CLAY COUNTY BOARD OF COMMISSIONERS
Tuesday, July 17, 2007
8:30 a.m.
County Board Room – 3rd Floor – Courthouse

M I N U T E S

The Clay County Board of Commissioners met in regular session on Tuesday, July 17, 2007, with all commissioners present: Brunsvold, Campbell, Evert, McCarthy, and Waller.

APPROVAL OF AGENDA

On motion by Evert, seconded by McCarthy, and unanimously carried, the agenda was approved as presented.

ADOPT RESOLUTION OF SUPPORT FOR RED RIVER BASIN NATURAL RESOURCE FRAMEWORK PLAN

By consent agenda, the Board adopted the following resolution in support of the Red River Basin Natural Resource Framework Plan:

RESOLUTION 2007-36

WHEREAS, the Clay County Board of Commissioners recognizes that its actions today impact the legacy it leaves the next generation; and

WHEREAS, the Clay County Board of Commissioners realizes that working together allows the development and implementation of creative solutions to problems that work toward the betterment of the entire Red River Basin; and

WHEREAS, the Red River Basin Commission (RRBC) is a unique organization working across jurisdictional boundaries to foster and facilitate a cooperative approach within the basin and is a well established forum for identifying, developing and implementing solutions to cross boundary issues;

WHEREAS, the RRBC has developed the Red River Basin Natural Resource Framework Plan (RRB-NRFP) through in-depth basin-wide consultation as a guideline to aid in achieving a basin-wide approach to integrated natural resource management;

THEREFORE, BE IT RESOLVED, that the Clay County Board of Commissioners hereby declares support for the RRB-NRFP in principle as a guideline for moving forward with a shared vision for the future;

BE IT FURTHER RESOLVED, that the Clay County Board of Commissioners will do its part to work toward this common vision by implementing projects, programs, and actions in our area as we are able that will contribute to this shared vision.

ADOPT RESOLUTION APPROVING 2008 TRANSIT GRANT APPLICATION

By consent agenda, the Board adopted the following resolution authorizing the submission of the 2008 Transit Grant Application in the amount of $278,000 (the 2007 was $244,700). Clay County is responsible for 15% of the transit operations and 20% of the capital expenses.

RESOLUTION 2007-37

BE IT RESOLVED, that Clay County enter into an agreement with the State of Minnesota to provide public transportation services in Clay County.

BE IT FURTHER RESOLVED, that Clay County agrees to provide a local share of 15 percent of the total operating cost and 20 percent of the total capital costs.

BE IT FURTHER RESOLVED, that Clay County authorizes the County Administrator and County Auditor to execute the aforementioned Agreement and amendments thereto.

APPROVAL OF OFFICE SPACE LEASE IN FAMILY SERVICE CENTER FOR DEAF & HARD OF HEARING SERVICES

By consent agenda, the Board approved the office space lease in the Family Service Center for the Deaf & Hard of Hearing Services, 1476 sq.ft. @ $11.75 sq. ft., for the period 7/1/07-12/31/09.

APPROVAL OF STATE OF MINNESOTA FEDERAL BOATING SAFETY SUPPLEMENT GRANT AGREEMENT

By consent agenda, the Board adopted the following resolution approving the acceptance of a Minnesota Department of Natural Resources grant for the Sheriff's Department to purchase a boat for water patrol and rescue purposes:

RESOLUTION 2007-39

BE IT HEREBY RESOLVED, that the Clay County Board of Commissioners hereby authorizes execution of the agreement with the State of Minnesota for the Federal Boating Safety Supplement grant which provides the Sheriff's Department with $12,500 in grant funds for the purchase of a 16' Lund boat, motor and trailer, during the period July 1, 2007- September 14, 2007.

CITIZENS TO BE HEARD

There were no citizens present who wished to address the Board.

COMMITTEE REPORTS/COUNTY ADMINISTRATOR UPDATE

Commissioner Brunsvold advised that he had attended the Insurance Committee meeting and several meetings of the Greater Fargo Moorhead Economic Development Corporation (EDC). He was confident that a funding solution will be found with respect to the City of Moorhead and Clay County's funding of EDC in a fair manner. He commented that the EDC is planning a fund raising effort in the business community. Exploration of bio-medical job development continues, which would be very good for the three colleges. Commissioner Brunsvold added that this community is being recognized as a leader in Economic Development.

Commissioner Waller informed the Board that the Highway Tracking Committee has nearly completed its work on the 5-year Highway Construction Plan. Commissioner Waller informed the Board that MetroCOG had conducted a study regarding leasing office space elsewhere and found that it is in their best interest to stay in their current location. The Soil & Water Conservation District has requested a 10% increase for their 2008 budget. Commissioner Waller commented that three interviews will be conducted for Extension's Ag/Horticulture position.

Commissioner McCarthy attended the Moorhead Planning Commission where a new downtown plan was presented for review. He added that the Moorhead Planning Commission had discussed the possibility of the City of Moorhead not funding the Greater Fargo-Moorhead Economic Development Corporation in the future. Commissioner McCarthy felt it is critical that the City continue its funding. The Senior Meals program will

have three more years with the current contract before re-bidding must take place. Commissioner McCarthy acknowledged that due to staffing issues at the Frazee site, there is some dissatisfaction with the program.

