGROUND

Short term residential rental companies, (exemplified by Airbnb) are internet based reservation systems for short term rental of private properties. For a fee, these types of companies will market available lodging options and reserve the property on behalf of the owner.

At this time, according to the Airbnb site, there seems to be at least three (3) properties being marketed in this way within the Saint Peter city limits. They each appear to be single family dwellings. The online literature on the website suggests that lodgers can rent individual rooms as well as the entire house. Two of the operations are listed as having 5 beds available to guests. The third property is listed as having 10 beds available for occupancy.

Each of the existing properties offering short term residential rental are located within (R-2) One and Two Family Dwelling zoning districts.

The Saint Peter Zoning Ordinance defines a Bed and Breakfast within Section 24-15 General Description of Commercial Use Types as follows:

**(36) *Visitor Habitation: Establishments primarily engaged in the provision of lodging services on less than weekly basis with incidental food, drink and other sales and services intended for the convenience of guests. The following are visitor habitation use types:***

- a. *Bed and Breakfast: An owner-occupied dwelling designed and utilized as a single-family residence, managed by the property's owner, and having bedroom accommodations and dining provisions, served in the owner's private dining room or kitchen for those accommodated as paying guests.***

**b. Campground: Campground facilities providing camping or parking areas and incidental services for travelers in recreational vehicles or tents. Typical uses include recreational vehicle parks.**

**c. Hotel/Motel: Lodging services involving the provision of room or board. Typical uses include hotels, motels and transient boarding houses.**

Most would likely interpret the adopted Zoning Ordinance in a manner that suggests that none of the current short term residential rental properties are in conformance with the provisions of the Code.

The Ordinance says that a Bed and Breakfast operation must be owner-occupied. A review of the Airbnb website suggests that the three units in Saint Peter are rented as an entire home in the absence of the homeowner's occupancy. If that is accurate, they are operating outside of the Zoning Ordinance.

Unless the property is owner-occupied it makes no difference that a Bed and Breakfast can be established as a Conditional Use within an (R-2) zoning district and the City cannot waive required occupancy of the owner through a Conditional Use Permit.

A review of Building Department files indicates that two of the Saint Peter properties offered on Airbnb have been licensed by the City as Residential Rental Properties.

The applicable Ordinance defines Residential Rental Property as:

***Any building, structure, room, enclosure, or mobile home including the real property upon which it is located and which surrounds it, which is rented or offered for rent by any person to any other person for use for residential purposes by such other person. The term "residential rental property" does not mean on-campus dormitories, Regional Treatment Center units, hospital units, nursing home units, and hotels or motels with daily rental units, located within the City, all of which shall be specifically exempt from registration and certification under this article.***

If the properties are considered Residential Rental Property, the matter has been appropriately addressed via the Building Official's inspection and licensing of the units.

If the properties are considered to be Bed and Breakfast operations based upon the Visitor Habitation use classification within the Zoning Ordinance, a few decisions would need to be made to appropriately regulate the operations.

The first option would be to inform the owner that the short term residential rental services are not allowed until a Conditional Use Permit is granted by the Board of Zoning Appeals and the operations are undertaken with the homeowner's occupancy of the residence.

Alternatively, if the City Council is of the opinion that the existing short term residential rental operations should be allowed, steps should be taken to amend the text of the ordinance to provide for a Bed and Breakfast to be operated without being occupied by the owner.

- Regardless of whether or not the short term residential rentals comply with the zoning ordinance, there are other areas that should be clarified and additional policy direction

provided. For instance, should short term residential rental property owners be paying the lodging tax applied to the hotels in town?

- Given that Visitor Habitation (Bed and Breakfast) is considered a "Commercial Use Type" by the Zoning Ordinance, should the property owners be paying the commercial utility rates charged to the hotels in town?
- The Nicollet County Assessor has suggested that the County intends to review the tax classification of short term residential rental operations in Saint Peter.
- To receive the real estate tax benefits available to a Bed and Breakfast operation via Minnesota Statutes §273.13 Subd. 25(d), the property must qualify as residential – homesteaded tax classification. That is, the property must be occupied by the owner to the extent that they qualify as a homestead. It appears that the homestead qualifications will be further scrutinized by the Nicollet County Assessor's office.

