



**INVER GROVE HEIGHTS
ECONOMIC DEVELOPMENT AUTHORITY AGENDA
MONDAY, AUGUST 11, 2014
CITY HALL COUNCIL CHAMBERS
5:00 P.M.**

1. CALL TO ORDER

2. ROLL CALL

3. CONSENT AGENDA

A. Minutes

1. Approve Minutes from the May 12, 2014 Regular Economic Development Authority Meeting
2. Approve Minutes from the July 14, 2014 Special Economic Development Authority Meeting

B. Claims

4. REGULAR AGENDA

- A. Consider Approval of an Industrial Market Assessment for Dickman Trail Area of Concord Neighborhood
- B. Consider Approval of a Commercial Retail Market Analysis for Arbor Pointe
- C. Consider Recommendation on Proposed 2015 EDA Budget
- D. Receive Progress Plus Update
- E. Receive Gun Club Update

5. NEXT MEETING – November 10, 2014

6. ADJOURN

**INVER GROVE HEIGHTS ECONOMIC DEVELOPMENT AUTHORITY REGULAR MEETING
MONDAY, MAY 12, 2014 – 8150 BARBARA AVENUE**

CALL TO ORDER/ROLL CALL The Economic Development Authority (EDA) of Inver Grove Heights met on Monday, May 12, 2014, in the City Hall Council Chambers. President Piekarski Krech called the meeting to order at 5:00 p.m. Present were Economic Development Authority members Bartholomew, Madden, Mueller, and Tourville; Executive Director Link, City Attorney Kuntz, City Administrator Lynch, Finance Director Smith, and Secretary Fox.

3. CONSENT AGENDA

A & B. Minutes and Claims

Motion by Bartholomew, second by Tourville, to approve the minutes from the February 10, 2014 Regular Economic Development Authority Meeting and to approve disbursements from February 10, 2014 to May 11, 2014.

Ayes: 5

Nays: 0 Motion carried.

4. REGULAR AGENDA

A. Discuss Concord-Dickman

Mr. Link provided background information regarding future plans for the Dickman Trail area. He advised that the Concord Neighborhood Plan, which was adopted by the City Council in December 2012, showed two different scenarios for potential redevelopment of the Dickman Trail area. The goal would be to increase employment, property value, tax base, customer base, and provide for a more attractive neighborhood. He explained the two alternatives for the future development of the north sector of the Dickman Trail area. The first alternative would be office flex/light industrial. Mr. Link discussed the various guidelines for industrial and advised that the advantages to industrial would be increased employment, it would provide an alternative location for industries currently fronting on Concord, and would be compatible with the current industrial uses on the south sector of Dickman Trail. The disadvantages of industrial would be lower property values and tax base than residential, the need for more financial assistance, and the potential for the industrial to negatively impact future residential development elsewhere in the Concord neighborhood. The second alternative would be residential. This would provide for high density apartments toward the north, townhomes in the middle, and future single-family development on the south end. The advantages to residential would be increased property values and tax base, compatibility with surrounding existing and future development, greater financial feasibility than industrial, and it would maximize the nearby public amenities. The disadvantages to residential would be the lack of employment opportunities and alternative sites for existing businesses on Concord, and an interim conflict between the residential uses and the two existing industrial properties to the south.

Mr. Link asked the EDA for direction in moving forward. He discussed some alternatives suggested by staff, including asking Ehlers to update their financial analysis and provide more detailed information on ways to improve the financial feasibility of development in the Dickman Trail area, get another consultant to look at the financial feasibility of either one or both of the aforementioned scenarios, meet with developers to discuss the market for industrial and residential development and the impact industrial development may have on subsequent residential development along Concord Boulevard and 66th Street, or meet with the City of South St. Paul to discuss their successful experience with industrial redevelopment.

President Piekarski Krech asked if the difficulty of building in this area because of the bedrock had been taken into consideration.

Mr. Link replied in the affirmative, stating because of the bedrock, basements may not be an option in some areas.

President Piekarski Krech asked what the plans were for the existing industrial on the south sector of Dickman Trail if the area was developed as residential.

Mr. Link replied that if the City chose the residential scenario, and it was successful, the second phase would be to eventually redevelop the southern sector (Ace Blacktop and Southeast Towing) into single-family. In the meantime, however, there would be a townhouse development up against the industrial area which could create some conflict.

President Piekarski Krech asked if the cost of creating a quiet zone was taken into consideration as it would likely be sought should the area be developed into residential.

Mr. Link replied that the developers recognized that the existing railroad would affect development. He noted that because the City is also considering residential development on 66th Street and the 6300 block of Concord, it may be necessary for the City to look at a quiet zone regardless of the Dickman Trail area.

Boardmember Bartholomew stated that all the analysis was done with light industrial, and he questioned whether a heavier use would be more appropriate because of the existing noise, railroad tracks, refinery across the river, Concord, etc. He was opposed to developing the area into residential, stating the industrial scenario was more realistic and would provide much needed jobs.

Boardmember Madden favored industrial as well and agreed with Commissioner Bartholomew's comments.

Boardmember Mueller supported an industrial use in that area, and felt the rail would be an asset to those types of businesses.

Boardmember Tourville stated that part of this plan would include relocation of the Rauschnot business and he asked where that would be moved to.

Mr. Link replied it was difficult to say where that would fit in until they were further along in the process. If the EDA decided to move forward with the industrial scenario, the City would have to acquire the property, complete environmental cleanup and financial analysis, and have a developer prepare layouts and building plans.

Mr. Lynch advised that the original concept plan was to relocate Mr. Rauschnot to a portion of the ten acre parcel owned by River Country Cooperative. Staff was not sure if that would work from a market standpoint; however, so they met with developers to get their input. The developers advised that in order for this to be a successful industrial or residential development, the City would have to acquire property all the way to the south end. Also, major industrial/commercial relies on high transportation traffic, of which this area is lacking. Council's direction was to start acquiring property from people wanting to voluntarily leave the area, which is the point we are at today in which the City is attempting to purchase one of those parcels. Significant interest has been shown by three other property owners wishing to do the same.

Boardmember Tourville stated it would be beneficial to invite the developers back.

Boardmember Madden agreed, stating the EDA should get additional information from the developers and then make a final decision.

Boardmember Bartholomew stated he would like to hear from developers as well, and was convinced that residential was not viable in that location.

Boardmember Tourville noted there were a couple of areas proposed to be residential in the Concord neighborhood, so it would be advantageous to discuss with the developers which area to push first. He requested that the names of property owners be put on the maps to make them easier to understand.

President Piekarski Krech stated there were so many drawbacks to residential that she would like the City to make a decision for this to be an industrial area. She stated the existing businesses would be more apt to expand if they knew the area was not planned for residential. She stated perhaps they could get some input from local residential developers as to whether they felt this area could realistically be developed as residential.

Boardmember Tourville summarized that the EDA would like Mr. Link to invite the developers back to discuss industrial development, and perhaps some home builders as well who could discuss whether it was a realistic location for residential and if so, what type of product would they build.

Mr. Link advised that per the EDA's direction he would proceed with industrial, talking to developers, and meeting with the City of South St. Paul to discuss their successful experience with industrial redevelopment.

President Piekarski Krech stated that any existing environmental issues would have less conflict with industrial than they would with residential.

Frank Rauschnot, 6840 Dixie Avenue, stated he would like the property to remain industrial. He advised that he has tried to expand his business but the City would not let him; therefore, he would like to move his business to the ten acre parcel to the south which would give him room for expansion.

President Piekarski Krech asked Mr. Rauschnot if he brought forth any of his plans to staff.

Mr. Rauschnot replied that he previously gave the City a draft plan; however, it was never discussed. He stated the railroad tracks and access to I-494 and Highway 52 made it a prime area for industrial. He advised he would do whatever he could to move this forward, even if it meant moving.

President Piekarski Krech advised that Mr. Link has heard the EDA's direction to move forward with industrial.

Mr. Rauschnot stated the property on the north corner of Dickman Trail could perhaps be a lighter use than the property to the south of it, but he would like it to be zoned as such that his business would be a legal conforming use; not a legal non-conforming use.

Boardmember Bartholomew asked Mr. Rauschnot to provide financial analysis, a firm business plan, square footage and acreage ratios, employee estimates, long-term revenue projections, etc. showing how he planned to expand his business.

Mr. Rauschnot replied he would do what he could; and added that Laurie Crow with 'Open to Business' offered to help him with his business plan.

President Piekarski Krech recommended that Mr. Rauschnot contact Jennifer Gale with Progress Plus as well, and she encouraged him to contact the EDA with any other issues.

Mr. Rauschnot stated he would do everything in his power to make it work, and he felt they could create a successful industrial development if they worked together.

B. Discuss Arbor Pointe Commercial

Mr. Link advised that the Rainbow store is up for sale and will likely be closing unless it is sold by the end of the year. The Walgreens store on Broderick will also be closing in a few weeks. Staff is very concerned and is requesting direction from the EDA on how to proceed. He advised that the Arbor Pointe development was a result of the City's initiative 20 years ago to gain commercial development. The City cannot control certain things such as the market, how stores are operated, lease agreements, etc., however, they can do targeted marketing of that area, provide financial assistance for redevelopment, designate land uses, and become better educated about the retail market. The City could research the grocery industry and what to do when they close down, speak with representatives from the businesses leaving, or perhaps hire a consultant to analyze the City's retail potential. Mr. Link advised that the retail industry was hit hard during the recession and since then has changed dramatically, including smaller square footage, increased business being done over the internet, etc. Inver Grove Heights has a lot of competition in neighboring cities, and the question is how much retail can Inver Grove Heights expect and is the right amount of acreage set aside for it. If we have too much retail acreage perhaps some of the retail property should be changed to something else, such as office or multiple-family residential. Retailers are looking for customers, which can be provided on weekends and evenings with residential and during the day by employees. One of the disadvantages the City has is that two of the four vacant properties in Arbor Pointe are specialized buildings; the A & W site and the grocery store building. An advantage the City has is a possible increased customer base as a result of the Flint Hills administrative office building being built and the potential future construction on the United Properties industrial site.

Boardmember Tourville stated perhaps the EDA and City Council should be proactive rather than reactive by taking a targeted marketing approach for the Arbor Pointe area. They could look at the zoning, what uses would be allowed, and possibly hire a marketing company.

Boardmember Bartholomew suggested they try to isolate what the contributing factors were for failure of the previous businesses. If the issue was accessibility, for instance, perhaps they could look at a redesign of the layout. He believed there were issues other than just a bad economy.

Boardmember Mueller suggested they examine the permitted uses to see if they were still appropriate. He noted that certain businesses have changed over the years and the code may no longer match in certain areas. The City could also invite builders to view the available property.

Boardmember Tourville recommended that the EDA put out an RFP to investigate redevelopment of the vacant buildings, stating that rather than trying to do it themselves he believed the City should hire someone who was an expert in the field.

President Piekarski Krech suggested that first the City speak with representatives from Argenta Hills to find out what barriers they are running into and why the rental spaces are not moving. She asked if exit interviews were done with Walgreens and Rainbow to determine why they were closing.

Jennifer Gale, Progress Plus, advised that the marketing representatives from the Argenta Hills development have stated there is too much retail competition right now and not enough people shopping during the day due to a low employment base. She advised that the former Lockheed Martin site in Eagan, for instance, is offering incentives, including years' worth of free rent. She stated it might be advantageous to take a look at an alternative use for the Rainbow site.

Boardmember Tourville stated perhaps all the retail should be looked at within the City.

Mr. Lynch stated that when the EDA adopted their 2014 Work Plan they stipulated that it could be changed if necessary. He suggested that perhaps the EDA would like to expand the work plan to include researching some of the retail areas of the city. He advised there may be a bigger retail issue in the City than just the Arbor Pointe area, so perhaps staff could work with Progress Plus, developers, and property managers to develop a comprehensive marketing approach for various retail areas in the City and the EDA could then decide if they wanted to add that to their work plan.

Boardmember Madden stated the main issue with the retail center near Target could be the access.

President Piekarski Krech recommended that staff get back to the EDA prior to the next scheduled meeting in August; preferably within 30 days.

Boardmember Madden stated he would not be opposed to adding a meeting prior to August to get something accomplished regarding this issue.

Ms. Gale suggested they also speak with management companies that have shopping centers in various communities to determine what contributes to their success or failure.

Mr. Link thanked the EDA for their discussion and direction.

C. Consider Progress Plus Update

Ms. Gale summarized the last quarter activities. She advised that they are half way through the Union Pacific Railroad Economic Impact Study and are hoping to have a draft in the coming weeks. The Railroad attended a South St. Paul Council work session and discussed their rail yard improvement project. They believe the improvements will create efficiencies and more opportunities and agreed to enter into a memo of understanding with the City of South St. Paul to outline each other's expectations. A Railroad representative met with City staff to discuss available opportunities and also agreed to meet with Mayor Tourville. The Railroad has agreed to train both the SSP and IGH emergency staff, including ongoing joint training exercises. They have also agreed to notify City public safety personnel of any new hazardous materials that would potentially be transported with these yard improvements. She stated a number of businesses have stated they moved to Inver Grove Heights because of the spurs that are available.

Boardmember Bartholomew suggested they discuss adding a spur in the Dickman Trail area.

Ms. Gale replied that would be something the Mayor could discuss with the railroad during their upcoming meeting.

Boardmember Tourville stated that freight train issues have become a legislative discussion item due to increased train length and frequency, and he felt a quiet zone would help make the Concord Boulevard area more livable.

Ms. Gale suggested that the EDA have a discussion with the railroad before spending money on a study as the railroad may agree to share costs related to quiet zone improvements.

Progress Plus continues to use various medias to raise awareness of 'Open to Business' and the services it offers. It is focusing on residents wanting to start a business as well as existing business owners.

In response to a request from the EDA, Progress Plus contracted with a company to put together a comprehensive list of Inver Grove Heights businesses. Part of the agreement was that Progress Plus would not abuse the information; however, the list was available to the City for notifications, mailing lists, open houses, and other things of that nature. The report includes contact information as well as more specific information such as number of employees, type of business, female ownership, and franchise information.

Progress Plus will be partnering with MNCAR to host another broker class next fall. This event will help showcase available properties and incentives.

One of Progress Plus's initiatives this year was to write stories about successful developments and put them on a professional newswire. A national press release was recently done on the Argenta Hills development in which McKeever Dermatology was featured. They plan to do three others this year.