Commissioner Evert informed the Board that the Resources Conservation & Development (RC & D) has received $20,000 in insurance reimbursement towards their employee fraud issue. Commissioner Evert was appreciative that County Administrator Vijay Sethi accompanied him to the Northern Connections annual meeting last week. Commissioner Evert reported that the Clay County Fair was well attended and the weather was ideal for this family oriented event. He attended the Morken Township Annual picnic on July 16th.

Commissioner Campbell clarified that October 1st is the date by which the County must notify Lakes & Country Service Cooperative if they do not plan to renew the health coverage with Lakes & Country.

APPROVAL OF BILLS AND VOUCHERS

On motion by McCarthy, seconded by Evert, and unanimously carried, the Board approved the payment of bills and vouchers.

DETERMINATION OF DAMAGES IN CONNECTION WITH THE ALTERATION OF CSAH 7

On motion by Waller, seconded by Evert, and unanimously carried, the public hearing to determine damages in connection with the alteration of CSAH 7 was opened. Those present for the hearing included Chief Assistant County Attorney Michelle Winkis, County Engineer David Overbo, Mr. Gary Bock, Assistant City Assessor (appraiser of the property), Mr. Dennis Smithwick, and Mr. and Mrs. Hal Sillers.

Chief Assistant County Attorney Michelle Winkis noted that at 7:45 a.m., July 17, 2007, Commissioners Brunsvold, Campbell, Evert, and McCarthy met at the intersection of CSAH 7 and CSAH 52 to view the property in question, which is owned by Dennis and JoAnn Smithwick. Commissioner Waller advised that he had viewed the property on July 13, 2007. The map of the property is included in Attachment "A". The appraisal report, dated May 22, 2006, is also included for the record (Attachment "B") and has been shared with Mr. Smithwick.

Ms. Winkis stated that the property the County will be acquiring is indicated on the map in blue, where the road will be located (1.271 acre), as well as a small portion (0.171 acre) which is non-productive remnant, and a 0.108 acre strip adjacent to the existing road.

Commissioner Brunsvold addressed the fact that in his opinion the County should be legally acquiring the right of access along the new road. He did not believe the County should be taking property when it only assumes there will not be access to the road, when in fact there could be. He felt the County should add the access line language to its petition, as well as indicate the same on the map. Mr. Brunsvold clarified that he is referring to access across the blue lines to the newly constructed road. He indicated that in a previous conversation with Mr. Overbo where this issue has come up in another county, that County had completed a similar project and subsequently the landowner applied for access to the new road and received it. Commissioner Brunsvold indicated that Mr. Overbo expects that there will not be additional driveways built on the new road. He felt the State Highway Department (Right of Way Division) could give staff the information on the necessary steps

to take. He felt it would be a good practice for the County to be doing this as a matter of routine.

Mr. Smithwick agreed that the access issue should be resolved, because to him it seems obvious that in the future additional access(es) would be required for his parcel to be a viable piece of property.

Commissioner Brunsvold indicated that he is talking about the County's interest in this issue, that from the County's point of view it is not a good idea to leave that possibility out there. He felt the practice needs to be changed.

Commissioner Evert inquired if decisions such as access would be under the City of Moorhead's jurisdiction in the future, and if they will determine development in the future. Ms. Winkis stated that this is a County State Aid Highway and will remain so. Mr. Overbo commented that in the past they have worked with the Planning & Zoning Department, within the Development Code, to address these matters. He added that if, for instance, a convenience store was planned for Parcel 8 (Doug & Hal Sillers' property) and they wanted an access off TH 52, the County would struggle with approving that access. Mr. Overbo has contacted other counties and was informed that the County should have an Access Ordinance, in that if you do not have an Access Ordinance, the County would have no right to refuse a request, especially in an economic development type situation.

Commissioner Brunsvold stated that if you have an Access Ordinance, the Ordinance is going to *provide for* access in some respect. He did not feel access can be dealt with through an ordinance, and it must be dealt with through the parcel itself. He felt you can regulate access (how far between driveways, etc.) with an ordinance, but you can't cut off access via an ordinance. He reiterated his opinion that this process should be a standard part of the County's right of way acquisition. The law requires that the landowner should have reasonable access to their property.

Commissioner Evert felt Planning & Zoning would look at this as everyone has to have access to their property. The Planning Commission takes care of that by limiting accesses with a frontage road where one access will serve several parcels.

County Administrator Vijay Sethi inquired if there has already been some discussion/agreement during the project planning phases as to how the access would be provided for these two parcels.

Ms. Winkis stated that what we are here to talk about today is the value of the property we are taking and how much Mr. Smithwick should reasonably be compensated for that. She added that if you are left with a lot that you don't have access to, that's obviously an issue in the valuation. She felt Mr. Bock took that into consideration when he did the 'before' valuation and the 'after' valuation. She agreed that it is a good idea to put an access process in place, but didn't think that could be achieved today.

Commissioner Brunsvold commented that it is foolish to be paying for access if the County is not getting it legally, especially if that is a factor in the appraisal.