All of these are less about regulation and more about fairness to other tax payers, rate payers and property owners.

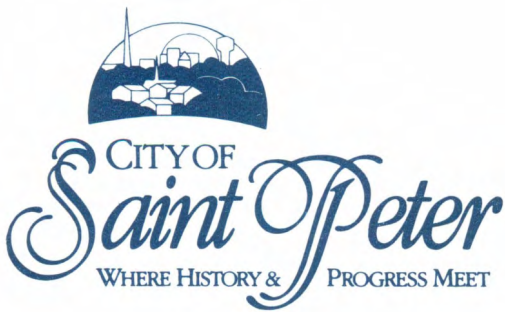
Other requirements of the applicable Statute are that rooms are provided to transient guests for periods of fewer than 14 consecutive days and that meals are provided to those who rent rooms without additional cost to the lodger. It should be noted that with very few exceptions, the Statute does not allow meals to be served to the general public.

Finally, the City Council may wish to consider additional regulations intended to protect the health, safety and general welfare of those seeking room and board. For instance, the Council may wish to establish an inspection protocol to ensure that rooms are provided with the appropriate emergency egress and fire extinguishers as well as smoke and carbon monoxide detectors and alarms.

Please feel free to contact me should you have any questions or concerns on this agenda item.

RJW





## Memorandum

**TO:** Todd Prafke  
City Administrator

**DATE:** 2/2/18

**FROM:** Rosten Wille  
Community Development Director

**RE:** Traverse Green – Realtor Referral Fee

### **ACTION/RECOMMENDATION**

None needed. For Council review and discussion only.

### **BACKGROUND**

Consider and discuss the Economic Development Authority's recommendation to establish a realtor referral fee of \$1,500 for participating realtors providing assistance in the marketing and sale of speculative homes in Traverse Green Subdivision.

Construction of the EDA's three speculative homes within Traverse Green subdivision began in October of 2016. The homes were substantially completed in July, 2017. None of the three homes constructed by the EDA have been sold or are currently subject to a purchase agreement.

As the EDA was building speculative homes, our partners at Southwest Minnesota Housing Partnership (SWMHP) were also building three speculative homes. SWMHP has successfully closed on the sale of two spec homes and a third is subject to a purchase agreement with a scheduled closing.

After the sale of their first two spec homes, SWMHP bid and began construction of three additional speculative homes. As future homes are sold, the Partnership intends to roll-over the construction financing and continue to build spec homes.

A \$750 realtor referral fee was offered when Nicollet Meadows and Washington Terrace were developed. Of the 163 single family parcels developed in the two subdivisions, only one realtor fee was paid. It appeared that the referral did not have a significant impact on the sale of speculative homes so the referral fee was not originally offered in Traverse Green.

Given that sales of speculative homes seem to be lagging, Staff and the EDA have had a change of thought. To assist with the future marketing, showing and sale of speculative homes, SWMHP and I are now recommending that a real estate agent referral fee be re-established and offered to area realtors for Traverse Green homes.



Enclosed is a proposed policy and agreement that realtors will be asked to execute. The EDA has recommended that the City Council authorize the real estate agent referral fee as proposed by staff.

The EDA has recommended a fee of \$1,500, which is double that offered 14 years ago when Washington Terrace was under construction.

Should the Council approve the referral fee at a regular meeting, I will schedule a meeting with area realtors to explain the requirements of the agreement; show the homes being offered for sale; and provide a brief synopsis of the financial mortgage products that are available from the various funding agencies.

I have talked to a couple of agents who have indicated that they would need to expend little effort to market these homes and they would be likely to put the homes on their list as a "mention" with potential clients. This may be especially true since the inventory of single family homes for sale in Saint Peter is very, very low and there are not a lot of options for housing. It may also be helpful to note that the mortgage and other assistance products we are able to provide is very helpful for those with working family incomes that may not fit into the current market of other available houses.

