

**INVER GROVE HEIGHTS ECONOMIC DEVELOPMENT AUTHORITY REGULAR MEETING
MONDAY, AUGUST 11, 2014 – 8150 BARBARA AVENUE**

CALL TO ORDER/ROLL CALL The Economic Development Authority (EDA) of Inver Grove Heights met on Monday, August 11, 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, and Finance Director Smith.

3. CONSENT AGENDA

A . Minutes

Motion by Mueller, second by Bartholomew, to approve the minutes from the May 12, 2014 Regular Economic Development Authority Meeting and the July 14, 2014 Special Economic Development Authority Meeting.

Ayes: 5

Nays: 0 Motion carried.

B. Claims

Motion by Madden, second by Bartholomew, to approve the disbursements from May 12, 2014 to August 10, 2014.

Ayes: 5

Nays: 0 Motion carried.

4. REGULAR AGENDA

A. Consider Approval of an Industrial Market Assessment for Dickman Trail Area of Concord Neighborhood

Mr. Link asked the EDA to consider approval of a proposal for an assessment of light industrial market opportunities for the Dickman Trail neighborhood. At its last meeting the EDA expressed a preference for industrial development over residential development because of the jobs it would create, compatibility with existing land uses in the area, and because it would be more appropriate given the environmental conditions of the neighborhood. The EDA expressed an interest in contacting industrial developers and exploring the feasibility of such development in the Dickman Trail area. Since that meeting staff has prepared an ownership map, met with the City of South St. Paul to discuss their experiences with industrial redevelopment, acquired the Frederick property and initiated the demolition process for the buildings, proceeded forward with the acquisition of the River Country Cooperative property, responded to inquiries from the McPhillips' regarding potential acquisition of their property, and met with economic development consultant Kirstin Barsness. At staff's request, Ms. Barsness submitted a proposal to provide an assessment of light industrial market opportunities for the Dickman Trail area. The assessment would evaluate the viability of light industrial development by interviewing developers about the attractiveness of the neighborhood, land values, type and timing of development, level of environmental remediation, level of risks, and perceptions and realities of development in the Dickman Trail neighborhood. It would also evaluate the market, identify competing sites, and assess land sale price and overall cost. The cost of the proposal is \$6,300. There is also an alternative added to the proposal which would involve talking to residential developers about what impact this industrial development would have on planned residential development elsewhere in the Concord Neighborhood. The cost for the alternate would be an additional \$875. Staff recommends approval of the Barsness proposal including the alternate service.

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Boardmember Bartholomew questioned why the proposal was to assess light industrial market opportunities rather than all industrial opportunities, as discussed at a previous meeting.

Mr. Link replied that from his perspective light industrial was a broad term which incorporated many uses, including those currently on Dickman Trail, and differed from heavy industrial which included refineries, landfills, etc.

Boardmember Bartholomew stated that although a refinery or landfill would not fit in this area, he would like the scope to be large enough to allow as heavy a use as seemed appropriate for the area.

Mr. Link stated he could clarify with the proposer that a broad range of uses was being considered.

Boardmember Tourville suggested removing the word 'light' from the proposal.

Boardmember Mueller advised that the EDA had previously discussed keeping the property I-1 rather than light industrial, to include outside storage, welding, trucks, etc.

Mr. Link advised that the zoning ordinance title for I-1 is Light Industrial; however, the word 'light' could be struck from the proposal.

Boardmember Mueller stated he thought they had discussed holding off on development of this area in order to focus on other parts of Concord instead.

Mr. Link replied his understanding was that EDA direction was to do some feasibility analysis of the potential for industrial development in the Dickman Trail area; however, that did not preclude following up with development elsewhere in the Concord Neighborhood.

Boardmember Tourville stated an analysis of the industrial market opportunities in the Dickman Trail neighborhood would be beneficial to the EDA in moving forward with existing and future property acquisitions. In his opinion approving this proposal would not be putting priority on this area before the other parts of Concord.

President Piekarski Krech questioned what staff hoped to get out of this study.

Mr. Link stated because the City is in the process of acquiring properties in that area, and at some point will be seeking out developers, the purpose of the analysis would be to explore in more detail the market, the costs, and what type of development the City could reasonably expect.