County Engineer Dave Overbo inquired if now that we are acquiring the County's part of the road, is there a way to put a legal designation on the northwest part of the road, to say there would be no more accesses from that portion. Commissioner Brunsvold indicated that there is such a process.

Mr. Bock informed the Board that his instruction regarding the appraisal was that it was to be a "right-of-way" appraisal, involving the taking of property, not only the part of the roadway needed, but the non-economic remnant in the Southeast portion of the

property, and the additional strip on the West side. This leaves the remainder property of 1.559 acres which includes the Quonset type building. He stated that when appraisals are conducted, they look at property in current state, and don't try to predict the future, although we know there may be some probabilities of future use in it. Mr. Bock continued that the important thing is to look at highest and best use section of the report, in the context of an exercise to determine not only what has history shown us, but also what is the future showing us. That doesn't necessarily arrive at a value conclusion, but directs the appraisal process. He stated that the property is across the road from developed residential property. Its current state was transitional agricultural land, and it had been farmed for a number of years. Mr. Bock could see that no other development had occurred on the property, except for the Quonset building. Americana Estates is immediately to the south, buffered by a large farm field, which is not unlike a lot of other property adjacent to the City of Moorhead which is in transitional state. Mr. Bock evaluated 20 sales and added that there is not a lack of evidence of transitional land sales in Moorhead because of recent annexation and growth. He tried to approach the project objectively and give the land owner the biggest benefit of doubt possible. Mr. Bock stated that even though the land was transitional zoned, he made the assumption it would likely be zoned Residential Medium Density (RMD)-1 according to the City Planning & Zoning Department. At the time of the appraisal the property had not yet been fully annexed into the city, nor had zoning been placed upon the property. The growth area plan for that area indicates that the Sillers parcel immediately to the north will likely be commercial. This parcel will probably be something close to what it was appraised at, probably an RMD or medium density type of zoning. Mr. Bock stated that in his exercise of highest and best use that's what he considered because in the hierarchy of land uses residential is the highest followed by commercial and industrial. He didn't want there to be undue influence on the parcel due to the fact that it is across the street from the Moorhead McCara Industrial Park, although that is a factor too. Mr. Bock used approximately six comparable sales for the appraisal and they are documented in the Addenda to the report. He cautioned the County Board to not look at them necessarily as the sale price per unit, but in the appraisal process you have to make adjustments for location, or condition, etc. Because it was a rural building site, Mr. Bock pulled a couple of rural building site comparables merely for the purpose of determining what an appropriate rate of depreciation on the existing building might be. Other appraisers, in the instance when a building is not taken, would just put a nominal value, for instance $1000, on the building to recognize it both in the before and the after state and not deal with depreciation analysis. Mr. Bock did not do it that way. He figured out what the building was worth, depreciated it and put it in both the before and the after estimates so it is accounted for. As to the comparable sales, there is a range of value there. Mr. Bock directed the Board's attention to Page 57 of the Appraisal Report which provides land value estimate after. The RBS sales are the rural building site sales. TC means transitional land sales. There are sales that range in value from about $9000 to $16,969 per acre. Mr. Bock felt that is the bracket for this property at the outset prior to adjustment. The bigger body of data would probably show a range that starts somewhere in the $7000 range to $19,000 for Transitional land (that was the site that is now being developed at the intersection of Belsly Boulevard and 8th Street South). It has good access, adjacent to an arterial road, infrastructure in place, and all of those factors. Mr. Bock deduced from analyzing these sales and re-sales where you are at in the development process. Mr. Bock

stated that Mr. Gus Johansen has developed a number of pieces of property in that area. He is a knowledgeable person in terms of development, he is also a knowledgeable farmer, and he sold the City 50 acres for the regional park for $10,000/acre and Carow's did likewise. Mr. Johanson also sold to Eide several years ago for $9100/acre which actually adjusts up because of time to more than that. Mr. Bock felt there is a pretty good body of evidence of what transitional land sales are worth, as well as the stage of development. Mr. Bock felt a common appraisal question is why is there such a gap between residential lots on a per square foot basis and what land in transition sells for. The answer is in the development costs. At the time of this appraisal, they were over $2.00/square foot. This has a tremendous impact on land value, not to mention the fact that every developer has to develop at least 10% of their land for park, and then include storm water retention, which takes somewhere in the area of 5-6% additional land. He added that by the time you take the street dedication out, the park dedication and storm water retention, you are not dealing with the same gross square footage or acreage that you started with. He felt that is why all of these costs tend to accumulate and filter down to a per lot basis. When you buy a residential lot, you are really buying part of the cost of the streets in that subdivision, part of the storm water retention, all of the underground utilities, etc. There is a cost to be paid if a developer pays too much for the raw land, in that he can't make it come out at the other end.

Mr. Bock stated that the discussion of the development costs is in several places in the appraisal and in the conclusion on page 61.

Commissioner Brunsvold stated that Mr. Bock had referred to numbers like $2.00 square foot for development costs and inquired if that is in the report. Mr. Bock stated that they are not because he didn't use any developed lots in his appraisal, just transitional land.

Ms. Winkis stated that the Board is here to make a determination on what the reasonable value of this property is for Mr. Smithwick.

