



**INVER GROVE HEIGHTS
ECONOMIC DEVELOPMENT AUTHORITY AGENDA
MONDAY, FEBRUARY 9, 2015
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 October 22, 2014 Special Economic Development Authority Meeting _____

2. Approve Minutes from the November 10, 2014 Regular Economic Development Authority Meeting _____

3. Approve Minutes from the November 24, 2014 Special Economic Development Authority Meeting _____

B. Claims _____

4. REGULAR AGENDA

A. Presentation - Dickman Trail Industrial Market Assessment _____

B. Consider Approval of 2015 EDA Work Plan _____

C. Consider Approval of Joint Powers Agreement with Dakota County CDA for 2015 'Open to Business' Program _____

D. Consider Election of Officers _____

5. NEXT MEETING – May 11, 2015

6. ADJOURN _____

**MEMO
CITY OF INVER GROVE HEIGHTS**

TO: Inver Grove Heights Economic Development Authority
FROM: Thomas J. Link, Director of Community Development 
DATE: January 30, 2015 for EDA Meeting of February 9, 2015
SUBJECT: Economic Development Authority Meeting of February 9

Enclosed is the agenda and packet for the Inver Grove Heights Economic Development Authority (EDA) for February 9, 2015.

A supplemental packet, including claims, will be distributed this Friday.

The City Council/EDA has three meetings scheduled for the evening of February 9, as follows:

<i>Economic Development Authority</i>	<i>5:00 p.m.</i>
<i>Special City Council Meeting to Interview Planning Commission Candidates</i>	<i>6:00 p.m.</i>
<i>Regular City Council Meeting</i>	<i>7:00 p.m.</i>

If the EDA meeting is not finished by 6:00 p.m., the meeting can be recessed and finished after the regular City Council meeting.

Box lunches will be served prior to the regular City Council meeting at 7:00 p.m.

**INVER GROVE HEIGHTS ECONOMIC DEVELOPMENT AUTHORITY SPECIAL MEETING
WEDNESDAY, OCTOBER 22, 2014 – 8150 BARBARA AVENUE**

CALL TO ORDER/ROLL CALL The Economic Development Authority (EDA) of Inver Grove Heights met on Wednesday, October 22, 2014, in the City Hall Council Chambers. President Piekarski Krech called the meeting to order at 7:00 p.m. Present were Economic Development Authority members Bartholomew, Mueller, and Tourville; Executive Director Link, City Administrator Lynch, Finance Director Smith, and Secretary Fox.

3. REGULAR AGENDA

A. Consider Resolution Calling for a Public Hearing to Create Economic Development District No. 6

Tom Link, Executive Director, advised that the EDA is to consider calling for a public hearing to establish a new economic development district. River Country Cooperative has expressed an interest in selling their property to the City. The purpose of that acquisition would be economic development. As such, the most appropriate buyer would be the EDA. Minnesota Statutes requires that a property be in an economic development district before an EDA can acquire it, which requires a public hearing. An appraisal was done, as well as a Phase I and Phase II environmental assessment. River Country Cooperative has completed their negotiations with the EDA and has signed a purchase agreement. Staff recommends adoption of the resolution calling for a public hearing. The resolution indicates the hearing would take place on November 24 at 6:00 p.m. prior to the regularly scheduled City Council meeting.

President Piekarski Krech asked if the public hearing could take place at the November 10 EDA meeting.

Mr. Link replied that the purchase agreement was not signed in time to set the public hearing for November 10.

President Piekarski Krech asked if the development district boundaries would be set at the public hearing.

Mr. Link advised that the boundaries must be set prior to the public hearing because the notice must list the properties within the district. Staff has proposed defining the boundaries as solely the property to be acquired to be consistent with what the EDA has done in the past.

President Piekarski Krech stated that perhaps the boundaries should be expanded rather than continuously establishing different districts. She questioned how being in an economic development district would affect properties in terms of possible sale of their property.