Ms. Gale discussed local business activity, including the upcoming opening of TC Taco on Cahill, Old World Pizza's reopening in the former Emma Krumbie's building, and the closing of Walgreens and Rainbow. She advised that during a meeting with El Loro they indicated they do not plan to renew their lease. The cost of being in a retail center is high and she is concerned about the retail in that area of the City. CHS has two studies being conducted to look at expansion at the current facility as well as at a new facility. They hope to have more definitive direction by this summer.

D. Consider Concord Update

Mr. Link advised that discussions are taking place with five different property owners on various parts of Concord, primarily relating to possible acquisition. He noted that they should have the results soon on the Phase 2 environmental analysis for the River Country Cooperative property. The first reaction was that it was only a mild contamination. A June closing is anticipated for the Frederick property.

Boardmember Mueller asked what the cost was for the Phase 2 investigation.

Mr. Link replied he did not have the information in front of him, but believed it was approximately \$5,000.

Boardmember Mueller asked what the cost was for the Phase 1.

Mr. Link recalled that it was a couple thousand dollars or less.

Boardmember Mueller asked for clarification that the City would not absorb the cleanup costs.

Mr. Link replied that the responsibility for cleanup costs would be determined during the negotiation process. He advised that grant monies are sometimes available from the State or Metropolitan Council.

Boardmember Mueller asked how deep the soil borings were.

Mr. Lynch replied there were varying depths.

Mr. Link advised they went down to, but not through, the bedrock.

Boardmember Tourville suggested that staff advise the CDA of the EDA's direction to focus on industrial in the Dickman Trail area rather than residential.

Mr. Link agreed to forward that information on to the CDA.

E. Consider Gun Club Update

Mr. Link advised that he and Mr. Lynch met with MNDOT to begin negotiations for the Gun Club property. During these discussions it was determined there was a discrepancy in the property details. Based on Dakota County property records the City believed that MNDOT owned 53 acres; MNDOT advised they had 29 acres. Because of this the appraisal will have to be updated to reflect the actual acreage. The environmental investigation is already done and they are now determining the remediation costs.

President Piekarski Krech asked for clarification of the acreage discrepancy.

Mr. Link stated the City Attorney has researched the issue and believes MNDOT's numbers to be correct. They now need to investigate as to why that information is not reflected in the County property records.

President Piekarski Krech asked if that changed the overall acreage of the entire piece.

Mr. Link replied it did not.

President Piekarski Krech asked if the City owned more property than previously thought.

Mr. Lynch replied in the affirmative, stating the overall property was 53 acres in size and the City may own more than originally thought.

Mr. Kuntz explained that the property owned by the City was acquired in three different transactions. He advised that MNDOT had a survey done when a hospital was considering relocating to Inver Grove Heights. That survey corresponds to MNDOT's accounting of acreage remaining and acreage owned by the City. When the City initiated their recent effort to acquire the remaining MNDOT property, they referred to the County property records. Those records, however, do not necessarily reflect the City ownership so they have been asked to rectify that situation.

5. MISCELLANEOUS INFORMATION ITEMS

A. Chamber of Commerce Dues

Boardmember Tourville asked staff to clarify how Chamber of Commerce dues are paid.

Mr. Lynch advised that previously the City had paid for Chamber memberships. However, after discussions with the new Finance Director and the City Attorney it was determined that by state statute cities cannot pay dues to the Chamber. Economic Development Authorities have broader powers; however, and are allowed to pay that expense. As a result of this research, it was concluded that Chamber of Commerce memberships should be paid by the EDA rather than the City. Mr. Lynch advised that by contract he is allowed to be a member of the Chamber. The Police Chief has been a longstanding member as well. The City, as an entity, is not allowed to be a member of the Chamber.

Boardmember Mueller stated he could see the benefit of Mr. Link and Mr. Lynch being members, but he questioned the rationale for the police chief's membership.

Mr. Lynch replied his understanding was that the City Council has historically had an interest in having the police chief be a member of the Chamber in order to be kept aware of business concerns relating to public safety.

President Piekarski Krech questioned why a Chamber membership would be necessary for that. She felt the Chamber would be open to communication with the Police Chief without him having to have a membership.

Boardmember Madden agreed, stating that would be a normal function of any law enforcement agency.

Boardmember Mueller stated cost savings of any size would help with the EDA's overall budget.

Mr. Lynch replied that the membership fee has already been paid for 2014, but they could exclude the police chief's membership for 2015.

Boardmember Tourville asked for clarification of whether Councilmembers could legally be Chamber members if they joined as a private member rather than as a Councilmember.

Mr. Kuntz replied they could be a private member if they used private dollars.

Ms. Gale advised that public officials often join as private individual members of the Chamber in order to get member access to the information; it is a tool for whatever line of business they are in professionally.

Mr. Link advised they would revisit Chamber of Commerce dues with the 2015 budget.

C. Next Meeting – August 11, 2014

6. **ADJOURNMENT:** Motion by Mueller, second by Tourville, to adjourn. The meeting was adjourned by unanimous vote at 6:35 p.m.

**INVER GROVE HEIGHTS ECONOMIC DEVELOPMENT AUTHORITY SPECIAL MEETING
MONDAY, JULY 14, 2014 – 8150 BARBARA AVENUE**

CALL TO ORDER/ROLL CALL The Economic Development Authority (EDA) of Inver Grove Heights met on Monday, July 14, 2014, in the Mayor's Conference Room of City Hall. President Piekarski Krech called the meeting to order at 6:00 p.m. Present were Economic Development Authority members Bartholomew, Madden, and Tourville; Executive Director Link, City Attorney Kuntz, City Administrator Lynch, and Finance Director Smith.

2A. PROPERTY ACQUISITIONS

The EDA discussed offers, counteroffers, appraisals, and information and data regarding the EDA's possible acquisition of three properties.

Those three properties were:

- Frederick (6836 Dickman Trail/6840 Dixie Avenue)
- River Country Cooperative (7000 block of Dickman Trail)
- McPhillips (seven properties, including 6940 Dixie Avenue/6950 Dixie Avenue/6971 Dickman Trail/vacant parcel on the northwest corner of Dickman Trail and Dixie Avenue)

3. ADJOURNMENT: Motion by Tourville, second by Madden, to adjourn. The meeting was adjourned by unanimous vote at 6:59 pm.

City of Inver Grove Heights EDA Fund 290

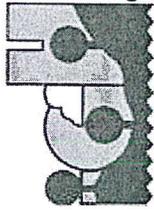
Budget vs Actual through 6/30/14

Account Description	2014 Amended Budget	6/30/14 Actual	Budget Remaining
Investment Earnings	3,500.00	2,854.16	645.84
Miscellaneous Revenue	-	7.03	(7.03)
Operating Transfers In	500.00	285,547.06	(285,047.06)
Contribution from Retained Earnings	56,900.00	-	56,900.00
Total Revenue	60,900.00	288,408.25	(227,508.25)
Personnel	15,300.00	7,675.33	7,624.67
Prof/Tech Services	17,800.00	16,386.27	1,413.73
Purchased Services	400.00	215.22	184.78
Other Purchased Services	27,200.00	29,599.28	(2,399.28)
Supplies	200.00	-	200.00
Land Purchase	-	271,653.82	(271,653.82)
Total Expenditure	60,900.00	325,529.92	(264,629.92)
Fund 290 Surplus (Deficit)	-	(37,121.67)	(37,121.67)

Claim on Cash
188,533.33
 Land Available for Sale
 1,138,500.00

Loan from Host Community Fund for Land Purchase : 1,000,000.00

3.B.



of Inver Grove Heights

Detail Report

Account Detail

Date Range: 4/25/14 - 7/18/14

Account	Post Date	Source Transaction	Description	Vendor	Amount	Running Balance
Fund: 290 - EDA						
<u>290.100.1010199</u>		Claim on Cash				
	04/30/2014	Beginning Balance	Agrees to Previous report ending 4/25/14			197,830.12
	04/30/2014	JN04209	Correct Jan - Mar Legal Fees		864.00	198,694.12
	04/30/2014	206926	Payroll	11063 - GENESIS EMPLOYEE BENEFITS, INC	(0.11)	198,694.01
	04/30/2014	206952	Legal - Frederick Acquisition	00538 - LEVANDER, GILLEN & MILLER P.A.	(3,021.24)	195,672.77
	04/30/2014	206952	Legal - EDA	00538 - LEVANDER, GILLEN & MILLER P.A.	(336.00)	195,336.77
	04/30/2014	JN04254	Record City Utility Bills April 2014		(7.62)	195,329.15
	05/01/2014	JN04324	Record May Allocations		(91.66)	195,237.49
	05/02/2014	PYPKT00617 - PR 05/02/14: 4/12/2014-4/25/2014	Payroll		(586.01)	194,651.48
	05/07/2014	207092	Second half 2014 payment	01859 - PROGRESS PLUS	(12,500.00)	182,151.48
	05/14/2014	207161	Legal - Frederick Acquisition	00538 - LEVANDER, GILLEN & MILLER P.A.	(104.00)	182,047.48
	05/16/2014	PYPKT00621 - PR 05/16/14: 4/26/2014-5/9/2014	Payroll		(588.45)	181,459.03
	05/21/2014	207255	Payroll		(1.18)	181,457.85
	05/30/2014	PYPKT00628 - PR 05/30/14: 5/10/2014-5/23/2014	Payroll	11063 - GENESIS EMPLOYEE BENEFITS, INC	(586.01)	180,871.84
	06/01/2014	JN04331	Record June Allocations		(91.66)	180,780.18
	06/11/2014	207541	Phase II - River Country Coop	10405 - PEER ENGINEERING, INC	(3,267.63)	177,512.55
	06/12/2014	DFT0007107	Purchase - Frederick Acquisition	10247 - DCA TITLE WEST ST. PAUL	(266,653.82)	(89,141.27)
	06/13/2014	PYPKT00632 - PR 06/13/14: 5/24/2014-6/6/2014	Payroll		(586.01)	(89,727.28)
	06/24/2014	JN04377	Txfr for Frederick Purchase		285,547.06	195,819.78
	06/25/2014	207701	Open to Business Program	04629 - DAKOTA CTY COMM DEV AGENCY	(6,250.00)	189,569.78
	06/25/2014	207729	Legal - EDA	00538 - LEVANDER, GILLEN & MILLER P.A.	(180.00)	189,389.78
	06/25/2014	207729	Legal - Frederick Acquisition	00538 - LEVANDER, GILLEN & MILLER P.A.	(268.00)	189,121.78
	06/27/2014	PYPKT00636 - PR 06/27/14: 6/7/2014-6/20/2014	Payroll		(588.45)	188,533.33
	07/01/2014	JN04427	July 2014 Allocations		(91.66)	188,441.67
	07/01/2014	JN04477	Record 2nd Qtr Interest Allocation		226.13	188,667.80
	07/02/2014	207778	Appraisal - Biljan Acquisition	06124 - BRKW APPRAISALS, INC.	(3,400.00)	185,267.80
	07/02/2014	207790	Relocation - McPhillips Acquisition	04350 - EVERGREEN LAND SERVICES	(233.40)	185,034.40
	07/02/2014	207792	Payroll	11063 - GENESIS EMPLOYEE BENEFITS, INC	(0.52)	185,033.88
	07/02/2014	207832	Phase II - River Country Coop	10405 - PEER ENGINEERING, INC	(3,730.70)	181,303.18
	07/11/2014	PYPKT00644 - PR 07/11/14: 6/21/2014-7/4/2014	Payroll		(586.01)	180,717.17
	07/17/2014	207967	Payroll	11063 - GENESIS EMPLOYEE BENEFITS, INC	(1.18)	180,715.99

MEMO

CITY OF INVER GROVE HEIGHTS

TO: Inver Grove Heights Economic Development Authority
FROM: Thomas J. Link, Director of Community Development 
DATE: July 30, 2014 for the EDA Meeting of August 11, 2014
SUBJECT: Dickman Trail – Industrial Market Assessment

1. ACTION REQUESTED: The Economic Development Authority (EDA) is to consider approval of a proposal for an assessment of light industrial market opportunities for the Dickman Trail area.

2. BACKGROUND: At its last meeting, the EDA stated that they favored industrial development of the Dickman Trail area, instead of residential development. The EDA preferred the industrial alternative because it would create jobs, be more compatible with the existing land uses along Dickman Trail, and be an appropriate land use given the environmental issues in the neighborhood. The EDA expressed an interest in contacting industrial developers and obtaining their input on the feasibility of such development in the Dickman Trail area.

Since the EDA meeting, staff has performed the following work relating to the Dickman Trail area:

- Prepared an ownership map, as requested by the EDA, as attached
- Met with the City of South St. Paul to discuss their industrial redevelopment experiences, as summarized in the attached memo
- Acquired the Frederick property and initiated the demolition process
- Proceeded with the acquisition of the River Country Cooperative property, including completed the Phase II Environmental Investigation, met with the property owner, finalized the Minnesota DEED grant, conducted a special EDA meeting, and drafted a purchase agreement
- Responded to inquiries from Bill McPhillips regarding possible City acquisition, researched relocation issues, and conducting a special EDA meeting
- Met with an economic development consultant, Kirstin Barsness, regarding a market assessment that is focused on developer interviews

3. ANALYSIS: As stated above, the EDA expressed an interest in obtaining information from developers regarding the feasibility of industrial development. As a result, City staff requested a proposal from economic development consultant Kirstin Barsness to provide an assessment of light industrial market opportunities. Ms. Barsness submitted a proposal, as attached.

The proposal would evaluate the viability of light industrial development by interviewing developers about the attractiveness of the location, land values, type of development, timing of development, level of remediation, level of risks, and perceptions and realities of the Dickman Trail area. The proposal would also evaluate the market, identify competition from other sites, and assess land sale price and overall costs. The consultant would meet with the EDA on two occasions and provide a report.

The work would be accomplished within 90 days at a cost of \$6,300. There is also an alternate service in which Ms. Barsness would talk to developers about the impact of light industrial development on planned residential development elsewhere in the Concord Neighborhood. This additional service would be at a cost of \$875.

The costs of the study are provided for in the 2014 budget. The Planning budget had provided funds for consultant work in the Concord Neighborhood. Since the work would be done under the auspices of the EDA, it would be most appropriate to transfer the funds from the Planning budget to the EDA budget.