Commissioner Campbell commented that Mr. Smithwick's argument is that he is not being compensated at the residential rate.

Mr. Smithwick stated that in checking the records across the street, the value of the land only is $3.37 square foot. The additional costs for streets, paving, utilities, etc., is all additional cost to that homeowner in the form of special assessments.

Commissioner Evert commented that that was the value of the lot after it's been developed in the area. It wasn't the value of the farmland.

Mr. Smithwick agreed and stated it is zoned residential non-homestead, identical to his. He added that even though his land appears agricultural because he is letting a farmer use it, it is in fact a residential lot of record. He referred to copies of documents with the township, the city and the county, which he has presented earlier.

Commissioner Campbell inquired if the property that sold at $3.37 sq.ft., was platted. Mr. Smithwick stated that it sold with the home on it. Commissioner Campbell commented that the assumption would be that in order for them to sell it, they had to incorporate the costs of the platting, storm water retention, etc.

Mr. Overbo stated that we are talking about transitional land vs. a different parcel that Mr. Smithwick is talking about, and did not think they compare apples to apples. He stated the County's appraisal is for transitional land, and that's what we should be comparing it to.

Mr. Bock stated that he probably shouldn't have gone down the road of residential land, but obviously it has to be considered because it is in the neighborhood, it is across the road from the subject parcel. He added that as an appraiser, he would be foolish not to consider that land use. He did consider it in his highest and best use, but it would be unfair in the appraisal process to not consider the subject property in its current state of development. He did not include residential lots in his appraisal because this is unplatted property. There are a lot of costs that are sunk into a residential lot to get it there. It would still have to go through platting, normal development process with the City to get there. Mr. Bock referred to Page 78, which is comparable sale TZ-6, the sale from Carows to Mallard Creek Development, a 26.72 acre parcel of raw unplatted land that sold for $11,227.54 per acre. Since the date of the appraisal, this property has subsequently sold to another developer in a platted, but yet undeveloped state, for around $13,000 to $14,000 acre. Mr. Bock felt that gives you an indication of where platting might enter into the equation. People are just simply not going to take the risk to develop and do it for free. You would assume then, on that re-sale, that the Mallard Creek Development figured out what they had to have to come out ahead. Mr. Bock considered these to be knowledgeable buyers and sellers in the market.

Ms. Winkis stated that this parcel is a little different than other takings the County has done in the past. On takings relevant to right of way for roads, a full appraisal is not done. Also, this is an approximate 3.50 acre parcel and we are taking 1.5 acres, almost half of the parcel. In a typical situation, the County is taking one acre from an 80 acre tract (strip taking).

Commissioner Brunsvold commented that the property should be appraised at its highest and best use. For instance if it were next to a shopping center and someone was farming it, it would have to be appraised as commercial. He felt the appraisal is not limited to what the property is presently being used for.

Ms. Winkis stated that most of the parcels are more rural, not this close to the city, and they are primarily used as agriculture. She felt the highest and best use is what the parcel will continue to be used for.

Mr. Smithwick stated that he is using the property as a residence, even though it is non-homestead as they have a different primary residence. He referred to a letter from Clay County Planning in April of 1992 (See packet, Attachment "C"), indicating that it is a lot of record and a buildable lot. At that time a building permit was mailed to him. He completed it and submitted it and cooperated with them on their verbal request to not do anything at that time, to wait for other growth in the area. He stated he agreed in a cooperative spirit to work with them and the City and hold off on the full development. He referred to page 11 of the packet he distributed earlier. He reiterated that this is a residential lot and that is how it was being used.

Mr. Smithwick referred to the property that was recently purchased by Menards, which is also a rural site, gravel road, residential, similar to his lot, zoned residential. He stated that theirs was full homestead, and his is non-homestead, and theirs sold for $6.09 sq.ft. Mr. Smithwick commented that with Mr. Bock's appraisal being over a year old, the Menard's transaction was not included in it.

Mr. Bock commented that with respect to the Menard's sale, that is 'assemblage'. Appraisers consider everything that was assembled to create the site and then average that price out. He stated that the Menards sale, without going into a lot of detail, was around

$2.50/$2.25 a square foot. However it needs major adjustments because there was significant dollar value for naming rights, the infrastructure was there, and prominent location along the interstate highway, which certainly has influence. Mr. Bock did not feel it is necessarily relevant to compare those two without significant adjustment to the farmstead. Mr. Bock stated he would rather not look to just one sale, but rather look at a number of sales and narrow it down to 3-6 and draw conclusions from that body of data.

Mr. Smithwick stated that the Menards sale was a little less acreage than his, 3.47 acres, and it sold for $920,000 plus $5000 for the buildings, which are dilapidated.

Commissioner Campbell inquired if Mr. Hal Sillers, who was in the audience, wanted to comment during the public hearing.

Mr. Sillers indicated that he is present as an observer. He did not have any comments to make. He did not want to comment on the County's negotiation with Mr. Smithwick, either detracting or adding to one side or the other.

Ms. Winkis commented that when Mr. Bock did his appraisal, he looked at how much the property was worth and how much it will be worth in its after state of 1.559 acres. She added that discussion has been going back and forth as to per square foot and sometimes per acre. Mr. Bock indicated that the comparable sales he used were sold on a per acre basis, so he used a per acre unit as well.