Frank Rauschnot, 6840 Dixie Avenue, requested that the zoning be clarified as changing the zoning from the existing I-1 to light industrial would make his business a non-conforming use.

President Piekarski Krech questioned when the City would determine what zoning is appropriate and the scope of what would be allowed.

Mr. Link replied that regardless of the zoning and the title the City puts on it, one of the functions of the proposed analysis would be to hear from developers what they think would realistically fit in this area. He advised that removing the word 'light' would leave a number of options open.

President Piekarski Krech questioned how the word 'light' was put there in the first place.

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Mr. Link replied that City documents have always shown that area as I-1, Light Industrial.

President Piekarski Krech asked what zoning district the landfill was in.

Mr. Link replied I-2, General Industrial.

Boardmember Tourville stated the EDA made it very clear that industrial was the best use for that area, and he saw the study as a benefit to all landowners in the Dickman Trail neighborhood.

Boardmember Mueller asked staff to point out the subject area.

Mr. Link displayed a map of the area and explained that Phase 1 would be all the properties down to and including the River Country Cooperative site; Phase 2 would include the Stanton and Bosworth properties.

Boardmember Mueller did not think the study would be very helpful at this point in time.

President Piekarski Krech asked if Ms. Barsness was involved in the original study of the Concord Neighborhood.

Mr. Link replied Mr. Barsness was not involved in the original study; however, she was familiar with the Concord area.

Mr. Rauschnot advised that the Dickman Trail area has been zoned I-1 since 1965 and he would like it to remain so. He recommended that the City clarify their intent for the use of this area in order to attract business, and he did not feel that light industrial would not be a heavy enough use.

Boardmember Bartholomew asked if the zoning code listed specific uses permitted in each of the zoning districts.

Mr. Link replied in the affirmative.

Boardmember Bartholomew asked if each of the properties shown on the map, down to and including the Bosworth property, had been zoned I-1 since 1965.

Mr. Link replied they had been zoned I-1 for as long as he was aware of.

President Piekarski Krech asked for clarification of the industrial terminology.

Mr. Link replied that the zoning ordinance identifies I-1 as Light Industrial and I-2 as General Industrial.

Motion by Tourville to approve an industrial market assessment for the Dickman Trail area of the Concord Neighborhood, and to remove the word 'light' and instead identify it simply as 'industrial'.

Boardmember Bartholomew asked staff what tools and benefits the study would provide.

Mr. Link replied the consultant would provide an analysis of the viability of industrial redevelopment in the Dickman Trail area, including discussions with industrial developers.

Boardmember Bartholomew asked what they would gain from the \$875 additional service.

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Mr. Link replied that the main proposal would involve discussions with industrial developers, whereas the alternate service would incorporate discussions with residential developers to evaluate the impact industrial uses would have on residential development in the Concord neighborhood.

Boardmember Bartholomew asked if the information gleaned from this study would be general enough to guide the City through the development process or would it be better to hold off doing the study until more properties were acquired.

Mr. Link stated it would be beneficial to do the analysis up front as the City was new to redevelopment. The study would provide direction and information regarding industrial development potential and measures the City could take to help foster development in the Dickman Trail neighborhood.

Boardmember Bartholomew asked who the consultant was who previously spoke with the EDA regarding redeveloping the area as residential or industrial.

Mr. Link replied Ehlers & Associates.

Second by Madden.

Boardmember Tourville stated this analysis could assist the EDA in making better decisions regarding this neighborhood and could perhaps result in acquired properties being marketed sooner rather than later.

Boardmember Mueller stated he would prefer to do the assessment later after more property had been acquired.

Ayes: 4

Nays: 1 (Mueller) Motion carried.