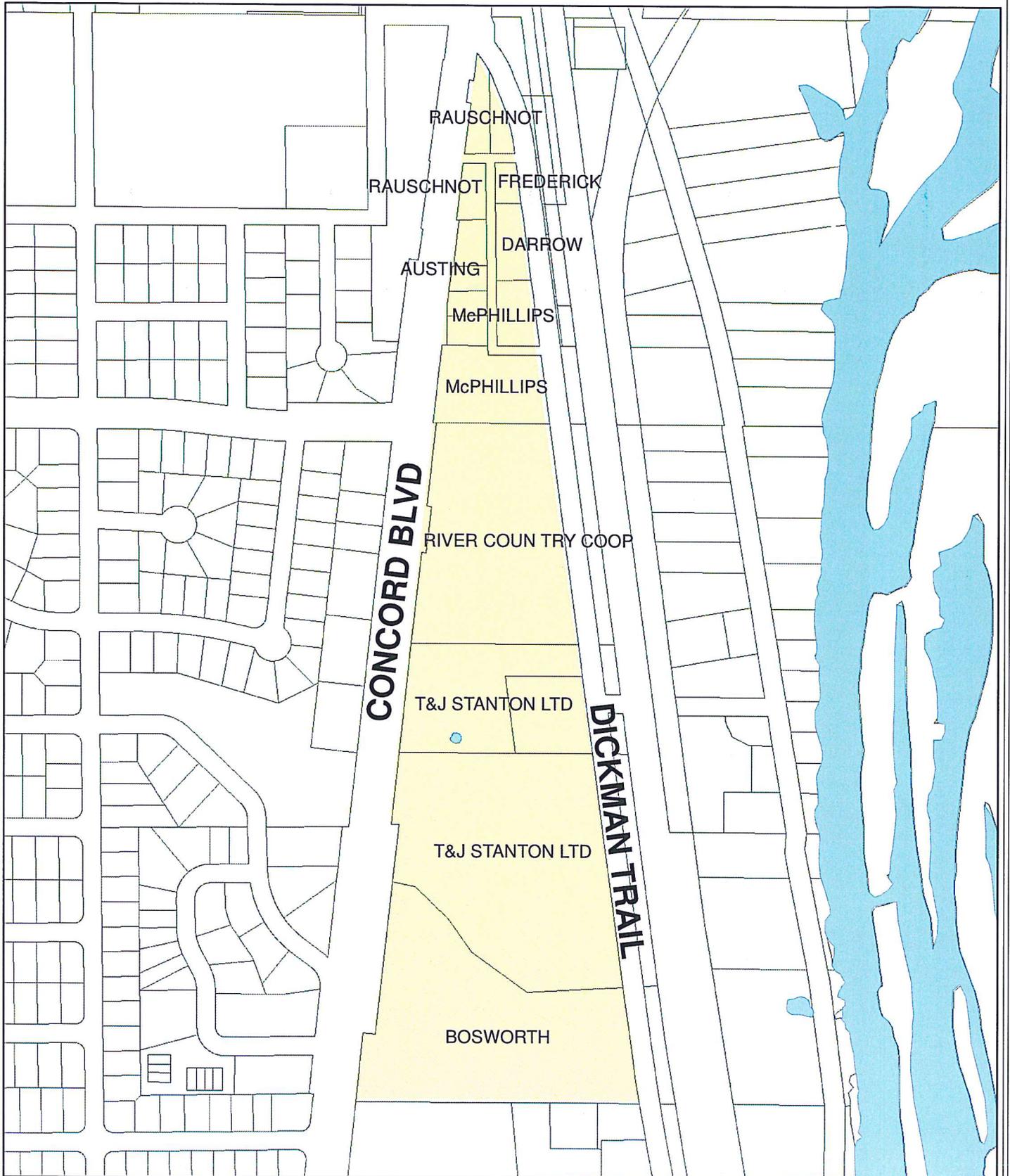
4. RECOMMENDATION: Staff recommends approval of the Kirstin Barsness proposal to assess light industrial market opportunities in the Dickman Trail area. Staff also recommends the alternate service, which would discuss with developers the impact of the industrial development on planned residential development.

Enc: Dickman Trail Ownership Map
Memo Regarding Dickman Trail Redevelopment – South St. Paul Experience
Kirstin Barsness Proposal

cc: Jennifer Gale, Progress Plus



Dickman Trail Ownership



MEMO

CITY OF INVER GROVE HEIGHTS

TO: Inver Grove Heights Economic Development Authority
FROM: Thomas J. Link, Director of Community Development 
DATE: July 23, 2014 for the EDA Meeting of August 11, 2014
SUBJECT: Dickman Trail Redevelopment – South St. Paul Experience

This memo summarizes a meeting that City Administrator Joe Lynch and Community Development Director Tom Link had with South St. Paul HRA Executive Director Branna Lindell. The purpose of the meeting was to discuss South St. Paul's experience in redevelopment.

Background:

The purpose of South St. Paul's redevelopment efforts was to create jobs and improve its tax base. The City of South St. Paul began their redevelopment efforts in the late 1980's after many of the stockyards closed down. The redevelopment area is large, approximately 400 acres. The redevelopment has created approximately 4,000-4,500 jobs over the last two and a half decades.

Planning and Infrastructure:

South St. Paul initiated its redevelopment efforts by creating a master plan for the area, similar to the Inver Grove Heights Concord Plan. The plan addressed land use, streets, utilities, and other issues. South St. Paul used this plan to design and construct infrastructure, such as streets and utilities.

Ownership:

Because of its large size, the redevelopment area consisted of some properties that were acquired by the South St. Paul HRA and other properties which were owned by private entities who were interested in redevelopment.

Marketing:

South St. Paul strongly recommended hiring a commercial real estate broker to market the property. They hired such a broker and found it very successful. They also used the marketing services of Progress Plus.

Financing:

Various financial tools were used including federal grant money, tax increment financing, land write downs – selling HRA properties to private entities for less than the properties' value, and business loans, generally of \$50,000-\$100,000. The City required the same financial

information of the business that a bank would. South St. Paul recognized that financial assistance involved some risk and that not all businesses would be a success.

Financing Guidelines:

South St. Paul adopted development guidelines, as attached, to assure that the financial assistance generated the necessary jobs and tax base. Examples of the development guidelines are:

- For every \$10,000 of financial assistance, the business had to commit to create at least one job
- For every one dollar of public assistance, there had to be at least \$1.50 of private investment
- Capital costs had to be at least \$250,000 or the property valuation had to increase by at least 100%

The developer or business entered into a development agreement to assure that the financial guidelines were met

Building Ownership:

In most instances, a private entity constructed the buildings. In at least one instance, South St. Paul built a building and leased it to a business for ten years, after which time the business acquired the property from the HRA. This project required the city to issue bonds. There were some difficulties, for awhile, when the business did not pay its lease.

Consultants:

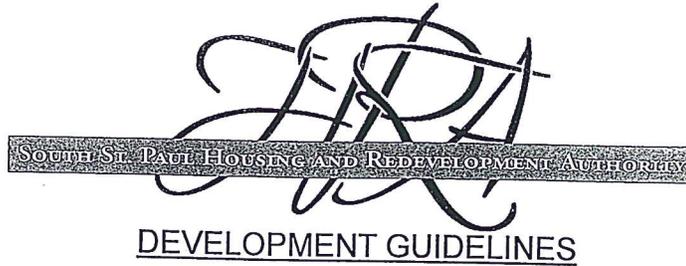
South St. Paul used a variety of consultants throughout this process, including planners, architects, engineers, attorneys, and real estate brokers.

Standards:

The City incorporated design standards into its zoning ordinance to assure that the development was attractive and generated sufficient property tax. All developments were done as a planned unit development. Building size had to be at least 25%-35% of the lot size. There were also additional regulations on exterior building materials. South St. Paul staff believes that these standards may need to be increased.

Enc: South St. Paul Financing Guidelines

cc: Jennifer Gale, Progress Plus



The following information is presented as suggested guidelines for the HRA to consider the use of public funds to assist in private development projects.

1. Maximum public dollars invested to jobs created/retained ratio \$10,000:1
2. For each \$1.00 of HRA investment, there should be at least \$1.50 of private investment dollars leveraged. Public financing will only be made available if local lenders are unable/unwilling to meet all of the developers financing needs.
3. Minimum assessed valuation increase on land to be developed/redeveloped must be 100% or capital costs must exceed \$250,000; or prevention/elimination of blight will result from project.
4. Businesses should have a history of stable or rising sales.
5. Detailed business plan depicting marketing strategies, cash flow statements and ability to finance projected growth for a 3-year period.
6. Loans will not be made available for working capital requirements.
7. Cash flow coverage for the entire project meets or exceeds 1.2:1.
8. Priority consideration given to projects in the following categories:
 - Value added manufacturers who will employ skilled workers with wages above 50% of the median income.
 - Companies seeking to construct facilities which will significantly enhance the aesthetics and image of the community.
 - Local companies seeking to expand operations.
 - Expanding companies which will enhance the economic viability of existing local businesses.
 - Companies/developments which maximize land use density (facility coverage equal to or exceeding 25% land area).
9. Reduced consideration will be given to projects in the following categories:
 - Companies with low ratios of employees/facility size (e.g., warehouse operations).
 - Projects that will not enhance the aesthetics/image of the community (additional freight operations, waste storage, etc.).
 - Companies that pay wages below 35% median income .
10. All applicant requests for business assistance must be accompanied by the information set forth in the "Outline for Proposal to HRA".

PROPOSAL FOR SERVICES - CITY OF INVER GROVE HEIGHTS

Dickman Trail Market Assessment

OBJECTIVES

Provide professional and technical assistance to the City Council and EDA with an assessment of light industrial market opportunities for the redevelopment of the Dickman Trail Development Area.

SCOPE OF SERVICES

Evaluate viability of proposed property re-use for light industrial

- Dialogue with potential end users to determine current levels of interest- revisit pre-selected developers utilized in round table and additional targeted developers, specializing both redevelopment and light industrial development
 - Determine attractiveness of location within the market place
 - Range of land values
 - Type of development most likely to occur
 - Timing for development
 - Level of remediation necessary for sale
 - Level of risk development partners are willing to undertake
 - Perceptions and realities that impact develop potential
- Evaluate market saturation and competition levels for proposed type of development
- Assess land sale price, public infrastructure needed and determine overall cost to development
- Recommend ownership structure for development (i.e. City ownership; master developer; etc.)
- Develop source and use statement to assess financial sustainability, including levels of public and private funding

Public Process

- A. Attend 2 meetings of the City Council/EDA
 - (1) Update after meeting with potential developers
 - (2) Presentation of findings and financial viability
- B. Coordinate with City staff for the gathering and dissemination of information including agendas, reports, work session materials, etc. fee include 3 meetings.

DELIVERABLES

- A. Written Summary of Findings from Market Assessment for Light Industrial
- B. Source and Use statement for redevelopment of property as Light Industrial, including gap analysis
- C. Assessment and Recommendations for project ownership structure

PROFESSIONAL FEES AND PROJECT TIMING

The Proposal for services is a not to exceed fee of \$ 6,300 and will be billed in equivalent monthly installments of \$2,100. The proposed Scope will be completed within 90 days of contract authorization.

Any services requested by the City of Inver Grove Heights outside of the above Scope of will be billed at an hourly rate of \$175 per hour.

Payments are due within 30 days of submittal or a 10% administrative fee is charged.

ALTERNATE SERVICE (ADDITIONAL)

Complete an evaluation of the industrial impact to the potential residential development of adjacent properties. Dialogue with residential developers regarding the impact of light industrial uses on the marketing and development of adjacent properties. Determine the effect on land pricing, values, rents and attraction of residential investment to the Concord Boulevard Neighborhood.

Additional fee of \$875 to complete the above activity in addition to the Project Scope listed above. This option can't be selected as a stand-alone service. All payment terms previously described apply.

RESPONSE

The Scope of Services detailed in the attached letter is in accordance with the understanding of the City of Inver Grove Heights

<i>Accepted by:</i>	<i>Title:</i>	<i>Date:</i>
Kirstin Barsness	Development Consultant	July 22, 2014

<i>Accepted by:</i>	<i>Title:</i>	<i>Date:</i>
---------------------	---------------	--------------

Kirstin Barsness, Development Consultant

Ms. Barsness has been active in economic development in Minnesota since 1990 and is recognized for launching successful economic development programs in rural and suburban communities. She served as Director of Economic Development for the City of Cottage Grove from 1992 to 1998. In this capacity, she led the city through two critical planning processes associated with retail and industrial development. Barsness was instrumental in developing and marketing the Cottage Grove Industrial Park, the Twin Cities' fourth largest industrial park.

Ms. Barsness served as President of the Economic Development Association of Minnesota (EDAM) in 1999 and served on the Board from 1994 to 2000. In addition, she co-chaired EDAM's Legislative Committee from 1995-1998. Ms. Barsness served on the Board of Directors for the Mid-America Economic Development Council from 1996 –1997 and chaired the organization's Marketing Materials Awards Committee from 1997-1998.

Ms. Barsness received her Bachelor of Arts Degree from St. Olaf College in Northfield, Minnesota. She is a certified Economic Development Finance Professional and graduated from the Economic Development Institute in 1997.

Services

Ms. Barsness specializes in the facilitation and implementation of commercial, industrial, housing and mixed use development and redevelopment for public and private organizations. Additional services include master planning, strategic planning, housing programming and marketing services for cities and counties.

Economic Development Planning and Marketing

- ◆ Facilitate, write and implement Economic Development Plans, Marketing Plans, Business Retention Assessments, Strategic Land Use Plans, Fiscal Impact Studies Prospect proposals and management
- ◆ Generate site proposals, manage prospect and prepare financial assistance plan
- ◆ Advise cities on financial packaging of public assistance dollars, tax increment plans, and cash flow generation, tax abatement

Project Management

- ◆ Work with EDA and City Council to identify municipal development priorities for the property

- ◆ Coordinate and manage communications of project progress both internally and externally.
- ◆ Work with city staff and development entities to create a timeline that represents key benchmarks in the projects development.
- ◆ Act as liaison between City representatives, property owners and prospective developers.
- ◆ Assist in negotiation of Letters of Intent, Pre-Development and Development Agreements, and any Public Finance Agreements.

Public Financing

- ◆ Research grants and other identify other sources of funding for the planning and implementation phases of the overall site development.
- ◆ Work with city staff in drafting applications for financial assistance to State, Federal and other grant agencies.
- ◆ Advise and prepare financial models for economic development projects including redevelopment, mixed use and industrial parks.
- ◆ Draft and prepare Tax Increment Financing Plans and related documents
- ◆ Complete document and pro forma analysis for the project's different development phases.