Mr. Link replied that enlarging the boundaries to include other properties would alert property owners and potential buyers of the City's intent for that area to redevelop as stated in the Concord Neighborhood Plan. It would not change the value of property or the owners' ability to sell their property.

Boardmember Mueller asked for clarification of the Concord Neighborhood Plan.

Mr. Link stated that the plan that the City Council adopted in December 2012 showed the ultimate redevelopment of several properties in the Concord area, including the River Country Cooperative property.

Boardmember Mueller noted that the Concord Neighborhood Plan showed residential as well.

Mr. Link replied that although the Concord Neighborhood Plan showed scenarios for both industrial and residential, the EDA has since directed that they favor industrial for this area.

Boardmember Mueller asked if the area was I-1.

Mr. Link replied that the direction of the EDA in August was to refer to this area simply as 'industrial' rather than 'light industrial' or 'limited industrial'.

Boardmember Tourville asked when the public hearing notices would be submitted.

Mr. Link replied they had to be submitted by October 29.

Boardmember Tourville stated previously some property owners had indicated they wanted to be in the development district and others indicated they did not; therefore the EDA restricted the district to only the property being acquired.

Mr. Link advised that the public hearing notice regarding the Frederick acquisition was broad and included the River Country Cooperative, McPhillips, Darrow, Rauschnot, Austing, and Frederick properties. At the public hearing the EDA decided to restrict the district to just the Frederick property. A similar situation occurred with the property on the west side of Concord between 66th and 68th Streets.

President Piekarski Krech stated she did not recall any public comment on this particular area.

Mr. Link replied that the McPhillips' expressed an interest in being in the development district, Mr. Rauschnot opposed it, and the Darrows had no preference either way. He advised that based on previous actions staff was recommending the development district be restricted to just the River Country Cooperative property; however, the EDA could expand the boundaries.

Joe Lynch, City Administrator, stated the EDA must make a decision tonight regarding the boundaries because the affected property owners must be notified next week. He advised they may want to include as many properties as possible, and they could then exclude any properties that do not want to be included at the public hearing..

President Piekarski Krech stated that creating a broader district would give the EDA more flexibility.

Mr. Lynch suggested the district consist of all the property north of, and including, the River Country Cooperative property. He cautioned that the City has been approached by a property owner with a tenant situation who was interested in selling their property. This could trigger relocation costs, which historically the EDA has not paid.

Boardmember Mueller asked for clarification of the boundaries.

Mr. Link clarified that his understanding was that the EDA wished the boundaries to be everything between the railroad and Concord Boulevard, from the River Country Cooperative north to the corner of Dickman Trail and Concord Boulevard. He advised that the sliver properties between the railroad and Dickman Trail would be included as well and were owned by the same property owners to the west.

Boardmember Bartholomew questioned whether they should exclude the rental properties tonight or at the public hearing.

Mr. Link replied that they could do it either way; however, if the EDA was looking for a broader area, staff's recommendation would be to include the rental properties tonight and pull them out at the public hearing if so desired.

Boardmember Tourville suggested removing the rental properties now since the EDA is not interested in paying relocation costs.

Frank Rauschnot, 6840 Dixie Avenue, advised that he had previously opposed the district because of the uncertainty; however, he would be open to being included if the area was going to remain industrial.

Boardmember Tourville stated that being a part of a development district may allow for additional tools to become available to the City.

Mr. Link stated his understanding from the EDA was that the notice for the hearing should include all properties from the railroad to Concord, from River Country Cooperative north to the corner, excepting the rental properties.

Motion by Bartholomew, second by Tourville, to call for a public hearing to consider the creation of Economic Development No. 6 on November 24, 2014 at 6:00 p.m.

John Duscherer, CEO of River Country Cooperative, stated they would like to be included in the development district and move forward with the sale of the property. He advised they are looking at perhaps moving their head office to the City as well.