The analysis of the appraisal is found on page 62 of the Appraisal report. Mr. Bock's fair market value of the property before the acquisition is $37,500. His fair market value of the property after the acquisition as of May 22, 2006 is $23,900. The just compensation is the difference between the property in the before condition and the after condition - $13,600.

Mr. Bock clarified that he did not update the appraisal prior to today's meeting, thus it does not include the Menards sale. However, he was not sure that sale would be relevant. He did attempt to achieve the highest and best use of the property from a transitional standpoint going forward and as a developed property going backward. Mr. Bock concluded that the most logical use of the subject property in the after condition would likely be an apartment building, but there is the land-to-building ratio to consider, as well as setbacks, storm water retention, etc. With respect to the Independent School district sale, it sold for quite a high price per acre but it is right next to a school and those things have a shorter absorption rate on the market.

Ms. Winkis informed the Board that no other appraisals have been conducted, nor is a review appraiser required at this point. She stated that the determination meeting before the Board today constitutes 'due process', and the project can begin even if the matter is subsequently brought to District Court.

Ms. Winkis confirmed that Mr. Tom Barth has earlier appraised surrounding properties for the short form/strip taking type of appraisal, and those figures were utilized in the County's offer to Mr. Smithwick. Using Mr. Barth's $9800 per square acre appraisal, Mr. Smithwick came out with a little more money, $15,190, than with Mr. Bock's before/after appraisal of $13,600.

Commissioner Waller stated that when the County looked at upgrading this section of road, there were a couple of choices, one being that the road could be rebuilt as it is. However, at the request of the City, the County looked at making a curve across the subject property so it lines up with the Industrial Park, which makes sense for a safer crossing. This affects several landowners, including Mr. Smithwick. In reviewing Page 7 of Mr.

Bock's summary, Commissioner Waller had issues with the value for the remainder, $23,900, after the roadway has been put in place. He did not place any value in the structure that remains there, and felt it would have to be removed for the parcel to be usable.

Mr. Smithwick reiterated that the parcel is a lot of record, residential non-homestead, and did not feel it should be compared to the agricultural land that is in the appraisal. He added that the property has been identified by Mr. Bock as being in a strong development area, but does not acknowledge that his property is a residence. At the viewing this morning, everyone was made aware that it is a residence, and were given an opportunity to walk through the loft apartment. Mr. Smithwick stated that if this matter goes to District Court, a summary of values will show the Menards land at $6.09 sq.ft., and the neighboring identical lot across the street, residential non-homestead, was sold for $3.37. He stated that he is asking only a $1.00 sq.ft., and is being offered 22 ½ cents/sq.ft. He felt $1.00 sq.ft. was a minimum price, or through an appeal he would go for the Menards sale price.

Mr. Bock stated that he had not updated the appraisal for today's meeting, but it could be updated to the current market. However, he felt there is not as robust a residential market today as there was a year ago, and absorption rates are longer than they used to be.

Commissioner Campbell inquired if Mr. Smithwick's property is within the City limits now. Mr. Smithwick replied that it is, since just before the appraisal was done.

Commissioner Campbell inquired when the property was designated residential which allowed him to have the loft. Mr. Smithwick replied that it was in 1992.

Commissioner Campbell stated that for comparative purposes, the County would have to review it as a rural residential area as opposed to a residential area within the City. Mr. Smithwick replied that if it would have been purchased back then it would have been worth similar money to what is being discussed.

Commissioner Campbell commented that he didn't know if that would be comparing apples to apples. While he was not aware of City codes, Commissioner Campbell felt the Quonset would not be viewed as a residential structure within the City limits. Mr. Smithwick commented that it is a residential lot. He added that a neighbor was given $1.27 sq.ft. for right of way they gave up for this project (residential lot with a house in Americana).

Ms. Winkis asked Mr. Bock if he could go back and look at sales in the past year, considering that his appraisal was dated May 22, 2006.

Mr. Bock acknowledged that he is in the process of completing some other appraisals for other road right of way, and after adjustment, they are coming in slightly above this. He did not include any of the sales in the Tessa Terrace area in South Moorhead because that is on the other side of 8th Street. Mr. Vette sold all of those because of the land mix for $7,000-$10,000 range. $10,000 is the number that keeps jumping out, $10,000, $11,000, $12,000. Stonemill Estates paid $17,000, and they are absolutely the top of the market. In retrospect, he felt they may feel they overpaid.

Commissioner Campbell agreed that to be fair, the appraisal should be updated into current dollars, and the Board requested that be done, using a short form update.

Mr. Smithwick commented that the Tessa Terrace property is agricultural land. His property needs to be viewed as residential non-homestead, similar to Menards.

Mr. Overbo clarified that Barth appraised the right of way at $9800 acre. He referred to a statement Mr. Smithwick had made concerning a homesite in Americana ($1.27 sq.ft.), and stated that different comparable sales were used for that property that has City sewer and water.

Commissioner Waller commented that he had an issue with Mr. Smithwick comparing his property to that of Menards, where interstate traffic influenced a purchase price. His assumption was that if sales have gone down, that will also be reflected in an updated appraisal. Commissioner Campbell agreed that the appraisal needs to compare like properties.