Noteworthy:

- Started, Owned , and Operates Development Based Consulting Business for over 15 Years
- Assisted and worked with over 50 cities, 10 Counties and 35 private companies to meet their development objectives.
- Developed innovative Business Retention Program for City of Shoreview (EDAM Award Winner 2013)
- Facilitated and assisted clients with over \$43 million in development projects in 2012
- Co-Authored Special legislation (2014) for the City of Shoreview Pilot Project for a new type of tax increment financing district that is specifically for business retention.
- Interpreted and Negotiated First JOBZ Project in the State for North Branch

SELECTED CLIENTS

Private Sector

- ❖ Ryan Companies, Tampa, FL
- ❖ Venture Pass Partners, MN
- ❖ Solomon Real Estate Group, Eden Prairie, MN
- ❖ Kraus Anderson Construction, Bloomington, MN
- ❖ Interstate Partners, Eagan, MN
- ❖ Schafer Richardson, Minneapolis, MN
- ❖ Ron Clark Construction, Edina, MN
- ❖ McGough Development, Roseville, MN
- ❖ Andersen Windows, Bayport, MN
- ❖ Minnesota Life Long Learning Center
- ❖ Foundation Land Co., Eden Prairie, MN
- ❖ Master Engineering, Minneapolis, MN
- ❖ Timm & Associates, Minnetonka, MN
- ❖ Anderson Builders, St. Louis Park, MN
- ❖ Moser Homes, Shoreview, MN
- ❖ Amcon Construction, Burnsville, MN
- ❖ GVEC Properties, Golden Valley, MN
- ❖ PAK Properties, White Bear Lake, MN
- ❖ Armory Development, Minneapolis, MN
- ❖ Lake State Federal CU, Moose Lake, MN
- ❖ Vivant Custom Woodwork, Jordan, MN

Public Sector

- ❖ City of Anoka, MN
- ❖ City of Chisago City, MN
- ❖ City of Coon Rapids, MN
- ❖ City of Granite Falls, MN
- ❖ City of Corcoran, MN
- ❖ City of Isanti, MN
- ❖ City of Inver Grove Heights, MN
- ❖ City of Milaca, MN
- ❖ City of North Branch, MN
- ❖ City of Oakdale, MN
- ❖ City of Ramsey, MN
- ❖ City of Roseville, MN
- ❖ City of Shoreview, MN
- ❖ City of St. Louis Park, MN
- ❖ St. Paul Port Authority, St. Paul, MN
- ❖ City of Lino Lakes, MN
- ❖ City of Woodbury, MN
- ❖ City of Wyoming, MN
- ❖ Anoka County, MN
- ❖ Chisago County, MN
- ❖ Dodge County, MN
- ❖ Fillmore County, MN
- ❖ Houston County, MN
- ❖ Pipestone County, MN
- ❖ Redwood County, MN
- ❖ St. Croix County, WI

Kirstin Barsness

24438 Imperial Ct, Forest Lake, MN 55025
(T) 65-408-1032 (E) kirstin@barsness.org

Major Accomplishments

- Started, Owned , and Operates Development Based Consulting Business for over 15 Years
- Assisted and worked with over 50 cities, 10 Counties and 35 private companies to meet their development objectives.
- Developed innovative Business Retention Program for City of Shoreview (EDAM Award Winner 2013)
- Facilitated and assisted clients with over \$43 million in development projects in 2012
- Interpreted and Negotiated First JOBZ Project in the State for North Branch

Experience

1998 - Present

Development Consultant, Forest Lake, MN,

Specializing in the facilitation and implementation of commercial, industrial, and mixed use development and redevelopment projects for public and private organizations. Provide master planning, strategic planning, project management, and development assessment services for small and large cities.

1992 - 1998

**City of Cottage Grove, Cottage Grove, MN
Director of Economic Development**

Developed and implemented new economic development program for the City. In this capacity, led the city through two critical planning processes associated with retail and industrial development. Barsness was instrumental in developing and marketing the Cottage Grove Industrial Park, the Twin Cities' fourth largest industrial park.

1991 - 1992 **City of Jackson, Jackson, MN**
Economic Development Coordinator

Managed and implemented economic development activities including housing programming, downtown retail development, industrial park development and redevelopment for community. Secured funding from State and Federal grant programs that exceed \$5 million in 18 months.

Education _____

- 1997 University of Oklahoma, Norman, OK
Economic Development Institute
- 1992 Economic Development Finance Professional
National Development Council, Washington, DC
- 1990 Bachelor of Arts Economics- Spanish- Hispanic Studies GPA: 3.58
St. Olaf College, Northfield, MN

Professional Affiliations _____

- President of the Economic Development Association of Minnesota (EDAM) in 1999.
- Economic Development Association of Minnesota Board from 1994 to 2000
- Co-chaired EDAM's Legislative Committee from 1995-1998.
- Board of Directors for the Mid-America Economic Development Council (MAEDC) from 1996 –1997 Minnesota Representative
- Chaired MAEDC Marketing Materials Awards Committee from 1997-1998.

Skills _____

Innovator
Problem Solver
Presenter
Facilitator
Strong Communicator
Creative
Analytical

MEMO

CITY OF INVER GROVE HEIGHTS

TO: Inver Grove Heights Economic Development Authority
FROM: Thomas J. Link, Director of Community Development 
DATE: July 30, 2014 for the EDA Meeting of August 11, 2014
SUBJECT: Arbor Pointe - Commercial Retail Market Analysis

1. ACTION REQUESTED: The Economic Development Authority (EDA) is to consider approval of a proposal for a retail market analysis.

2. BACKGROUND: At its last meeting, the EDA discussed the commercial activities in Arbor Pointe and expressed concern for the recent closing of the Walgreens store and the upcoming closing of the Rainbow grocery store. The EDA expressed an interest in being proactive and discussed various possible actions that could be taken. Since that time, staff has undertaken the following activities:

- Researched ownership
- Researched reuse of grocery store building
- Reviewed access issues
- Discussed Arbor Pointe commercial with two retail brokers
- Discussed Arbor Pointe commercial with a retail owner
- Discussed nearby industrial development with a potential developer, which could create jobs and retail customers
- Answered inquiries from concerned citizens
- Researched market analysis and discussed such a study with two consultants.

Progress Plus has also been active with marketing, talking to contacts, and possibly setting up focus groups to discuss the retail environment.

3. ANALYSIS: As discussed previously, the EDA could consider a consultant to analyze its retail market. Such an analysis could be citywide or focused specifically on a retail neighborhood, such as Arbor Pointe. Such a study would identify trade areas, analyze demographic characteristics, analyze retail market conditions, calculate demand, conduct interviews with retail brokers, and provide recommendations for further City actions. City staff requested proposals from two firms: Maxfield Research Inc. and Stantec Consultant Services Inc. Both of these firms submitted proposals, as enclosed.

The Maxfield Research proposal provides slightly more detail than the Stantec proposal and focuses more on the Arbor Pointe commercial neighborhood. The Maxfield Research actually includes two proposals. The first is a citywide retail market study that would take 45-60 days and cost \$15,000. The second is a retail analysis specifically for the Arbor Pointe neighborhood. This would be completed in 35-45 days and cost \$7,500.00.

The Stantec proposal is slightly more general and provides an analysis that combines both the citywide retail and the Arbor Pointe retail into the same study. This proposal would take 30-45 days and cost \$8,750.

The cost of the study is included in the 2014 budget. The EDA budget includes \$5,000 for economic development consultants. This would be supplemented by a transfer of funds from the Planning budget, which includes funding for planning consultants.

4. RECOMMENDATION: Staff recommends the Maxfield proposal for the Arbor Pointe retail area, at a cost of \$7,500. Though there may be a need for analysis of retail markets throughout the City, staff's immediate concern is the Arbor Pointe neighborhood. The Maxfield Research proposal focuses specifically on Arbor Pointe and is more detailed and less costly than the Stantec proposal.

Enc: Maxfield Research Inc. Proposal
Stantec Consulting Services Inc. Proposal

cc: Jennifer Gale, Progress Plus



July 31, 2014

Mr. Tom Link
Community Development Director
City of Inver Grove Heights
8150 Barbara Avenue
Inver Grove Heights, MN 55077

RE: Retail Market Analysis for City of Inver Grove Heights

This letter outlines tasks that could be undertaken to determine the overall retail market potential for the City of Inver Grove Heights and/or more specifically, an analysis of retail potential and retail market conditions for the Arbor Pointe commercial district located at Highway 52 and Concord Boulevard.

The following paragraphs discuss potential analyses that could be undertaken by the City of Inver Grove Heights to assess the community's potential for retail space. Several neighborhood retail concentrations are located in Inver Grove Heights. One of the newest is the Arbor Pointe development in the south central portion of the city.

PROPOSED SCOPE OF ANALYSIS FOR CITY-WIDE RETAIL MARKET STUDY

- A. Identify appropriate trade areas for each of the major retail concentrations in Inver Grove Heights. Consider competitive retail locations that may impact the trade areas for each of the concentrations. Radii will not be used. Instead, the trade areas will be drawn considering travel patterns, competitive facilities, current retail mix and population and household concentrations.
- B. Demographic analysis will include population, household and employment growth trends, age distribution, household income, consumer expenditures (household spending) and a retail gaps analysis.
- C. Retail market conditions will consider the amount of retail space currently located in Inver Grove Heights, retail mix of existing shopping centers, information on pending developments and interviews with commercial retail brokers.
- D. Demand calculations will be completed incorporating the amount of household expenditures that are currently being spent outside of Inver Grove Heights (known as leakage). The analysis will identify how each of the retail concentrations potentially interacts with others and the level of duplication that may exist among existing centers.
- E. Recommendations would identify and support the level of retail development that could be supported in Inver Grove Heights and how that could be distributed throughout the community.

ESTIMATED COST OF FULL COMMUNITY ANALYSIS

\$15,000.00

PROPOSED SCOPE OF SERVICES FOR RETAIL MARKET ASSESSMENT – ARBOR POINTE

- A. Identify an appropriate trade area for Arbor Pointe retail shopping district in Inver Grove Heights.
- B. Compile information on population, household and employment growth for the trade area, age distribution, household income, retail expenditures (household spending) and retail gaps analysis.
- C. Identify the level of retail expenditures most likely to be purchased in locations other than Arbor Pointe and those that are being supported by retail space in the shopping district.
- D. Conduct interviews with commercial brokers familiar with the Rainbow Foods acquisition and the Walgreens facility to determine the reasons for the closure of these retail stores.
- E. Compile retail demand calculations for the Arbor Pointe trade area and determine the potential market support for additional retail space.
- F. Compile recommendations for Arbor Pointe regarding attracting additional retail development or converting the existing retail parcels to another use that will support additional development in the district.

ESTIMATED COST OF ANALYSIS FOR ARBOR POINTE RETAIL AREA: \$7,500.00

COST OF SERVICES

The above Scope of Services for the **City-Wide Retail Market Analysis** will be completed for Fifteen Thousand Dollars (\$15,000.00), including all out-of-pocket expenses and one electronic copy of the final report. An executed copy of the services agreement would be required prior to commencement of work by Maxfield Research Inc.

The above work program for the **Arbor Pointe Retail Assessment** will be completed for Seven Thousand Five Hundred Dollars (\$7,500.00), including all out-of-pocket expenses and one electronic copy of the final report. An executed copy of the services agreement would be required prior to commencement of work by Maxfield Research Inc.

Any meeting time or additional research requested by the Client beyond that outlined in the above Scope of Services will be billed in addition at our standard hourly rates for staff time which range from \$55.00 to \$150.00 per hour.

WORK PRODUCT

Both of the studies identified in this proposal would be completed in full market feasibility study format (bound report). The Market Feasibility study is accepted by lenders, government agencies and others who require such information to satisfy their lending criteria.

COMPLETION TIME

The **City-Wide Retail Market Analysis** will be completed within 45 to 60 days of receipt of an executed contract and initial payment in the offices of Maxfield Research Inc., unless delayed by unexpected emergencies, forces beyond the control of one or both parties or by written agreement of the parties.

The **Arbor Pointe Retail Market Assessment** will be completed within 35 to 45 days of receipt of an executed contract and initial payment in the offices of Maxfield Research Inc., unless delayed by unexpected emergencies, forces beyond the control of one or both parties or by written agreement of the parties.

PAYMENT

All invoices are payable to Maxfield Research Inc. within fifteen (15) days of receipt of an invoice showing the work completed and the direct costs for expenses. A finance charge of one and one-half percent (1.5%) per month will be added to the unpaid balance of each invoice not paid within thirty (30) days.

DISCLAIMER

The objective of this research assignment is to gather and analyze as many market components as is reasonable within the time limits and projected staff hours set forth in this agreement. We assume no responsibility for matters legal in character. The property/land is assumed to be free and clear of any indebtedness, liens or encumbrances; and good and marketable title and competent management are assumed, unless otherwise stated. If building plans or site plans are included in the report, they are to be considered only approximate and are submitted to assist the reader in visualizing the property. We assume no responsibility for the accuracy of any building or site plans.

Certain information and statistics contained in the report, which are the basis for conclusions continued in the report, will be furnished by other independent sources. While we believe this information is reliable, it has not been independently verified by us and we assume no responsibility for its accuracy. The conclusions in the report are based on our best judgments as market research consultants. Maxfield Research Inc. disclaims any express or implied warranty of assurance of representation that the projections or conclusions will be realized as stated. The result of the proposed project may be achieved, but also may vary due to changing market conditions characteristic of the real estate industry, changes in facts that were the basis of conclusions in this report, or other unforeseen circumstances. In

the event payment is not received on a timely basis, Maxfield Research Inc. shall be entitled to a lien against the subject property.

This agreement will be construed according to the laws of the State of Minnesota.

TERMINATION

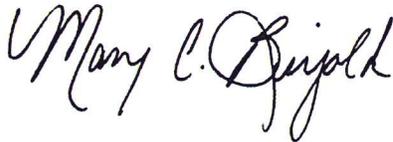
This agreement may be terminated upon written notification of either party to the other. In the event of termination, the Client will pay Maxfield Research Inc. for staff hours performed at the firm's normal hourly rates, plus all expenses incurred through the date of termination.

If this proposal meets with your approval, please sign and return one copy to the offices of Maxfield Research Inc. The costs outlined in the Scope of Services shall remain in effect for a period of 90 days from the date listed at the top of this contract.

Agreed to this _____ day of _____ 2014.

MAXFIELD RESEARCH INC.

CITY OF INVER GROVE HEIGHTS



Mary C. Bujold

President

By: _____

Its: _____

I authorize: (please initial)

_____ City-Wide Retail Market Study
(\$15,000.00)

_____ Arbor Pointe Retail Market Assessment
(\$7,500.00)

Maxfield Research Inc.
Research that breaks ground....



General Background

Mary has almost 30 years of experience in real estate research and consulting and is considered a market expert in the field of residential real estate and in market analysis for financial institutions. She regularly testifies as an expert witness for eminent domain, tax appeal and other types of real estate litigation.