Ayes: 4

Nays: 0 Motion carried.

B. Dickman Trail Neighborhood Development

Mr. Rauschnot advised that at the time the wall along Concord Boulevard was being built, Mr. Lynch recommended to him that he relocate his business. Mr. Rauschnot stated he has enough room to expand at his current location; however, he has held off because of the uncertainty of the zoning. The EDA has stated they want the area to remain industrial, however, Mr. Lynch referred to the possibility of residential in his recent memorandum.

President Piekarski Krech asked Mr. Rauschnot how the EDA could help him expand his business.

Mr. Rauschnot stated he could either stay where he is or relocate to the River Country Cooperative property.

President Piekarski Krech asked which option would provide the most benefit to the City.

Mr. Rauschnot replied that in his opinion relocating his business to the southern portion of the River Country Cooperative property would work out the best for everyone; aesthetically it would make the surrounding property more marketable and there were many industrial businesses that would be more suitable for that location than his business.

President Piekarski Krech asked Mr. Rauschnot to describe how he envisioned his business if it were to relocate to the south end of the River Country Cooperative property.

Mr. Rauschnot provided a conceptual site plan. He stated he would like an 80' x 140' building which would allow for both assembly and repair bays, and also a sandblasting building near the hillside. The new building would allow him to improve production, increase his employee base, and store more product. He stated he would like to use the money he receives from selling his property to purchase capital

equipment and for overhead. He anticipated that he would only be responsible for some of the relocation costs.

President Piekarski Krech advised Mr. Rauschnot that the EDA would like to see him relocate and increase his employee base; however, he must provide proof that this would be a financially viable project for everyone.

Mr. Rauschnot replied that last month he documented time spent on tasks he would not have to do if he had the proper setup. The time spent on inefficiency totaled 42 hours at \$85 an hour for the month of September.

President Piekarski Krech advised it was approximately a week's worth of work.

Mr. Rauschnot advised that his gross yearly sales were approximately \$350,000 to \$400,000.

President Piekarski Krech asked Mr. Rauschnot how much he thought he could expand at the new location.

Mr. Rauschnot stated he has had to turn down work because of the constraints of his current location, and believed he could more than double his gross sales if he relocated. He advised that a large open building with an overhead crane would allow him to work more efficiently.

President Piekarski Krech asked Mr. Rauschnot if he had put together a cost estimate for such a project.

Mr. Rauschnot stated that in 2011 he submitted to the City a draft plan and cost estimate for the River Country Cooperative site, but never received a response. At that time the cost estimate was approximately \$1.8 million dollars; however, the land cost has since increased.

President Piekarski Krech asked if that estimate included the land.

Mr. Rauschnot replied in the affirmative, stating it included the entire parcel with the exception of part of the hillside, which the City would own. The estimate included items that would be required by code, such as fire sprinklers, paint booth, a handicapped bathroom, etc. The best options would be either a steel or Fabcon building. He advised that the estimate also included moving the blasting building and silo from his current location to the new property.

President Piekarski Krech asked Mr. Rauschnot if he was a training site for local colleges.

Mr. Rauschnot replied in the affirmative, stating he has worked with St. Paul Technical for several years with student internships. He felt he could attract higher quality employees at the proposed location.

Boardmember Bartholomew stated that the EDA needed more information from Mr. Rauschnot, such as the estimated cost of a new building, Mr. Rauschnot's financials, whether the sale of Mr. Rauschnot's existing property would be enough to acquire the new property and capital equipment necessary, and whether the new site would generate significantly more income or would the current site be workable with some modifications.

Mr. Rauschnot stated he could modify the business on his current site by putting on a second floor, building shelves for storing materials, etc., but has not done so because of the uncertainty.

Boardmember Bartholomew questioned the uncertainty, stating the property is zoned I-1 and even if it was changed Mr. Rauschnot would continue to have the right to stay there. He advised it may be easier to stay rather than pay so much for a new building.