B. Consider Approval of a Commercial Retail Market Analysis for Arbor Pointe

Mr. Link asked the EDA to consider approval of a proposal for a retail market analysis. At its last meeting the EDA discussed the commercial activities in Arbor Pointe and expressed concern regarding the recent closing of Walgreens and the anticipated closing of the Rainbow grocery store, and expressed an interest in being proactive. Although the City does not own or operate any of the businesses in Arbor Pointe, the City can provide infrastructure, appropriate zoning regulations, marketing through Progress Plus, control of land uses, and perhaps financial assistance. Since the last EDA meeting staff has researched ownership, the re-use of grocery stores, and access, particularly Buchanan as it intersects with Concord. Staff spoke with one of the Arbor Pointe retail owners, an industrial developer, and two retail brokers associated with the Rainbow grocery store. Rainbow was leasing the property from Inland Properties. A representative from Inland Properties commented that although the site had good visibility and there was a good income level in the area, they lacked the density of housing and employment necessary to support a lot of retail. She asked what incentives the City might have to offer, felt there was too much retail in that area, and advised that the failure of the Rainbow store was due to management issues, not the lack of support from the community. Mr. Link advised that he also spoke with a commercial real estate broker trying to sell the Rainbow property. He commented that the site had good access and visibility; however, it was unlikely that another grocery store would go in because of the existing grocery stores in the area and the low population density in the market area. He commented that there were a number of Rainbow stores throughout the metropolitan area that have closed.

Mr. Link advised that a retail market analysis could be citywide or it could focus on a specific retail neighborhood, such as Arbor Pointe. Such an analysis would identify trade areas, analyze demographics,

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retail market conditions, calculate the retail demand, interview commercial real estate brokers, and provide recommendations for further City actions. The City requested proposals from two firms, Maxfield Research and Stantec. The proposals are generally similar; however, staff's recommendation would be to go with Maxfield because it focused specifically on the Arbor Pointe neighborhood and was a little less costly. He noted that this would not exclude future studies of retail elsewhere in the city, but would focus on staff's immediate concern regarding Arbor Pointe.

Jennifer Gale, Progress Plus, discussed a proposal to complement the Arbor Pointe retail market analysis. This proposal would include inviting City staff and government officials, Arbor Pointe residents, and banking and finance representatives to have a facilitated conversation regarding what has worked, what has not worked, and how we should move forward in the future. They would also discuss available city and private financing tools and how those tools work to attract businesses, as well as what types of businesses would the residents likely support in the Arbor Pointe area. The input from these conversations would help create a solution for future development. Ms. Gale advised that this could potentially be used as a template in other commercial areas.

President Piekarski Krech asked if this would be done through Progress Plus.

Ms. Gale replied in the affirmative, stating they would use an outside facilitator.

Boardmember Tourville felt the proposed conversation group would be useful and would allow for neighborhood involvement. He noted that the City reached out to Hy-Vee, who responded that they were not interested in putting a grocery store on the Rainbow property.

Ms. Gale advised that she is often asked by developers what incentives the City has to offer. Therefore, it would be good to have a discussion regarding financing tools available and how those tools work to attract various types of businesses.

Boardmember Tourville suggested doing a retail market analysis of Arbor Pointe and then determining whether there would be any value in analyzing other parts of the community.

Mr. Link advised that Jay Demma from Stantec was in the audience and was available for questions.

Vickie Vars, 8755 Coffman Path, President of the Ashley Ponds Homeowners Association in Arbor Pointe, stated they were concerned about the empty storefronts and the fact that they have fallen into disrepair. She suggested they be better maintained and stated that the businesses need the support of the entire community, not just Arbor Pointe residents. She advised that they sometimes feel like second class citizens both from businesses in the community and from some of the attitudes of Councilmembers.

Boardmember Tourville asked Ms. Vars if she would be interested in participating in a conversation group.

Ms. Vars replied in the affirmative.

Carmen Tipler, 8636 Bechtel Avenue, Arbor Pointe Master Association Boardmember, stated the traffic flow and configuration was complicated and made getting from one shopping area to another very difficult. She stated that losing Walgreens was especially disappointing since it was so visible at the entrance to the retail area.

President Piekarski Krech agreed that the traffic configuration was difficult, but advised that many of the traffic concerns were County issues as Concord Boulevard was a County road.

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Ms. Tipler asked the EDA to consider putting a moratorium on building new retail until the existing space was filled.

Jess Myers, 9253 Cheney Trail, stated his recollection was that at the time of Walmart's opening there was an understanding that it would not turn into a Super-Walmart with a full grocery store. With the closing of Rainbow, Mr. Myers asked if Walmart now had an opportunity to add a full grocery line.

Mr. Link stated that because Rainbow was built first there was a private restriction that the developer placed on Walmart prohibiting them from having over a certain amount of groceries. He was unsure of the language in that private agreement and whether it would affect this situation.

Boardmember Bartholomew asked if there was anything in the code that would prevent Walmart from selling fresh meat and produce.