As President, she heads projects for large-scale land use and redevelopment studies including downtown revitalization for private developers and municipalities as well as private developers and universities on their student housing needs.

Mary frequently gives presentations at seminars and workshop sessions on current real estate market topics.

Experience

Large-Scale Redevelopment
Master-Planned Communities
Rental Housing
Condominium Housing
Senior Housing
Student Housing
Financial Institutions
Expert Testimony and Litigation Support
Comprehensive Housing Needs
Retail Analysis
Downtown Revitalization
Industrial Analysis
Fiscal Impact Analysis

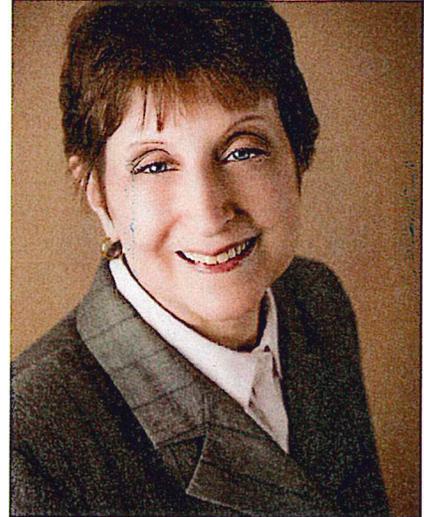
Professional Designation and Appointments
Counselors of Real Estate (CRE)
CRE Board of Directors – 2-year term
Editor-Real Estate Issues Journal
Housing Development Committee-Project for Pride in Living

Professional Organizations
Counselors of Real Estate (CRE)
National Association of Realtors (NAR)
Minnesota Association of Realtors (MAR)
Minneapolis Area Association of Realtors (MAAR)
National Historic Trust – Main Street Center

Education

Bachelor of Arts in Business Administration
Marquette University

Masters of Business Administration
University of Minnesota



Mary Bujold
President

Maxfield Research Inc.

1221 Nicollet Avenue
Suite 218
Minneapolis, MN 55403
www.maxfieldresearch.com

Phone: 612-338-0012
Fax: 612-904-7979
E-mail: mbujold@maxfieldresearch.com

Maxfield Research Inc.
Research that breaks ground...



General Background

As a former city planner and commercial real estate professional, Joe has over 15 years of experience in the research, analysis and presentation of data relevant to the real estate industry. He has expertise in commercial real estate, housing, city planning, Geographic Information Systems mapping and demographic analysis.

Prior to joining Maxfield Research, Joe was a member of the national research team for Cushman & Wakefield, one of the world's largest commercial real estate firms. In this role, he authored nearly 100 reports focusing on the office, industrial and retail real estate markets in the Twin Cities Metropolitan Area. Before joining the commercial real estate industry, Joe was a municipal planner for the following organizations: City of Columbia Heights, Minnesota; Arrowhead Regional Development Commission in Duluth, Minnesota; and, Peoria County, Illinois. As a planner, he contributed to the creation of multiple comprehensive plans, land use studies, zoning ordinances and site assessments.



Joe Hollman
Sr. Research Analyst

Experience

Retail, Office and Industrial
General Occupancy Rental Housing
Market Potential Analyses
Comprehensive Housing Plans
Senior Housing and Retirement Communities
For-Sale Housing
Student Housing

Education

Bachelor of Science in Geography
University of Wisconsin at La Crosse

Maxfield Research Inc.

1221 Nicollet Avenue
Suite 218
Minneapolis, MN 55403
www.maxfieldresearch.com
Phone: 612-338-0012
Fax: 612-904-7979
E-mail: jhollman@maxfieldresearch.com

A Market Feasibility Study for The Central Commons Property in Eagan, Minnesota

Prepared for:
City of Eagan, Minnesota

December 2011



1221 Nicollet Mall
Suite 218
Minneapolis, MN 55403
612.338.0012



December 5, 2011

Mr. Jon Hohenstein
Director of Community Development
City of Eagan
3830 Pilot Knob Road
Eagan, MN 55122-1897

Dear Mr. Hohenstein:

Attached is the analysis titled, "A Market Feasibility Study for the Central Commons Property in Eagan, Minnesota". This market analysis focuses on the amount of development supportable on the subject property with attention given to a potential mix of retail categories based on the demographic characteristics, growth trends in the area, and the existing retail supply in Eagan.

Maxfield Research, Inc. estimates demand for retail uses on the property based on projected growth for the Central Commons Market Area, changing demographic patterns, and projected market conditions for retail. Recommendations for potential users are provided along with the calculation of retail demand through 2020.

Detailed findings and recommendations are found in the *Conclusions and Recommendations* section at the end of the report.

Please contact us if you have questions or require additional information.

Sincerely,

MAXFIELD RESEARCH INC.

A handwritten signature in black ink that reads "Mary C. Bujold".

Mary Bujold
President

A handwritten signature in black ink that reads "Joe R. Hollman".

Joe Hollman
Senior Analyst

Attachment

TABLE OF CONTENTS

	<u>Page</u>
EXECUTIVE SUMMARY	1
Purpose and Scope	1
Site Characteristics and Location.....	1
Access and Visibility	1
Demographic Overview	1
Employment	2
Retail Sales and Consumer Expenditures	3
Regional Retail Market Conditions.....	3
Retail Development Potential	4
Conclusions and Recommendations	4
 PURPOSE AND SCOPE OF STUDY	 5
 SITE LOCATION ANALYSIS	 6
Introduction	6
Regional Location	6
Eagan Characteristics	7
Site Location and Characteristics.....	13
Adjacent and Surrounding Land Uses	13
Access and Visibility	15
Proximity to Employment, Shopping and Services	18
Appropriateness of Subject Site for Retail.....	21
 DEMOGRAPHIC ANALYSIS	 22
Introduction	22
Market Area Definition	22
Population and Households.....	23
Population Age Distribution	26
Household Income by Age Distribution	28
Employment Forecast	30
Covered Employment by Industry	30
Resident Employment	32
Commuting Patterns of Area Workers.....	34
Summary of Demographic Trends	36
 RETAIL MARKET ANALYSIS	 38
Introduction	38
Consumer Expenditure Patterns.....	38
Retail Demand Potential and Leakage	41

Retail Sales Trends.....	43
Types of Retail Goods and Customer Shopping Patterns	45
Retail Mix in Eagan	45
Regional Retail Market Conditions.....	53
Selected Retail Properties In and Near the Trade Area.....	59
Selected Lifestyle/Open-Air Centers in Metro Area.....	61
Retail Development History in Eagan.....	63
Planned and Pending Retail Developments	65
Retail Development Potential	67
CONCLUSIONS AND RECOMMENDATIONS.....	70

LIST OF TABLES

<u>Table Number and Title</u>	<u>Page</u>
1. Traffic Volume Trends, Central Commons Site, 2000, 2010, & 2030	15
2. 2010 Traffic Volumes, Surrounding Commercial Areas	16
3. Population & Household Growth Trends, Central Commons Market Area, 1990 - 2030	24
4. Population Age Distribution, Central Commons Market Area, 1990 - 2015.....	26
5. Household Income by Age of Householder, Primary Market Area, 2010 & 2015	28
6. Employment Growth Trends, Central Commons Market Area, 1990 - 2030	30
7. Covered Employment by Industry, Primary Market Area and Dakota County, 2000, 2009, 2010, and 2011 Q1	31
8. Resident Employment, Central Commons Market Area, 2000 to 2011	33
9. City of Eagan Commuting Patterns, 2009.....	34
10. Household Expenditures By Selected Product Type, Primary Market Area, 2010	39
11. Retail Demand Potential and Leakage, Primary Market Area, 2010	42
12. Retail Sales Growth, Central Commons Market Area, 2005 & 2009	43
13. Retail Sales by Industry, Primary Market Area, 2009	44
14. Retail Businesses Located in Eagan.....	47
15. Retail Space Vacancy and Absorption, Southeast Submarket, 2009 – 2011 Q3	55
16. Selected National Retailers Active in Market, Twin Cities Metro Area.....	58
17. Selected Retail Centers with Available Space, Central Commons Market Area, November 2011	60
18. Selected Lifestyle/Open-Air Centers, Twin Cities Metro Area, November 2011	61
19. Retail Development History in Eagan, 2000 - 2010	64
20. Demand for Retail Space, Central Commons Market Area, 2010 to 2020	69
21. Sample List of Potential Tenants, Central Commons	74

LIST OF MAPS

<u>Map Number and Title</u>	<u>Page</u>
1. Regional Location.....	6
2. Central Commons Area.....	8
3. Central Commons Drive Time.....	9
4. City of Eagan Existing Land Use Map, 2010	11
5. City of Eagan Planned Land Use, 2030	12
6. Central Commons Site Location.....	13
7. Bird's Eye View of Central Commons Site.....	14
8. Topography	17
9. Major Retail Concentrations Near the Site, November 2011	18
10. Central Commons Primary Market Area	22
11. Central Commons Market Area	23
12. Area Transit Routes	35
13. Transit Detail Near Site	36
14. Lifestyle/Open-Air Center Locations	63

EXECUTIVE SUMMARY

Purpose and Scope of Study

Maxfield Research Inc. was engaged by the City of Eagan to conduct a market feasibility study evaluating the proposed concept plan as outlined by CSM Corporation for a commercial retail development known as Central Commons. This project is located on property at 3333 Pilot Knob Road (Lockheed Martin campus) in Eagan, Minnesota. Our research includes an analysis of the existing supply of retail real estate along with market conditions for retail uses. The market analysis focuses on the amount of development supportable on the subject property with attention given to a potential mix of retail categories based on the demographic characteristics and growth trends in the area.

Site Location and Characteristics

The subject property totals approximately 47.4 acres near the center of Eagan. The Site is located just west of I-35E. Yankee Doodle Road (County Road 28) borders the Site on the south and Pilot Knob Road (County Road 31) borders the eastern edge of the Site. Central Parkway circles around the north and west sides of the property. The property is developed with a 620,000 square foot multi-story office and laboratory facility occupied by Lockheed Martin. However, Lockheed Martin is phasing their operations out of this location and is expected to be completely removed from the building by the end of March, 2013. There are several large concentrations of retail services located within a five-mile radius. Eagan Promenade, Town Centre and Yankee Square are all situated around the intersection of I-35E, Yankee Doodle Road and Pilot Knob Road. Cedar Cliff Center and Cliff Lake Centre are situated approximately three miles south along I-35E. Mall of America is roughly a six mile drive from the Site.

Access and Visibility

Traffic at the intersection of Yankee Doodle Road and Pilot Knob Road declined modestly between 2000 and 2010 as construction of the ring road alleviated congestion at this intersection by providing alternative access to the shopping opportunities east of I-35E. Growth in AADT is expected to occur over the next 20 years. Pilot Knob Road is projected to receive an AADT increase of 21.0% north of Yankee Doodle Road and a 24.7% increase south of Yankee Doodle Road. Traffic on the section of Yankee Doodle Road east of Pilot Knob Road is expected to grow by 12.7%. While visibility is excellent from the surrounding roadways, a 20-foot change in elevation along between I-35E and Pilot Knob Road blocks visibility of the Site from I-35E.

Demographic Overview

The Central Commons Primary Market Area (PMA) is comprised of residents that would likely consider shopping at retail businesses located on the subject property. The PMA includes the Cities of Eagan, Apple Valley, Inver Grove Heights, Mendota Heights, Rosemount and Sunfish Lake. In addition, we identified Dakota County as the Secondary Market Area and the Seven-County Metro Area as the Tertiary Market Area. The retail concept proposed on the Central Commons Site will pull potential shoppers from these areas as well.

EXECUTIVE SUMMARY

As of 2010, the PMA contained 180,636 people and 69,748 households. Over the past decade, the population increased 9.2% while the number of households expanded 15.3%. By 2020, the PMA is projected to add another 20,285 people and 9,297 households. The majority of the population growth is expected to occur in Rosemount, Inver Grove Heights and Apple Valley where there is more land available for development. Between 2010 and 2020, Dakota County's population and household base are expected to increase +8.4% to 432,100 and +10.3% to 167,700, respectively. As of 2010, the PMA contained 45.3% of the County's population, but it is expected to contain approximately 60.0% of Dakota County's population and household growth during the decade. Population in the Seven-County Metro Area is projected to increase 6.5% to 3,035,000 in 2020 while the number of households will grow by 7.8%.

An analysis of age distribution reveals the aging of the PMA population as the baby boom generation ages into their senior years. The age 65 and older population grew by 7,280 people between 2000 and 2010 for a 73% increase. The 55 to 64 cohort experienced the largest increase, growing by 10,378 people (+87.2%). Looking ahead, the 65 to 74 and the 25 to 34 age cohorts are anticipated to experience the largest growth between 2010 and 2015, increasing by 4,118 people (+41.1%) and 2,634 (+11.1%), respectively. These gains will occur as the baby boom generation ages and as increased residential development activity creates housing opportunities for young families. Anticipated population growth in the younger age cohorts as well as the age 65+ cohort will create opportunities for a variety of retail services in the Central Commons Market Area.

The 2010 median income in the PMA (\$89,282) is 22.4% higher than the Metro Area median income (\$72,949). Therefore, the Market Area is relatively affluent compared to the Metro Area, suggesting that households have more resources to devote toward retail services and goods.

Employment

By 2015, more than 4,000 jobs are forecast to be added in the PMA. Employment over the decade is anticipated to increase 15.1% in the PMA, compared to 14.4% throughout Dakota County and 9.7% in the Seven-County Metro Area. Between 2000 and 2010, the PMA gained about 13,553 jobs (+17.7%), with significant gains in the following sectors: Education and Health Services (+8,848); Information (+6,937); Trade, Transportation and Utilities (+3,190); and, Financial Activities (+2,773).

Improved hiring in the region is generating a return to the workforce for many individuals who had previously stopped looking for work. Eagan's labor force expanded by 1.2% through the first nine months of 2011, the largest increase in the Central Commons Market Area. The labor force in Dakota County increased 0.7% while the Seven-County Metro Area experienced labor force growth of 1.0%. Less than 14% of the workers in Eagan also live in Eagan, the remaining 86% commute from other communities. This indicates that the City of Eagan is a strong importer of workers. St. Paul, Minneapolis, Apple Valley and Burnsville round out the five most common home destinations for workers employed in Eagan. Eighty three percent of Eagan's residents work outside the City, with most commuting to Minneapolis for employment. Other top destinations include St. Paul and Bloomington, both of which are outside the PMA.