Mr. Rauschnot stated he was reluctant to put more money into his current operation because of the continued problems with neighbors and Mr. Lynch's suggestion that he move.

Boardmember Bartholomew advised Mr. Rauschnot that he did not have to relocate unless he wanted to, and he asked what direction he needed from the EDA to help him stay where he is at.

President Piekarski Krech stated there were several years where Mr. Rauschnot was not allowed to operate his business as he needed to, even though he had the appropriate zoning.

Mr. Rauschnot stated that relocating to the River Country Cooperative property would allow him to move his business forward and would improve the look of the corner.

Boardmember Tourville advised Mr. Rauschnot that he must seriously look at all the relocation costs (equipment, building, lease, etc.) and determine whether he could afford to move or whether he would be better off remaining at his current location.

Dian Piekarski, 7609 Babcock Trail, thanked the EDA for their effort in working with Mr. Rauschnot on a possible relocation. She stated he has a long-standing business in the City that creates a product that is needed by businesses in the community. She stated Mr. Rauschnot has been professionally and personally attacked by neighbors and the government in the past, and this is a chance to move forward. She questioned whether other people wanting to do business with the City (i.e. Target, A & W, etc.) were required to show their financials. She added that because there have been two completely different options for the properties in this area (residential and industrial) it creates disinterest in improving personal property.

Boardmember Tourville stated the EDA has resolved that issue by making it clear that that area will be industrial.

Mr. Rauschnot noted an excerpt from Mr. Lynch's October 15, 2014 memo stating if one of the criteria for consideration of keeping the Dickman area zoned commercial was to build around a business such as his, he did not think it advisable to explore further the cost and tax revenue comparison of residential development to industrial development.

President Tourville reiterated that the EDA has stated they want the area to remain industrial. He advised that anyone wanting to do business with the City must submit their financials; however, that information is not always open to the public.

Mr. Rauschnot stated that relocating his business to the south would benefit everyone involved.

Boardmember Bartholomew stated that while the EDA understood that Mr. Rauschnot's work was valuable, they needed Mr. Rauschnot to provide financial information, as well as the cost of moving or modifying his current location, in order to determine the risk involved.

Mr. Rauschnot stated they needed to discuss how the costs would be divided, such as perhaps the EDA paying for three-quarters of the costs and he the other quarter, with the understanding that if he could not make the payments the building would go back to the EDA.

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President Piekarski Krech stated the EDA needed specific costs and plans for both scenarios.

Boardmember Mueller advised Mr. Rauschnot that he needed to make a decision on whether he wanted to relocate or stay where he was, and then provide the necessary information.

President Piekarski Krech stated the relocation discussion began as a way to make the corner more aesthetically appealing with a different type of industrial that would have less noise and outdoor storage.

Mr. Rauschnot recommended that a sign be posted on the corner acknowledging the industrial park.

President Piekarski Krech asked Mr. Rauschnot to provide in current dollars an estimate of what the building would cost, his financial ability to pay for it, an estimate of how much his business would increase, and what he expects from the City.

Mr. Rauschnot advised that a draft was submitted to Mr. Lynch and included in the EDA packet.

President Piekarski Krech stated they needed a current plan and what the costs would be to each of the parties. She asked if a steel structure would be allowed in the I-1 zoning district.

Mr. Link replied that he would have to review the zoning ordinance, but believed they were either prohibited or only a portion of the building was allowed to be steel. He advised it could be constructed of materials such as concrete, wood, brick, etc.

President Piekarski Krech asked what materials were proposed for the United Properties development.

Mr. Link replied concrete tip-up panels.

Mr. Rauschnot stated the building could be made of whatever material was the most cost effective. If he relocated, he would like to construct an eight foot high solid fence in the front to help screen the building and provide security.

President Piekarski Krech asked Mr. Link to look into the building requirements for the I-1 zoning district. She advised that they could deal with Mr. Rauschnot's financial information in a private manner, as they have done with other businesses, and Mr. Rauschnot should decide if relocating would be in his best financial interest.