Please feel free to contact me should you have any questions or concerns on this agenda item.

RJW

# Saint Peter Economic Development Authority (EDA) Spec Homes

## Real Estate Agent Referral Agreement

*\*Agents entering into this agreement must be licensed real estate agents current with the State of Minnesota.*

### **Agents Responsibilities for a Spec Home**

1. The Agents will maintain a working knowledge of the scope of Traverse Green Subdivision (herin known as the Project).  
The Agents will keep on hand marketing materials for the Project and will display and handout the materials actively. Those will include, but not limited to, house plans, listing sheets, brochures and fliers.
2. The Agent will determine general mortgage "readiness" of the buyer. Non-mortgage ready buyers will be encouraged to contact Southwest Minnesota Housing Partnership to address barriers to homeownership and to prepare for future home purchase. This may also include the opportunity to receive additional down payment assistance, USDA Rural Development 502 Direct Packaging or gap/entry cost assistance.
3. The Agent will NOT be required to show the spec home to prospective buyers. The Agent may, but is not required to, attend the walk through the of the home with the prospective buyer and a staff person from either the Saint Peter EDA or the Southwest Minnesota Housing Partnership. All questions regarding the home and construction of the home will be directed to the Southwest Minnesota Housing Partnership.
4. The Agent will assist the Southwest Minnesota Housing Partnership, when requested, with obtaining buyer contact information. Southwest Minnesota Housign Partnership will verify buyers income information to determine eligibilty of Tax Increment Financing for the lot discount or other assistance as made available in the Project. If buyer refuses to provide pertinent information, buyer will not receive monetary assistance for the Project.
5. The Agent's responsibilities will end upon successful negotiation of a Purchase Agreement between the Saint Peter EDA and a Buyer.

### **The Agent will be paid upon the completion of:**

1. Submission of the Real Estate Agent Referral Letter by the buyer to the Saint Peter EDA.
2. Verification that the Agent has signed and provided to the Saint Peter EDA a Real Estate Agent Referral Agreement.
3. The buyer has closed on the spec home and title has been transferred. The fee will be paid at closing.
4. The Agent will be paid \$1,500 per verified transaction.

All parties signed below agree to the following terms of the Referral Fee as described above.

By: Saint Peter EDA  
Development Authority

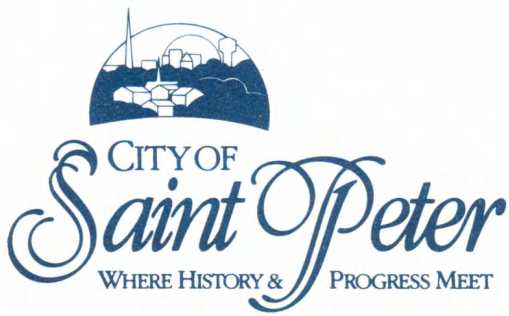
By: \_\_\_\_\_

\_\_\_\_\_  
President

\_\_\_\_\_  
Date

\_\_\_\_\_  
Agent

\_\_\_\_\_  
Date



## Memorandum

**TO:** Honorable Mayor Zieman  
Members of the City Council

**DATE:** 2/2/18

**FROM:** Todd Prafke  
City Administrator

**RE:** Board of Appeal and Equalization Training

### **ACTION/RECOMMENDATION**

None needed. For Council information and discussion only.

### **BACKGROUND**

The City Council sits as the Board of Appeal and Equalization each year. This year's meeting will take place on Tuesday, April 17th.

In order to convene a Board of Appeal and Equalization meeting, the City Council must have at least one member in attendance who has completed the State mandated training. Currently Mayor Zieman and Councilmember Grams are the only trained members. Should they both be absent from the upcoming meeting, the Council would not be able to hold the meeting.

Councilmembers are encouraged to complete the training to ensure the meeting can be held each spring. As more information on the online training is provided to my office by the County, it will be distributed to Councilmembers.

Please feel free to contact me if you have any questions or concerns on this agenda item.

TP/bal