Retail Sales and Consumer Expenditures

Overall, residents from the Central Commons PMA are estimated to have spent approximately \$2.4 billion on retail goods and services in 2010, excluding housing, finance/insurance, and travel expenditures as well as vehicle purchases. Average annual expenditures (excluding the categories mentioned above) are estimated to be \$32,781 per household in the PMA. This compares to a Metro average of \$27,793 per household in 2010. In virtually every product and service category, expenditures by PMA households are substantially higher than the national average and somewhat higher than the Twin Cities Metro Area.

In 2010, the PMA had leakage in retail sales in nearly all retail industry groups except for Other Motor Vehicle Dealers, Electronics and Appliance Stores, Florists, Direct Selling Establishments, and Special Food Services. Highest leakage in retail sales occurs in Clothing Stores and Furniture Stores with factors of 74.0 and 60.0, respectively. Other sectors with high leakage include: Shoe Stores; Jewelry, Luggage, and Leather Goods Stores, and Specialty Food Stores. Considering the forecasted age distribution and household incomes of the PMA population, store types with high potential include: Clothing Stores; Furniture Stores; Home Furnishings Stores; Sporting Goods, Hobby, Musical Instrument Stores; and, Health and Personal Care Stores.

Food Services and Drinking Places represent the largest number of retailers in Eagan at 29.2%. Electronics and Appliance Stores represent 11.0% of all retailers in the City and Miscellaneous Store Retailers represent 10.5% of all retail businesses. By comparison, Food Services and Drinking Places represent 36.0% of all retailers in the Central Commons Area. Personal Care Services establishments are the second most common business in the area, at 9.0%.

Regional Retail Market Conditions

After steadily increasing the past several years, retail market conditions seem poised for recovery as increasing employment and consumer spending will boost demand for retail space. The retail vacancy rate declined in the Metro Area from 7.3% at the end of 2010 to 6.3% during the third quarter of 2011. Regional centers posted the lowest vacancy rate in the Metro Area (3.3%), while Neighborhood centers posted the highest (9.6%). Southeast Submarket retail centers posted a vacancy rate of 5.2% in 2011, slightly higher than the previous two years. Regional centers posted the lowest vacancy rate at 2.4%. Neighborhood centers posted a vacancy rate of 9.9%, while community centers had a 4.3% vacancy rate.

Maxfield Research identified 29 retail centers with available space in the PMA. Combined, the spaces include nearly 3.1 million square feet posting a vacancy rate of approximately 8.3%. With 1.2 million square feet of space, Eagan contains 37% of the inventory and 38% of the vacancy in the Trade Area. Apple Valley contains 36% of the inventory with 1.1 million square feet but only 22% of the vacancy. Much of the retail space in Eagan was built in the 1980's and 1990's when the city's population experienced rapid growth. Only two of the actively marketing properties were built in the past ten years. Diffley Marketplace and The Shoppes at Diffley Crossing both opened in 2008. These two projects are 1.6% and 6.5% vacant, respectively.

EXECUTIVE SUMMARY

Retail Development Potential

Maxfield Research, Inc. expects that the Site can capture approximately 630,000 to 940,000 square feet between now and 2020. Recruiting a mix of retailers that provide goods and services not already present in the market will increase the likelihood that the higher end of this range can be achieved.

Conclusions and Recommendations

The Site has several characteristics that make it a strong location for a potential lifestyle/open-air center development as the term is defined by the Minnesota Shopping Center Association (MSCA), namely a “nonenclosed center that is 400,000 square feet or larger”. This definition provides the clearest basis for our analysis, but we make the distinction because the term “lifestyle center” by itself, is sometimes used to describe a particular subtype of open air center. The Site has this potential because it is situated in a solid existing retail trade area with high incomes, and is surrounded by other commercial uses as well as large employment centers. While the local retail market has been sluggish, it is exhibiting signs of improvement with gradually declining vacancy rates and increasing development activity. More retailers are seeking to expand into new locations and the grocery and general merchandise segment is performing particularly well. Consumer spending and retail sales trends in the PMA support a perception that Eagan is currently “under-retailed”. As of 2010, total leakage of retail expenditures from the PMA is estimated to be at 21%, indicating a significant loss of potential sales outside the area.

Lifestyle/open-air center development potential on the Site is high, and the risk of cannibalization can be minimized through targeted tenant recruitment efforts. The CSM proposal to develop between 480,500 and 525,000 square feet of retail space on the Site will fulfill between 50% and 56% of the projected demand by 2015. Considering the current leakage of retail sales outside the PMA, it appears that a summer 2014 delivery of the project can be supported as the right mix of tenants could satisfy demand that exists today.

Inclusion of new retailers not already serving the local population will help reduce the leakage factor in the PMA as local residents begin making a portion of their purchases locally that were previously made outside the PMA. Leakage will also be reduced as residents from outside the PMA will travel to the proposed development due to the availability of a new variety of goods. The underlying effect of the increased traffic generated by the proposed development can strengthen the local retail market. While some existing tenants in the area may be interested in relocating into the new center, this risk can be nullified if the developer and City policy-makers collaborate to discourage this from happening. Additionally, there appears to be enough demand potential to fill the new center with a mix of retailers not already located in the area.

Retail businesses with the greatest potential on the Site include: Clothing Stores; Furniture Stores; Shoe Stores; Jewelry, Luggage, and Leather Goods Stores; Specialty Food Stores; Home Furnishings Stores; Sporting Goods, Hobby, Musical Instrument Stores; and, Health and Personal Care Stores. More detailed findings and recommendations can be found in the *Conclusions and Recommendations* section on pages 70 to 74 of this report.



Stantec Consulting Services Inc.
2335 Highway 36 West
St. Paul MN 55113
Tel: (651) 636-4600
Fax: (651) 636-1311

July 23, 2014

Attention: Tom Link, Community Development Director
City of Inver Grove Heights
8150 Barbara Avenue
Inver Grove Heights, MN 55077

Reference: Stantec Proposal
Inver Grove Heights Retail Analysis

Dear Tom:

Thank you for inviting Stantec to submit a proposal for a retail analysis of the City of Inver Grove Heights, in particular the Arbor Pointe neighborhood.

It is our understanding that Arbor Pointe has experienced several store closings recently, which have sparked concern about what can and should be done by the City to reverse the trend and support new private investment. However, before any substantive action is taken by the City, planning staff is interested in understanding the market dynamics of the situation in order to inform and guide any such actions.

The attached work plan, therefore, is intended to provide the City with data and analysis of the current retail market, with specific attention given to the level of supportable retail development within each of the City's commercial districts. In addition, extra attention will be given to the unique conditions surrounding Arbor Pointe with recommendations to attract new retail investment or convert existing properties to other more viable uses.

The proposed fee to complete the retail analysis is \$8,750. If the proposal or work plan does not meet your needs, please let me know. We would be happy to discuss how to modify the proposal or work plan to best meet the needs of Inver Grove Heights.

Sincerely,

STANTEC CONSULTING SERVICES INC.

A handwritten signature in black ink that reads "Jay M. Demma".

Jay Demma, AICP
Project Manager
(651) 967-4551
jay.demma@stantec.com



Work Plan

Task 1: Project Initiation Meeting

Before any work begins, Stantec will hold a project initiation meeting with representatives from the City of Inver Grove Heights to set the study's framework. The purpose of this meeting will be to:

- Review study objectives
- Identify critical deadline dates and milestones
- Refine the work program for the study, if necessary
- Identify any relevant data the City may have that would pertain to the study

Task 2: Overview of Retail Centers and Goods

This task will provide a basic understanding of the forces that affect the form, size, and location of retail centers.

Task 3: Overview of Relationship between Retail Demand and Demographics

This task will address demographics on a general scale and introduce the concepts of consumer segments and the value of alignment between tenants and surrounding households (as measured through demographic information).

Task 4: Analysis of Existing Retail Districts

This task will profile existing retail districts in Inver Grove Heights by conducting the following subtasks:

- Map the district's location
- Note the size and mix of stores in the district
- Identify the general market position of the district
- Assess the vacancy and lease trends of the district
- Interview commercial real estate brokers familiar with the retail market in Inver Grove Heights or Dakota County regarding market trends (lease rates, vacancy rates, and the types of businesses driving demand) and their perception of the need for additional retail space in each trade area – specific questioning will be directed to the situation in Arbor Pointe

Task 5: Definition of Trade Areas for Each Retail District

This task will define the trade areas for each retail district based on location of competitive retail districts, market position, natural and man-made barriers, and highway accessibility.

Task 6: Trade Area Demographic Analysis

This task will analyze the demographic composition of each trade area defined in Task 5, including population, households, incomes, and number of daytime workers.

Task 7: Calculation of Retail Demand for Each Trade Area

This task will quantify retail demand in each trade area (current and projected) by converting the demographic data analyzed in Task 6 into purchasing power and then comparing against the existing supply



July 23, 2014

Tom Link, Community Development Director

Page 3 of 5

of retail space. The outcome will be a determination of how much spending flows in and out of each trade area and could be the basis for capturing additional demand.

Task 8: Conclusions and Recommendations

This task will synthesize the results of the previous tasks into a set of conclusions that address the market potential for retail development that can be supported in the City. Specific recommendations regarding the potential of Arbor Pointe to absorb additional development or convert existing properties to other uses will be provided as well.

Deliverable

A memorandum summarizing the research findings and conclusions with supporting text, maps, tables, and graphics will be produced by Stantec. The report will be issued in an electronic PDF format.

Schedule

The time needed to complete the tasks outlined above is approximately 4 to 6 weeks.

Compensation

We propose to complete the Inver Grove Heights Retail Analysis for \$8,750. This cost includes reimbursable expenses, which may include, but are not limited to, data acquisition, copying services, postage and delivery services, fax charges, graphic materials, and mileage.

Disclaimer

The objective of this research assignment is to gather and analyze as many market components as is reasonable within the time limits and projected staff hours set forth in this agreement.

Certain information and statistics contained in the report, which are the basis for conclusions of the report, will be furnished by other independent sources. While we believe this information to be reliable, it has not been independently verified by us, and we assume no responsibility for its accuracy.

Key Personnel and Relevant Experience

Stantec's team of qualified consultants will assist the City of Inver Grove Heights with a retail analysis that will focus on the market support within the City's major retail districts. Our project team brings expertise in:

- Retail trade area analysis
- GIS mapping and data analysis
- Market research
- Site local strategy and analysis
- Metro and trade area demographic and economic analysis
- Stakeholder/community engagement
- Transit corridor planning and development



- Land use planning

We're excited to apply our knowledge and skills to provide the City of Inver Grove Heights with accurate, up-to-date information that can help City staff and elected officials make strategic decisions regarding the City's retail situation.

JAY DEMMA – PROJECT MANAGER



As project manager, Jay will serve as your primary contact and be responsible for delivering the project on time and within budget. Jay's project management experience guiding retail analyses spans nearly two decades with recent projects including the Brooklyn Park Town Center Retail Analysis, the Plymouth Four Seasons Mall redevelopment study, the Oakdale Mall redevelopment study, the Stadium Village Station Area market study, Newport redevelopment study, and the Sauk Rapids retail study. His involvement in these and other retail redevelopment projects means he understands what's needed to successfully deliver this project.

HONGYI DUAN – GIS COORDINATOR



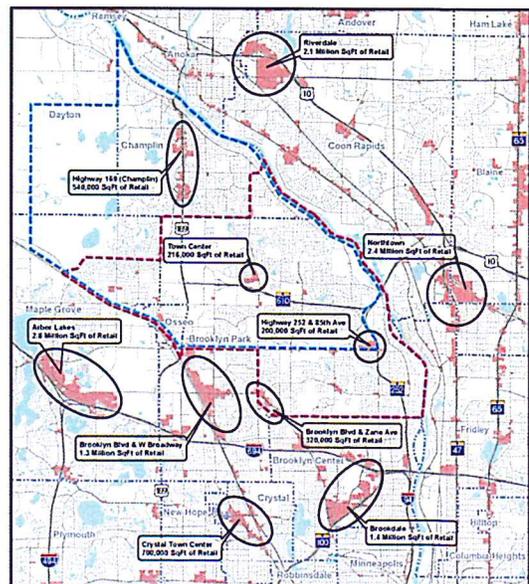
Hongyi will serve as the GIS coordinator. She's recently developed GIS maps for several retail studies including the Brooklyn Park Town Center Retail Analysis, the Plymouth Four Seasons Mall redevelopment study, the Oakdale Mall redevelopment study, the Stadium Village Station Area market study, and the Newport redevelopment study. In addition, Hongyi's extensive experience providing GIS services for comprehensive land use plans means she's adept at mapping and analyzing critical data used for making land use decisions.

City of Brooklyn Park – Town Center Retail Analysis

Stantec analyzed the potential impact a proposed retail district would have on the development potential of the City's Town Center. Anchored by a Wal-Mart, the proposed district would be less than two miles from the City's Town Center.

Trade areas were defined for each district, competitive districts were mapped and profiled, and calculations were prepared in order to gauge current and future spending power. The findings indicated that only one of the two districts could function as a community retail district while the other one would be relegated to a lower functioning retail district primarily serving local residents.

REFERENCE:
Amy Baldwin, Director of Economic Development
763-493-8058



Retail Trade Areas



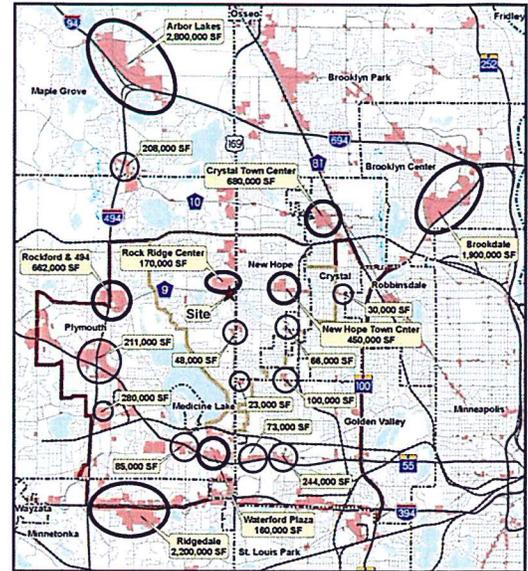


Plymouth, MN – Four Seasons Mall Market Study

Stantec conducted a market study for potential uses on this site of a largely vacant shopping center. The site had numerous features that made the site unique including its gateway location, challenging access, poor soil conditions and adjacency to a long established residential neighborhood. Potential uses analyzed included community retail, neighborhood-oriented retail, general office, medical office and residential with a particular emphasis on several forms of senior housing.