Mr. Link replied there was not.

Boardmember Madden stated he was on the Planning Commission when Walmart was approved and there was a great amount of resistance from the neighborhood not to have a Super-Walmart. He recalled there being an unwritten agreement that Walmart would not expand to try to make it more acceptable to the neighborhood.

Mr. Myers stated he was a long-time resident of this neighborhood and was concerned about the loss of commercial businesses. He stated the Arbor Pointe commercial area is the gateway to their neighborhood and he hoped they could fill the retail. He stated that Rainbow did not fail due to lack of community support; Arbor Pointe residents shopped there and were willing to support businesses.

Frank Rauschnot, 6840 Dixie Avenue, stated that many of the problems were due to poor planning and the lack of a central corridor. He stated it does not work to have the retail areas so spread apart and he noted as an example that the City of Eagan has a clearly defined industrial park and the City of Woodbury has specific retail areas.

Ryan Rother, part owner and manager of the retail center at 9092-9170 Buchanan Trail, advised that his company developed part of the Arbor Pointe commercial area. He was concerned about the many businesses they have lost over the years and would like to be involved in helping to make this area successful. He advised that he requested Jennifer Gale's assistance and would also like to ask the City for a list of businesses that the residents would like to see in the Arbor Pointe area, a list of lenders in the community that would be willing to help people who want to get into business, and any other resources the City could offer. He stated he would like to revisit the access issue onto Buchanan Trail from Concord with the County, and stated that Arbor Pointe needed the support of the residents from the northern part of the City as well.

President Piekarski Krech asked Mr. Rother what reasons were given for the businesses leaving.

Mr. Rother stated the reasons given were lack of support by the whole community and access. He added that the closing of any business in the area negatively impacts the other businesses. He stated if the City, the residents, and the financial institutions worked together they could get this area going again.

President Piekarski Krech asked if the Arbor Pointe commercial area benefited from the traffic generated by Inver Hills Community College.

Mr. Rother replied that he did not believe so, and stated perhaps they should look at bringing in businesses that would be attractive to college students.

Boardmember Tourville advised that the Arbor Pointe business closings were caused by reasons other than just lack of support, such as family issues, finances, poor business decisions, etc. He noted that Councilmembers questioned Walgreens representatives when they requested approval to build a third Walgreens in the City.

Boardmember Madden recalled that the Walgreens representatives claimed their business came from within a two mile radius.

Mr. Myers asked if there were demolition bonds available.

Boardmember Tourville stated it was unlikely they would demolish the buildings as the taxes were being paid and they were not in foreclosure.

Boardmember Bartholomew supported the proposed meeting with Progress Plus and local citizens, stating hopefully it would give them a better idea of what the Council could do to help improve the commercial and retail business in the area.

Mr. Rauschnot stated the City should work to correct their image problem of being difficult to work with.

Boardmember Mueller stated that he preferred the Stantec proposal to the Maxfield proposal, and supported the conversation group proposed by Progress Plus to address business retention concerns.

Motion by Mueller, second by Tourville, to approve the Stantec proposal for a retail market analysis for the Arbor Pointe retail area.

Ayes: 5

Nays: 0 Motion carried

D. Receive Progress Plus Update

President Piekarski Krech advised that Item D would be discussed prior to Item C as Ms. Gale had a conflicting appointment.

Ms. Gale summarized the last quarter activities. She advised that Progress Plus placed a second press release through *Vocus* featuring Hometown Meats. It was included in seven different media outlets. They also completed the Dakota and Ramsey County Economic Impact Study for Union Pacific Railroad. She suggested setting up a private meeting later this year to discuss Inver Grove Heights' railroad issues prior to setting up a public meeting. Progress Plus submitted the MNCAR course description for accreditation to host a broker class. They are hoping to have City staff and EDA participation. Ms. Gale asked if the EDA wanted them to move forward with the community meeting for Arbor Pointe, stating if so, they would have to hire a consultant group.

President Piekarski Krech questioned whether the conversation group should take place after completion of the Arbor Pointe retail analysis or concurrent with it.

Ms. Gale stated she did not see any harm in doing them simultaneously. She advised that they sent a letter to HyVee in support of the Rainbow store employee petition and also met with Frank Rauschnot to discuss his business plan and relocation efforts.