Commissioner Brunsvold inquired if Mr. Bock's appraisal reflects damage to the remainder. Mr. Bock stated that it does. Commissioner Brunsvold commented that the Barth appraisal does not include damage to the remainder because it is a strip appraisal.

Mr. Overbo informed the Board that the final approved redline comments for the project have been submitted to MnDOT. The acquisition of the Smithwick property would be the final piece for the project. He stated there is a small window of time left for the project to take place this year. If he were given approval to advertise the project on August 7th, and following 30 days of advertising, the project could be let and the construction could begin.

Mr. Smithwick inquired if the Board needed to see a copy of the tax statement so everyone can see this is a residential lot. Commissioner Campbell informed Mr. Smithwick that he could add whatever information he would like to the record of the meeting.

Mr. Smithwick reiterated that his main point of contention is that the appraisal compares his residential land to agricultural land.

On motion by Evert, seconded by Brunsvold, and unanimously carried, the public hearing was continued to 9:30 a.m. on August 7, 2007.

BID LETTING: SAP 14-612-15 BITUMINOUS PAVING ON CSAH 12

County Engineer David Overbo opened and read sealed bids for the Bituminous paving project on CSAH 12:

Mark Sand & Gravel: $356,678.18
Lakes Paving: $397,506.43
Central Specialties: $378,852.22
Northern Improvement Company: $397,772.50

On motion by Waller, seconded by McCarthy, and unanimously carried, the Board awarded the bid to the apparent low bidder, Mark Sand & Gravel, for their bid of $356,678.18, contingent upon there being no changes in the bids following tabulation.

ENGINEERING AGREEMENT FOR HAWLEY PEDESTRIAN PATH

In July, 2006, the County executed a letter of support for the City of Hawley and Hawley School District's grant application for $175,000 for the "Safe Routes to School" project. The grant will pay for engineering and construction for infrastructure improvements for the installation of pedestrian and bike paths, signage, striping of key intersections, and installation of a driver feedback sign. County Engineer David Overbo requested the Board's authorization to execute the engineering agreement for the Pedestrian/Bike Path, which includes a 'not to exceed' value of $22,100. All expenses are

grant funded. Mr. Overbo indicated he would present an addendum for further clarification that the County, as sponsor of the grant funds, will be held harmless and that the County has no financial responsibility in the project.

On motion by Waller, seconded by Brunsvold, and unanimously carried, the Board authorized execution of the engineering agreement for the Hawley Pedestrian Path.

ADOPT RESOLUTION FOR 4-WAY STOP REQUESTED BY CITY OF GLYNDON

County Engineer David Overbo informed the Board that the City of Glyndon has requested a 4-way stop at the intersection of County Road 117 (12th Street South) and Parke Avenue in the City of Glyndon. The City feels the current 2-way stop is inadequate based on the increased traffic in the area. Mr. Overbo estimated the cost of the additional signage to be $200, which would be paid from the Sign Department budget.

On motion by Brunsvold, seconded by McCarthy, and unanimously carried, the Board adopted the following resolution approving the installation of a 4-way stop at the intersection of County Road 117 (12th Street South) and Parke Avenue in the City of Glyndon:

RESOLUTION 2007-38

WHEREAS, the intersection of County Road 117 (12th Street South) and Parke Avenue in the City of Glyndon, is presently signed with stop signs on the north and south portions of Parke Avenue; and

WHEREAS, the Glyndon City Council has expressed safety concerns due to heavy traffic and high speeds in this area, the increased growth of single family homes to the south, and the proximity to Johnson Park located to the southeast of the intersection.

NOW, THEREFORE, BE IT RESOLVED, the Clay County Board of Commissioners hereby approves the installation of a 4-way stop at the intersection of County Road 117 (12th Street South) and Parke Avenue to improve traffic safety at the intersection of County Road 117 (12th Street South) and Parke Avenue in the City of Glyndon.

APPROVAL OF AGREEMENT & ADDENDUM FOR DILWORTH PEDESTRIAN PATH

County Engineer David Overbo informed the Board that the City of Dilworth has finalized plans for the Dilworth Pedestrian Path which originated in 2006. The Pedestrian Path is a Transportation Enhancement project for which the County will act as sponsor. Mr. Overbo requested the Board's execution of the agreement as well as an addendum which will clarify the City of Dilworth's financial responsibilities to the project.

On motion by Evert, seconded by Waller, and unanimously carried, the Board authorized execution of the Agreement between Clay County and the City of Dilworth for the Dilworth Pedestrian Path (State Project No. 14-090-03).

On motion by McCarthy, seconded by Evert, and unanimously carried, the Board authorized execution of the Addendum to the above mentioned Agreement, clarifying that the County's financial responsibilities are limited to the amounts that the City of Dilworth is obligated to pay for the project.

COMMUNICATION FROM STATE REPRESENTATIVES RE: INTERSECTION OF COUNTY HIGHWAY 11 AND COUNTY HIGHWAY 18 IN CLAY COUNTY

The Board reviewed a communication from State Representatives Kent Eken, Paul Marquart and Morrie Lanning, expressing their concern that improvements be made to the

intersection of County Highways 11 and 18. County Engineer David Overbo advised the Board that this is one of the intersections that will be improved with Safety Audit funds.