The market analysis identified significant near term changes that would be occurring in the Plymouth market due to a substantial aging of the population. The market study was integrated into a larger planning and design process including traffic analysis and concept plan generation. Ultimately, the study will be used to help guide the creation of implementation tools and design guidelines to foster a climate for reinvestment and neighborhood harmony.

REFERENCE:
 Steve Juetten, Community Development Director
 763-509-5401



Trade Area Retail Districts
 Plymouth Four Seasons Mall Market Study

Legend:
 - Commercial Land Use (Red)
 - Community Retail Trade Area Boundary (Dashed line)
 - Neighborhood Retail Trade Area Boundary (Solid line)

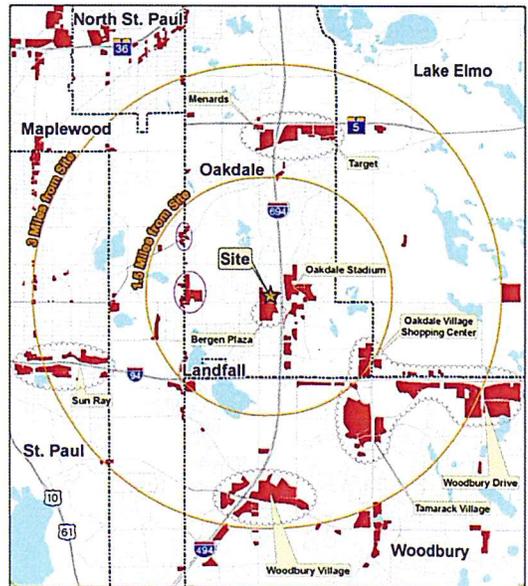
Scale: 0 to 7,000 Feet
 Date: April 20, 2011
 Bonestroo

Oakdale, MN – Oakdale Mall Redevelopment Study

Statec conducted a market study for potential uses located on the site of a vacant shopping center. Potential uses analyzed included neighborhood-oriented retail, market rate apartments, senior housing, and commercial office space. Based on the analysis, it was concluded that the site could support a variety of new uses as well as reconfigured retail. However, given the excess capacity of retail and office space at competitive properties with better access, recommendations focused on limiting the amount of new retail and office space and integrating a higher proportion of housing.

The market analysis was then integrated into a larger planning process that resulted in a final framework plan, Planned Unit Development (PUD) implementation tools, and design guidelines. Each element of the plan is intended to foster a climate for reinvestment of a vibrant, financially feasible, mix of retail, office, residential, and public uses within a pedestrian-scaled setting.

REFERENCE:
 Bob Streatar, Community Development Director
 651-730-2806



Retail Competition Trade Area
 Oakdale Mall Market Study

Legend:
 - Municipal Boundary (Dashed line)
 - Regional Draw (Dotted line)
 - Local Draw (Solid line)
 - Retail Land Use (Red)
 - Open Water (Blue)

Scale: 0 to 4,000 Feet
 Date: January 13, 2010
 Bonestroo

MEMO

CITY OF INVER GROVE HEIGHTS

TO: Inver Grove Heights Economic Development Authority
FROM: Thomas J. Link, Director of Community Development
DATE: July 22, 2014 for EDA Meeting of August 11, 2014
SUBJECT: Draft 2015 Budget

1. ACTION REQUESTED: The Inver Grove Heights Economic Development Authority (EDA) is to consider recommending approval of the draft 2015 budget for economic development, as attached.

2. ANALYSIS: Personnel, including salary and benefits, is essentially the same as the 2014 budget. It assumes that the Community Development Director spends approximately 10% of his time on economic development activities. The Recording Secretary's attendance continues to be considered part of the regular forty hour work week, thus avoiding the additional cost of overtime. This will be reconsidered if the Community Development Department's workload increases.

Professional Services includes \$17,500 for the city attorney, bond counsel, and financial consultant. The city attorney's budget has been increased from \$4,000 to \$13,000 to reflect actual expenditures of the last two years. Legal services are necessary on various issues, such as acquisitions, financial assistance programs, development districts, business subsidy policy, and regular attendance at EDA meetings. The fiscal consultant and bond counsel services is proposed to increase from \$2,500 to \$4,500. These services are necessary for acquisitions, financial assistance, business subsidy policy, bylaws, resolutions and, as necessary, EDA meetings.

Professional Services would also increase from \$11,300 to \$16,300 for Other Professional Services. This includes \$6,300 for the contract with Minneapolis Consortium of Community Developers for the 'Open to Business' small loan/technical assistance program. It also includes \$10,000 for economic development consultant services related to Concord redevelopment, the Gun Club site, and/or an analysis of retail activities.

Other Services includes \$25,000 for Progress Plus membership. It also requests funds for occasional publications of public hearing notices, membership in the Economic Development Association of Minnesota (EDAM), and attendance at the EDAM conference, public finance seminar, and Chamber of Commerce and Progress Plus annual meetings. Published notices has been increased from \$200 to \$7,000 to reflect the cost of creating economic development districts. The budget also includes \$500 for the City Administrator and Police Chief's membership in the River Heights Chamber of Commerce.

The total 2014 EDA proposed budget is \$84,000, compared to the 2013 budget of \$60,900. This reflects the increased level of economic development activity with retail analysis, the Gun Club site and especially the Concord area.

The EDA activities continue to be funded from the previous transfer from the Host Community Fund and a \$500 transfer from the general fund. A long term revenue source has not yet been identified.

3. RECOMMENDATION: Staff recommends approval of the Economic Development Authority's draft 2015 budget, as attached.

Enc: Proposed 2015 Budget

cc: Jennifer Gale, Progress Plus

City of Inver Grove Heights Proposed 2015 Budget

EDA Summary

Act Number	Account Description	2012 Actual	2013 Actual	2014 Amended Budget	09/31/14 Actual	2015 Department Request	2015 City Admin Recommended	2015 City Council Adopted	2016 Department Request
	Miscellaneous Revenues	1,947	(242)	3,500	2,817	2,300	0	0	500
	Other Financing Sources	1,000,052	339,578	500	0	500	0	0	500
	Total Revenue	1,001,999	339,336	4,000	2,817	2,800	0	0	1,000
	Personnel	15,015	19,603	15,300	3,541	15,600	0	0	15,900
	Prof/Tech Services	15,681	90,215	17,800	3,821	33,800	0	0	34,500
	Purch Svcs - Prop/Equip	0	283	400	108	500	0	0	500
	Other Purchased Services	25,576	26,105	27,200	16,949	34,100	0	0	34,800
	Supplies	0	0	200	0	0	0	0	0
	Capital Outlay	604,310	180,758	0	5,000	0	0	0	0
	Total Expense	660,582	316,964	60,900	29,419	84,000	0	0	85,700
	Revenues Over (Under) Expenditures	341,417	22,372	(56,900)	(26,602)	(81,200)	0	0	(84,700)
	Additional Receipts of Cash:								
	Loan from Host Community Fund	1,000,000	0	0	0	0	0	0	0
	Additional Outlays of Cash:								
	Land Available for Sale	1,000,000	138,500	0	0	0	0	0	0
	Increase (Decrease) in Cash	348,420	116,826	(56,900)	(26,602)	(81,200)	0	0	(84,700)

City of Inver Grove Heights
Proposed 2015 Budget

EDA 290

Acct Number	Account Description	2012 Actual	2013 Actual	2014 Amended Budget	09/31/14 Actual	2015 Department Request	2015 City Admin Recommended	2015 City Council Adopted	2016 Department Request
3610000	INVESTMENT EARNINGS	1,945	-242	3,500	2,817	2,300			
3660000	OTHER REIMBURSEMENTS	2	0	0	0	0			
	Miscellaneous Revenues	1,947	(242)	3,500	2,817	2,300	0	0	500
3911000	OPERATING TRANSFERS IN	1,000,052	339,578	500	0	500			
	Other Financing Sources	1,000,052	339,578	500	0	500	0	0	500
	Total Revenue	1,001,999	339,336	4,000	2,817	2,800	0	0	1,000

Memorandum

To: Inver Grove Heights Economic Development Authority

CC: Tom Link

From: Jennifer Gale

Date: 8/7/2014

Re: Progress Plus 2014 Work Plan and Activities Report

2014 Work plan and Activities Report

2014 Work Plan activities

- Placed Inver Grove Heights article #2 through Vocus media outlet. The focus was on destination retail success because of the support of the local community. Hometown Meats was the featured business. See Attached.
- Progress Plus has completed the Dakota and Ramsey county Economic Impact Study of the Union Pacific Railroad. See attached.
- Submitted the MNCAR course description for accreditation to host a broker class on October 16th. See attached.
- Drafted the community meeting template for Arbor Point this fall. See attached.
- Met with Paulxo Management group to discuss how we can assist them from a city, community and business level.
- Submitted a letter from the Chamber along with Rep. Atkins and Mayor Tourville to support the Rainbow store employee petition to the Hy-Vee real estate team.
- Met With Frank Rauschnot to discuss his business plan and relocation efforts.



Thursday August 7, 2014

Sunday Print Edition + Unlimited Digital Access
\$12 for 10 weeks + \$10 Gift Card
 Subscribe Now
 StarTribune

News Local Sports Business Politics Opinion Lifestyle Entertainment

Obituaries Classifieds Autos Housing Jobs



Weekly ads Local Nation World Science Investigators Traffic Weather Obituaries Minnesota Topics



Erin Nebben isn't a number. She's family.
 Learn more at **KleinBankFamily.com**
 Member FDIC

Business

Markets	Minnesota Stocks	Stocks	Funds	Sectors	Tools
Overview	Market News	Market Videos	Currencies	International	Treasury & Bonds

Ticker Symbol or Company Name GET QUOTE Search InvestCenter

Recent Quotes My Watchlist Indicators Local Stocks

U.S.-based middle-market companies poised for opportunities in China
Find out more

The guide that will help you understand technical analysis
FREE Guide

By: Madvine Financial Content via News | Top US PR News

July 22, 2014 at 04:00 AM EDT

"Old School" Approach Helps Hometown Meats Find Years of Success and Strong Connection to Customers

Community loyalty to local business continues to strengthen Inver Grove Heights' economic development.

Inver Grove Heights, MN (PRWEB) July 22, 2014

In an era of superstores that offers customers more choices than ever, a local business has found that bringing back an older tradition has given them to chance to find success that are rooted in strong connections with customers.

In August, Hometown Meats, located two miles east of Highway 52, at the intersection of 80th Street and Cahill, will celebrate its sixth year in business. Owner Rob Reitberger is an Inver Grove Heights native and Simley High School graduate and his wife and co-owner, Robin is from neighboring South St. Paul. They decided to bring back a tradition to help them compete in a changing retail market.

Hometown Meats is a throwback to the neighborhood butcher shop, updated to reflect today's faster pace but devoted to customer service. "We pride ourselves on greeting our customers by name and knowing what they want to order before they do," said owner Rob Reitberger. "People have more choices and options today than ever before. We worked hard to create a business that connects and serves our customers in a way that builds a long-term relationship that is good for everyone."

One of their goals when they opened their shop was to restore that hometown, neighborly feeling to everything they did. Hometown Meats invests in the community and the community invests back in them. The Reitberger's will specially make products using customers' family recipes. "Last Christmas, a customer had 30 family members coming into town and he asked us if we would be able to make this old-fashioned potato sausage that had been their family's tradition for years. We gave it a try and now it's in our sales rotation," recalled Rob. "Its that type of connection to the community that makes our job so worthwhile," added Robin.

That community connection runs deeper than just Rob and Robin's hometown roots. About eleven years ago Robin was in a very serious automobile accident and she spent 30 days in the hospital. The Inver Grove Heights community rallied around Robin and her family; bringing food and helping in all sorts of ways. "This shop is kind of a way for us to pay back the people in this town for everything they did for us. We want to set an example for our kids so they can truly see what it means to be a part of something bigger than themselves," commented Robin. "Inver Grove Heights and South St. Paul are the types of communities that embrace and support their local small businesses. We are so proud to be a part of this community," added Rob.

Rich Whelan, a loyal customer who visits Hometown Meats twice a week since they opened, says, "I keep going back to Hometown Meats because of the combination of the quality of their products and their connection with the community." Whelan goes on to say that he "finds value in Hometown Meats" that a corporate grocer could not give him.

"Traditional" Social Media Marketing

Hometown Meats relies mainly on word of mouth and customer loyalty to market their shop and six years later, their efforts are working. To thank customers like Rich, Hometown Meats offers a Loyalty Card. After purchasing a certain amount of dollars, the Hometown Meats Loyalty Card offers customers a significant discount on their next order. Rob and Robin are very active with Simley High School which is located across the street from their shop. "Our location sees a lot of traffic and we advertise at most of the high school's athletic events. The school is one of our best customers! The athletic teams buy hot dogs and burgers for most of their events and we will donate portions of our sales to the athletic department. It's a great connection," explained Rob.

Added Robin, "And, the River Heights Chamber of Commerce has also been very good to us. We are members and we know many of the Chamber's members go out of their way to support us. It's just another example of how this community works together."

Inver Grove Heights City Council member and President of the Economic Development Authority, Rosemary Piekarski Krech, confirmed the city's commitment to small businesses. "The EDA offers a number of different tools to help new and existing businesses build and grow in Inver Grove Heights. We know how critical these businesses are to the area's economic health and want to make sure we are doing what we can to help them succeed."

Part of that economic development arm is Progress Plus which "works with the Cities of Inver Grove Heights and South St. Paul to assess the needs of the overall community and grow the region's economic base," explained Jennifer Gale, President, Progress Plus. "Hometown Meats is a great example of what matters most for businesses; customers and the community. Small business is the backbone of this country and Hometown Meats is doing it right."

###

For the original version on PRWeb visit: <http://www.prweb.com/releases/2014/07/prweb12035172.htm>

0 Comments FinancialContent

Login

Sort by Best

Share Favorite



Start the discussion...

Be the first to comment.

Subscribe

Add Disqus to your site

Comcast's \$2.2 Trillion Nightmare

Imagine what cable companies would do if everyone stopped watching...

Well, after some number-crunching, The Motley Fool determined that industry big wigs like Comcast would lose \$2.2 trillion! And tech moguls like Apple and Google are convinced that Comcast's nightmare scenario is approaching faster than you think...

Experts are calling it "The Death of Cable TV." All because 3 little-known companies could allow 99% of Americans to drop their cable bills - and bankrupt Comcast! Just enter your email:

Enter email address...

Click Here, It's Free!