Boardmember Mueller stated the information gained from the proposed focus group would be useful.

C. Consider Recommendation on Proposed 2015 EDA Budget

Mr. Link summarized the recommended draft 2015 budget. He advised that Personnel costs would remain essentially the same as 2014. Staff is recommending an increase in Professional Services to reflect the actual legal costs of the last two years, bond counsel and financial consultant fees, as well as Other Professional Services which includes economic development consultant services and the contract with Minneapolis Consortium of Community Developers for the 'Open to Business' program. Other Services costs would remain essentially the same as 2014, with the exception of an increase for mandatory public hearing notice in the St. Paul Pioneer Press for development districts. Staff recommends approval of the proposed 2015 budget.

Boardmember Mueller suggested the EDA pay for the EDA Executive Director's Chamber membership rather than the Police Chief's.

Mr. Link thanked Boardmember Mueller for the reminder regarding that item. He noted that the budget currently pays for membership with the River Heights Chamber of Commerce for the City Administrator and the Police Chief; there was some discussion of that a few meetings ago and the EDA indicated they would like to discuss it further.

President Piekarski Krech stated she would be in favor of dropping the Police Chief's membership as she did not think he was an active member of the Chamber.

Ms. Gale advised that the Police Chief attends all local issues meetings.

President Piekarski Krech questioned whether a membership would be necessary to attend those meetings. She asked Mr. Link if he attended most of the meetings even though he was not a member.

Mr. Link replied in the affirmative.

President Piekarski Krech asked what the benefits would be to having the Police Chief be a member of the Chamber other than attendance at the meetings.

Mr. Link advised that historically the Police Chief has been a member of the Chamber, with the rationale being that the Police Chief should have ongoing communication with the business community regarding safety and crime.

President Piekarski Krech stated it made more sense for the Executive Director to be a member of the Chamber than the Police Chief.

Boardmember Tourville suggested perhaps negotiating the Chamber membership so that various staff members could attend the various meetings.

Ms. Gale stated that the Police Chief's involvement allowed business owners to access his contact information quickly and easily and was also a networking opportunity which allowed business owners to get to know the Police Chief and feel comfortable calling him with issues regarding their business.

Boardmember Mueller stated that Ms. Gale's comments clarified the situation and he supported the previous suggestion of paying for two City memberships but not specifying who they were for.

Ms. Gale advised that the City memberships were at a reduced level, similar to that of a politician or clergyman, and were mainly a means of gaining access to businesses that belong to the Chamber.

Boardmember Tourville stated if the Police Chief is actively participating and it is perceived as positive, he had no issues with leaving everything as is.

Boardmember Bartholomew stated the access was an important tool and it was beneficial for business people to feel comfortable contacting the Police Chief.

Motion by Tourville, second by Bartholomew, to approve the Economic Development Authority's draft 2015 budget.

Mr. Lynch suggested that the EDA adopt the budget with a line item for the Chamber membership and let staff come back with a recommendation on who that should be for.

President Piekarski Krech asked if the motioner and second were agreeable with Mr. Lynch's recommendation for the line item.

Boardmembers Tourville and Bartholomew replied in the affirmative.

Ayes: 5

Nays: 0 Motion carried

E. Receive Gun Club Update

Mr. Link advised that they received the revised appraisal since the last EDA meeting. As previously noted there was a discrepancy between what MNDOT stated they owned in acreage versus what the County stated they had in acreage. That has been resolved and they now have a revised appraisal. Landmark Environmental Inc. is in the process of preparing an estimate of cleanup costs; negotiations can resume with MNDOT once that is received.

Boardmember Mueller asked for clarification of the acreage discrepancy.

Mr. Link replied that MNDOT stated they owned 29 acres and the County stated that MNDOT owned 53 acres; MNDOT's numbers were correct. The revised appraisal is lower overall because they would be purchasing 29 acres versus 53 acres. There is a large difference between the City's appraised value and MNDOT's appraised value so negotiations will have to take place.

Boardmember Mueller asked if MNDOT owned the northern or southern parcel.

Mr. Link replied that MNDOT owned the southern parcel.

5. NEXT MEETING – November 10, 2014

6. ADJOURNMENT: Motion by Madden, second by Mueller, to adjourn. The meeting was adjourned by unanimous vote at 6:43 p.m.