2008 BUDGET REVIEW

County Administrator Vijay presented the 2008 Budget requests as prepared by department heads and external agencies. Mr. Sethi stated that the request of $25,640,031 represents a 10.04% increase over the 2007 budget, including $946,917 in new requests. The attached handout outlines the requests contributing to the increase (See Attachment "D"). He acknowledged that there are still some expenditures that are not included in the budget.

Increases in the General Revenue fund are attributed to requests for two new staff in Law Enforcement, out of town boarding charges, and transport of prisoners. $114,000 has been included in the Sheriff's budget for a radio tower. Planning & Environmental Programs has included a request for an Enforcement Officer and vehicle. Probation has requested funds to supplant grant funds which have dried up for the Re-Entry grant. The Housing & Redevelopment Authority has requested a $100,000 tax levy to be used as seed money for rehabilitation of existing homes. An approximate $74,000 increase will likely be seen for employee health insurance. The subsidy for the Family Service Center has been increased by $77,000 over 2007. Election costs have been included in the amount of $93,000 due to the fact that 2008 is a Presidential Election year. New staff positions have been requested in the Assessor's office, Building Maintenance, GIS, and Extension.

The Road & Bridge fund budget has been increased by $280,000 for road material costs, equipment repair and maintenance, and fuel/lubrication costs. A $50,000 increase in the Internal Service fund contribution is also requested.

Social Services department is requesting a $550,000 increase over 2007, which includes a market adjustment for staff as agreed upon in 2007, and $92,000 in new requests.

The 2008-2009 appropriation for Targeted Case management legislation is not included.

Mr. Sethi advised that the Minnesota Counties Insurance Trust dividend to Clay County has been estimated to be $200,000.

A meeting of the Recorder's Compliance Committee will be held to discuss funds available to the MIS, GIS, Auditors, and Recorder's offices from the Compliance Fund.

The fund balances, as of 2006, were reviewed with general discussion to follow in the next few months as to how much should be retained. Social Services experienced a significant decrease in their fund balance. Ms. Porter indicated she would track expenditures from now to September to see how they are tracking.

Commitments have been made for numerous items which are not included in the budget: grant matches for Dispatch Center records management update, upgrade of MDT's ($75,000), upgrade of radio frequency coverage for rural Clay County, next step in jail planning process, update of comparable worth program to stay in compliance with pay equity, finalization of contracts with bargaining units, etc.

Mr. Sethi indicated that discussion sessions with the County Board will be scheduled for the Social Services, Law Enforcement, and Planning & Environmental departments. He was hopeful that the budget review would be completed and the levy adopted by September 4, 2007.

The commissioners shared their comments with respect to the budget presentation.

Commissioner Waller felt the Board has committed somewhat to the hiring of a Compliance Officer, and was hopeful that staff would research the benefits of contracting vs. hiring an employee. He felt the position may have to work with other tasks in the department.

Commissioner Waller recalled that the radio tower is a carryover item that has previously been approved by the Board, but funds may not have been encumbered. Commissioner Evert agreed that the tower project should be completed in 2007 and not included in the 2008 budget.

A 1% cost of living adjustment equates to $178,000.

Commissioner Campbell did not believe there is a great potential for the collection of fees by a Compliance Officer ($16,000 is included for revenue). He felt that the MCIT dividend should be credited back to the insurance line item, and wondered if the Drug Court would relieve pressure on the occupancy rate of the jails.

Commissioner McCarthy was uncomfortable with the list of items that have not yet been included in the budget: comparable worth, cost of living adjustment, funds to continue the jail planning process, etc.

Commissioner Brunsvold felt the Jail Planning Committee is far enough in the process that the various items for a new jail/remodeling could be priced. He felt a proposed budget for a new jail could be developed to be compared side by side with the existing jail budget. Commissioner McCarthy felt that exercise may make it clear that it is more cost effective to continue to house prisoners outside Clay County. Commissioner Evert requested that the full Board receive an update regarding the Jail Planning process.

With respect to the overall budget, Commissioner Brunsvold felt there is about $1 million in expenditures that just slide through without much scrutiny because they are not new requests. Mr. Sethi felt those items will be reviewed and recommendations made to the Board within the next month.

ADJOURN

The meeting adjourned at Noon.