Privacy/Legal Information

Economic Contribution of Proposed South St. Paul Union Pacific Rail Yard Improvements

A REPORT OF THE ECONOMIC IMPACT ANALYSIS PROGRAM

July 2014

Brigid Tuck, Senior Economic Impact Analyst
Owusua Yamoah, Community Economics Intern
Neil Linscheid, Extension Educator

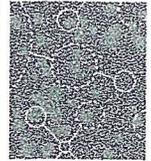
Report Reviewers:

Joyce Hoelting, Assistant Director, University of Minnesota Extension Center for Community Vitality
Matt Kane, Program Leader, University of Minnesota Extension Center for Community Vitality
Cameron Macht, Regional Analysis and Outreach Manager, Minnesota Department of Employment and Economic Development
Bruce Sorte, Extension Community Economist, Oregon State University

Sponsors:

Progress Plus





Economic Contribution of Proposed South St. Paul Rail Yard Improvements: Executive Summary

- *Background:* Railroads are a critical component of Minnesota's transportation infrastructure. Recent economic and industrial trends have increased demand for transportation by rail in Minnesota. As demand for rail transportation increases, railroad companies are investing in improvements to enhance efficiency to move freight throughout the system. Union Pacific is one railroad looking to improve its efficiency in Minnesota, specifically in its South St. Paul rail yard. Progress Plus, an economic development foundation of the River Heights Chamber of Commerce, commissioned University of Minnesota Extension to explore the rail yard's economic contribution.
- *Direct Spending and Employment:* Union Pacific spent \$36.1 million in Dakota and Ramsey counties in 2013 to operate the South St. Paul yard. The railway employs 118 residents in the two counties, paying \$7.4 million in compensation annually to those employees. Union Pacific has over 300 employees based from the rail yard.
- *Economic Contribution of Operations in Dakota and Ramsey Counties:* Union Pacific's current operations of the South St. Paul rail yard contribute an estimated \$63.0 million in economic activity to the economy of Dakota and Ramsey counties. This includes an estimated \$17.0 million of labor income for residents of the counties in 2013. The operations support an estimated 310 jobs in the counties.
- *Economic Contribution of Operations in Minnesota:* Union Pacific's operation of the South St. Paul rail yard generates an estimated \$211.8 million of economic activity in Minnesota each year. This includes an estimated \$52.0 million of labor income paid to residents of the counties and the rest of Minnesota. The rail yard supports an estimated 915 jobs in Minnesota.
- *Top Industries Effected:* Expenditures for goods and services by Union Pacific have high impacts on the engineering and architectural services industry and on the real estate industry in Ramsey and Dakota counties. Expenditures by employees of Union Pacific have high impacts on health care and real estate in the counties.
- *Economic Contributions of Increased Freight Capacity:* Increased efficiency in the rail yard has the potential to increase the level of throughput in the yard. If Union Pacific increases its expenditures by 5 percent (projected short-term growth level), then the economic contribution of the South St. Paul rail yard in Dakota and Ramsey counties would increase to an estimated \$66.6 million each year, including 330 jobs and \$17.8 million in labor income. If Union Pacific increases its expenditures by 25 percent (projected long-term growth level), then the economic contribution of the South St. Paul rail yard would increase to an estimated \$79.3 million, including 395 jobs and \$21.2 million in labor income in Dakota and Ramsey counties.

MNCAR
Course Outline
Growing Sales: Using the 7 Drivers of Growth and Profits to Dominate
October 16, 2014

Course Description:

Progress Plus is sponsoring a program for regional commercial real estate developers that will focus on the Growing Sales in South St. Paul and Inver Grove Heights. Elected officials, business leaders and small business owners will also attend. The goal of this program is to provide commercial realtors background on the drivers that that help provide growth and profit to your business and establish a baseline of knowledge and the tools available to help you sell a property.

Program

Content Outline	Scheduled Time	# of Minutes
Overview of Progress Plus- Intro by Jennifer Gale, President; South St. Paul Mayor, Beth Baumann and wrap up by Inver Grove Heights Mayor, George Tourville	3:00 – 3:15p.m.	15
Presentation by Jon O'Malley- Founder/CEO of YouProfit Inc.: How to Create more leverage to work ON your business	3:15 – 3:30 p.m.	15
7 Drivers of Faster Growth and Profits	3:30 – 3:45 p.m.	15
Developing Sales systems to increase closing rates	3:45 – 4:00 p.m.	15
How to find and retain better selling agents	4:00 – 4:15 p.m.	15
The secret to Eric Schmidt's (Google's Chairman) success	4:30 – 4:45 p.m.	15
Audience Q and A	4:45- 5:00 p.m.	15

(Total Program = 2.0 hours)

Learning Objectives:

- Educate participants on how to better compete in the South St. Paul and Inver Grove Heights area with competitors in the greater Twin Cities area.
- Provide participants with a strong baseline of knowledge regarding the actual drivers of their growth and profits.
- Educate participants with information that will allow them to find and retain the selling agents they need to grow as well as the systems they need to run the agents.

About Progress Plus

Progress Plus is the economic development initiative of the River Heights Chamber of Commerce that proudly represents the region of South St. Paul and Inver Grove Heights.

It's a dynamic economic region rich in transportation resources and excellent community infrastructure coupled with convenient access to the entire metro. Plus, it offers a cost of entry that provides a great ROI.

Progress Plus is a public/private partnership with a proven track record of helping business cut through red tape, set up shop and grow.

Serving Development

The cities of South St. Paul and Inver Grove Heights have been serving business and commercial enterprises of all kinds for more than a century.

Building on the area's strong work ethic nearly 20 years ago, the cities and the business community created a unique and aggressive program of economic development called Progress Plus.

This public/private partnership is designed to accommodate planned development in Inver Grove Heights and South St. Paul.

Progress Plus, an economic development foundation of the River Heights Chamber of Commerce, seats mayors, city officials, chamber of commerce officers, real estate professionals and business leaders in the community on its Board of Directors.

By implementing the program, developers, brokers, site locators and local expanding businesses are able to move their projects through the local approval process and facilitate expansion and relocation needs quickly and smoothly.

Progress Plus, as a cost free service:

- Meets regularly with city and government officials to facilitate development projects.
- Works closely with local and regional financial resources.
- Assists prospects in meeting and working with local leaders and decision makers.

- Has a time tested, proven track record of success in economic development efforts.

Bios for MNCAR- Event on October 16, 2014

Jon O'Malley - Founder, YouProfit, Inc.
721 Greeley St. S., Stillwater, MN 55082
651-275-8999, jon@youprofitcoaching.com

Since 2006, Jon O'Malley has helped hundreds of small business owners increase their revenues, improve their profits, build better teams, and helped them learn to take back their personal time. Jon has owned four companies, sold two, and now works full time helping other entrepreneurs build and develop their businesses into that which they intended them to be. Jon has been recognized internationally in the business coaching community for the results he has helped his clients attain, which has led to his winning several highly sought after awards out of thousands of business coaches throughout the world. He is the author of the forthcoming book Double Your Business Profits by Working Less.

Beth Baumann - Mayor, City of South St. Paul
125 Third Avenue North, South St. Paul, MN 55075
612-308-2554, Bethannbaumann@comcast.net

Beth Baumann has been the mayor of the City of South St. Paul since 2003 after serving as a City Councilmember for two years. In her role as mayor, she has successfully partnered with the business community, brokers, developers and Progress Plus to bring economic development and redevelopment to South St. Paul. Her goals have been to make South St. Paul more financially viable and lessen its dependence on Local Government Aid.

She is currently employed at Wells Fargo Shareowner Services as the Vice President of Business Process and Quality. In that role she creates efficiencies by utilizing business process improvement and organizational design methodologies.

Beth serves as a board member of Inver Hills Community College Foundation, South St. Paul Future, Inc, Progress Plus and served as co-chair of the Neighbors, Inc. Capital Campaign.

George Tourville - Mayor, City of Inver Grove Heights
8150 Barbara Avenue, Inver Grove Heights, MN 55076
612-961-6705, gtourville@comcast.net

George Tourville grew up in South St Paul and attended South St. Paul High School. Attended the University of Minnesota before going into the Air Force and serving as a Medic. Worked as a Paramedic for 12 years at Divine Redeemer Hospital and spent 25 years in the Telecommunications Business. Currently working at Short Elliott Hendrickson as a Senior Sales

Manager. George has been on the Inver Grove Heights City Council for 21 years before serving as Mayor of Inver Grove Heights the last 10 years.

MEMO

to: Jennifer Gale, Progress Plus

date: Wednesday, August 6, 2014

re: "A Series of Community Conversations"

Progress Plus, an economic development foundation of the River Heights Chamber of Commerce serving the cities of South St. Paul and Inver Grove Heights, seeks to address business retention concerns within the region. The member cities, South St. Paul and Inver Grove Heights, have much to offer potential new businesses including convenient access to transportation options, city government financing tools, and an available and skilled workforce. Despite these advantages, some pockets within the region continue to face difficulties with attracting and retaining businesses. In an effort to proactively address this growing concern we present the following proposal detailing *A Series of Community Conversations about Economic Development*.

First, in potentially a series of conversations, Progress Plus seeks to initially focus on the Arbor Pointe region of Inver Grover Heights. Despite the advantages of locating a new business in the city, some regions have faced complications. Our goal is to explore, through a facilitated conversation among key constituents, why these complications arise; and moving forward how to eliminate these issues to ensure businesses experience success and neighborhoods prosper.

PART ONE: The Conversation

Participants

Rather than approaching the issue in a focus group setting, CKG suggests promoting a dialog and conversation among the various constituents. The targeted audiences would include:

- City government officials and staff
- Representatives from the banking and finance community
- Residents from the Arbor Pointe neighborhood

These key players bring different perspectives, different ideas and different understandings of what is needed to make a particular region a success. What they have in common is a desire to see the region succeed. By promoting a conversation

among these groups, Progress Plus will empower these key audiences to better understand other perspectives and how those perspectives can and must work together in order for the region to truly experience the growth and prosperity the parties seek.

CONNOLLY KUHL GROUP



This conversation will serve the multi-purposes of providing information, generating ideas, strengthening connections and creating new connections that will ultimately address the long term interests of the region. By bringing these diverse groups together, creating dialog and united the key constituents around a shared vision and shared goals, Progress Plus will help lead the region toward a new and more sustainable environment of economic development.

Topics Addressed in the Community Conversations

Current Setting

In order to move forward, the parties will be asked to pause, reflect and make an honest assessment of the current setting. The Arbor Pointe region has experienced difficulties and seen more than one business open and close in short periods of time. While it can be difficult to pinpoint one exact reason, if left unaddressed, the perception of the region as unfriendly to business will become the reality. This potential is an outcome stakeholders in the region hope to avoid. This current situation will help frame the urgency and necessity of having these difficult discussions.

Economic development tools

With the current lay of the land in context, the conversation, through the facilitator, will shift to a dialog concerning the various city and private financing tools that are available and how those tools work to attract various types of businesses. Both the city and private finance entities have programs and approaches available for various types of businesses. Understanding not only what is available, but also how those tools address different types of businesses, will provide another layer of understanding for all stakeholders. The question is not only what do people want but what do people want in light of what can be supported.

What will attract and fit the neighborhood

The residents in Arbor Pointe are ultimately the key constituents likely to support or not support a business in their neighborhood. What the residents believe is a good fit for their neighborhood matters when determining what types of businesses to draw to the area. What the city views as economically viable or what a private financing entity feels confident supporting may or may not mesh with what residents view as a priority. Promoting a dialog to bring these differences or perhaps similarities to light will enable the region to make more informed decisions moving forward.

PART TWO: The Facilitator

CONNOLLY KUHL GROUP



In the absence of an experienced and talented facilitator, the potential for this type of conversation to become unwieldy or otherwise unproductive. The conversation also has the potential to become uncomfortable for some unless some ground rules are established in the beginning and enforced throughout. The key to ensuring the conversation remains professional, polite and productive is to utilize a skilled facilitator. To that end, CKG recommends Mike Zipko to lead the conversation and Amy Roberts to assist Mike with overall meeting management.

Mike Zipko

Mike has a strong communications and public affairs background and has helped clients work through complicated issues and challenges. His experience includes working in newsrooms, for elected officials, and helping clients for more than two decades.

Mike has worked with public and private sector clients on a number of development projects that include the Twin Cities Army Ammunition Plant, the Central Corridor, the Riverview Corridor, the Lowertown Ballpark, the Pioneer Endicott buildings, and a number of other commercial and retail projects. He also works closely with the media and other advocacy groups on related issues.

Amy Roberts

In addition to working at the Minnesota House of Representatives, Dakota County Attorney's Office, and currently with Connolly Kuhl Group, Amy spent eight years as the Director of Compliance with the Minnesota Department of Education. As Director, Amy convened multiple stakeholder meetings to address concerns with education compliance requirements. The stakeholders came from a wide spectrum of viewpoints from parent advocates, to school district administrators and teachers to social service providers. These stakeholders often held differing views concerning the state's involvement in local district matters and meetings often had the potential of becoming contentious. Amy managed these stakeholder meetings and the groups were often able to form a consensus concerning specific compliance issues.

PART THREE: Creating a Solution

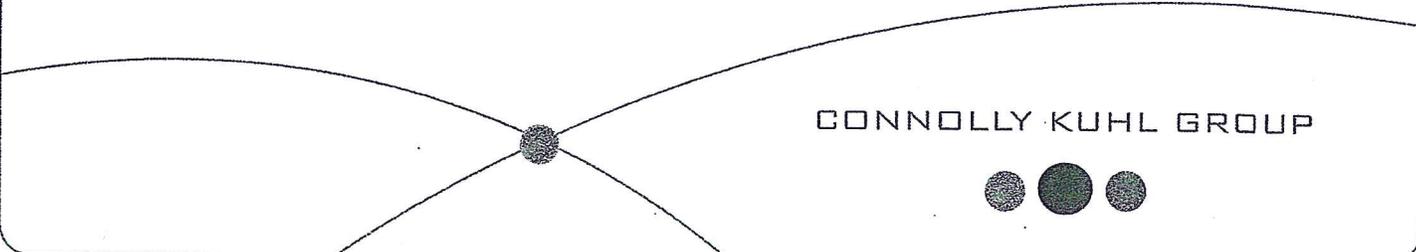
Those who are closest to the Challenge will help create the solution. We will gather information from those participating in the Arbor Pointe Community Conversation and use that input to generate momentum for future development ideas and plans. By

bringing various stakeholders together, representing different but equally critical viewpoints, these dialogs will:

CONNOLLY KUHL GROUP



- Make it possible for people to share information and ideas
- Create a community identity
- Make Arbor Pointe a more inviting place to do business
- Create an area that benefits all of the residents
- Create a human connection that can continue to grow with future development.



CONNOLLY KUHL GROUP