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Kevin L. Campbell, Chair
Clay County Board of Commissioners

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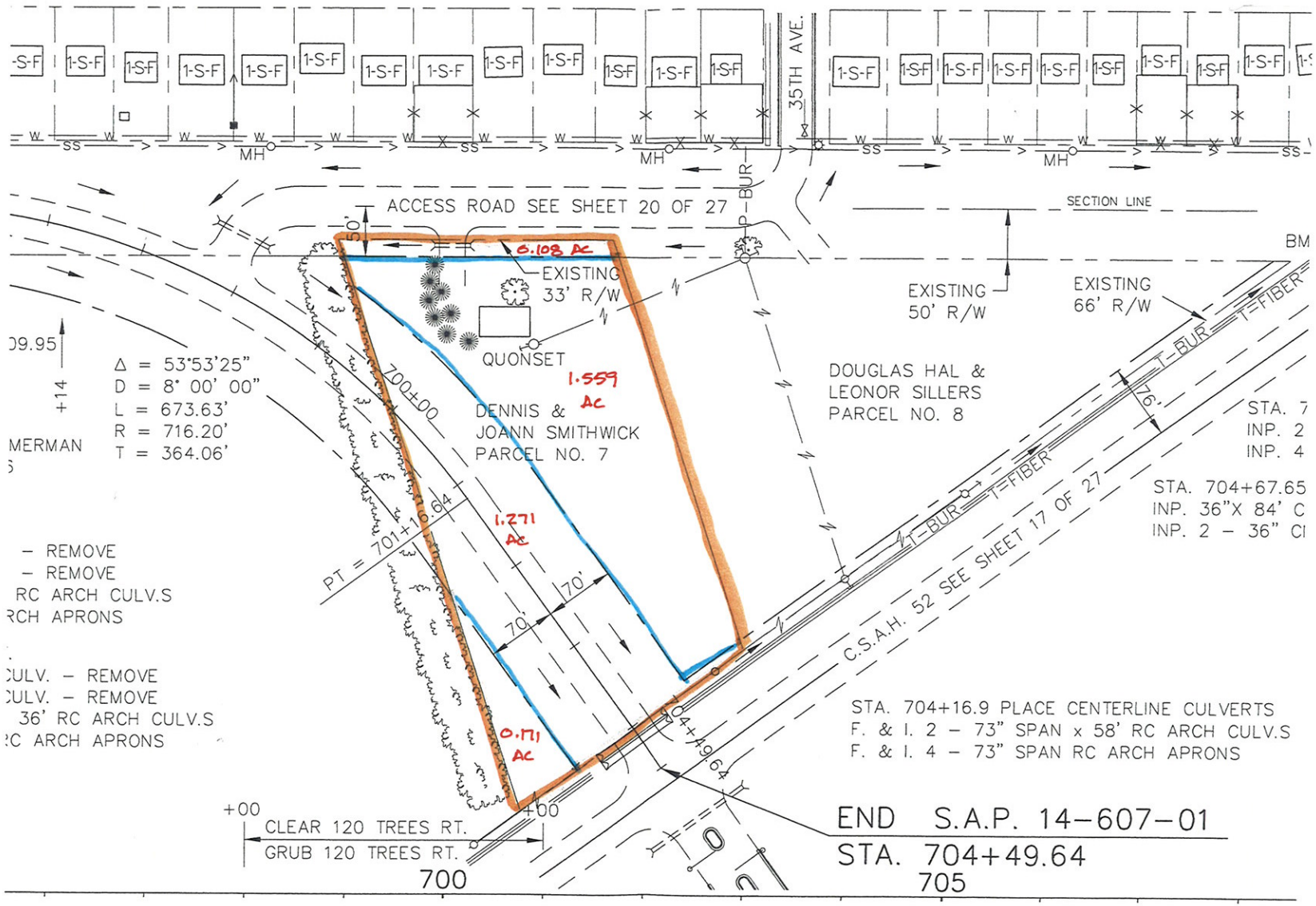
Vijay Sethi, County Administrator


1-S-F
35TH AVE.
MH
ACCESS ROAD SEE SHEET 20 OF 27
SECTION LINE
BM
50'
6.108 AC
EXISTING
33' R/W
QUONSET
1.559
AC
DENNIS &
JOANN SMITHWICK
PARCEL NO. 7
EXISTING
50' R/W
EXISTING
66' R/W
DOUGLAS HAL &
LEONOR SILLERS
PARCEL NO. 8
T-BUR
T-FIBER
76'
Δ = 53°53'25"
D = 8° 00' 00"
L = 673.63'
R = 716.20'
T = 364.06'
700+00
701+10.64
PT =
1.271
AC
70'
70'
0.171
AC
704+49.64
C.S.A.H. 52 SEE SHEET 17 OF 27
STA. 704+67.65
INP. 36"X 84' C
INP. 2 – 36" CI
STA. 704+16.9 PLACE CENTERLINE CULVERTS
F. & I. 2 – 73" SPAN x 58' RC ARCH CULV.S
F. & I. 4 – 73" SPAN RC ARCH APRONS
END S.A.P. 14-607-01
STA. 704+49.64
+00
CLEAR 120 TREES RT.
GRUB 120 TREES RT.
700
705
MERMAN
– REMOVE
– REMOVE
RC ARCH CULV.S
RCH APRONS
CULV. – REMOVE
CULV. – REMOVE
36' RC ARCH CULV.S
RC ARCH APRONS

Attachment "B"
Appraisal of Right of Way Acquisition
CSAH 7 and CSAH 52 Intersection

And

Attachment "C"
Comparison Valuation prepared by
Dennis Smithwick

On file in the offices of the

County Highway Engineer
2951 41½ St S, Moorhead, MN,

and

County Administrator
807 11th Street North, Moorhead, MN

Attachment "D"

Preliminary Budget Requests for Year 2008

On file in the offices of the

County Administrator
807 11th Street North, Moorhead, MN