Mr. Rauschnot stated that relocating to the River Country Cooperative property would be beneficial for everyone, including himself. He advised that he would put some preliminary numbers together.

President Piekarski Krech stated they needed to determine what actions would be best for the City and for economic development. If Mr. Rauschnot's business expands, then perhaps other ancillary businesses would come in as well. More jobs would result in more people supporting local restaurants, retail, and services.

Boardmember Mueller advised that the EDA is willing to work with Mr. Rauschnot but they cannot start negotiations until they have the necessary information. He suggested that Mr. Rauschnot contact Fabcon to get an estimate for the building, determine other costs involved, such as utilities, and contact his bank. Mr. Link will look into the zoning regulations and whether or not a steel building is allowed.

Mr. Rauschnot did not think he should be charged for City staff services such as inspections and plan review. He advised that he asked Mr. Link to put together a punch list of items needed to be done in regard to a building permit.

Boardmember Tourville advised that at some point Mr. Rauschnot would need to provide his financial information, just as he would were he to go to a bank. He could request the information not become public; however, because this was a DEED grant some things may be out of the EDA's control.

Mr. Lynch stated that anyone seeking public assistance must disclose their financial information. In the case of Target, they did not have to disclose it publicly, but had to verify that they had the financial wherewithal to repay the loan. He suggested that they focus on the cost to relocate. The reason he suggested moving Mr. Rauschnot's business is because there are too many constraints at his current property. Mr. Rauschnot could submit a pro forma and then a lease amount would be negotiated between the parties. He clarified that the November 24th public hearing would be to determine the boundaries of the economic development district; not whether or not they would relocate Mr. Rauschnot's business.

President Piekarski Krech agreed with Mr. Rauschnot's suggestion that he be located southernmost on the River Country Cooperative property.

Mr. Lynch agreed, stating the remainder of the parcel could be combined with other properties for redevelopment.

4. ADJOURNMENT: Motion by Tourville, second by Mueller, to adjourn. The meeting was adjourned by unanimous vote at 8:40 p.m.

**INVER GROVE HEIGHTS ECONOMIC DEVELOPMENT AUTHORITY REGULAR MEETING
MONDAY, NOVEMBER 10, 2014 – 8150 BARBARA AVENUE**

CALL TO ORDER/ROLL CALL The Economic Development Authority (EDA) of Inver Grove Heights met on Monday, November 10, 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

B. Claims

Motion by Bartholomew, second by Tourville, to approve the minutes from the August 11, 2014 Regular Economic Development Authority Meeting and the disbursements from August 11, 2014 to November 9, 2014.

Ayes: 5

Nays: 0 Motion carried.

4. REGULAR AGENDA

A(1). Arbor Pointe Retail Analysis

Mr. Link summarized the Stantec retail analysis of the Arbor Pointe commercial neighborhood. There were several key findings, including 1) a significant oversupply of retail space in the Arbor Pointe area, 2) the vacancy problems in the Arbor Pointe retail district being specific to this area and not related to a broader trend, 3) constraints on this area, such as surrounding competitive retail districts, physical barriers (i.e. Mississippi River), and low population density, 4) a lack of critical mass of retailers, 5) an aging population in the trade area, 6) limited forecasted population growth, 7) a change in the retail market resulting from the recession, 8) traffic and access changes would help but not restore the retail market issues in Arbor Pointe, and 9) low daytime population within the trade area. Stantec concluded that an increase in employment would help, but would not counteract the difficulties that the area has. Mr. Link advised that Stantec provided five recommendations, including 1) consider zoning changes that allow for different types of uses in existing structures, 2) play a more active role in the maintenance of vacant properties, 3) provide financial assistance, 4) consider acquiring problematic properties for redevelopment, and 5) improve access and circulation.

4(2). Progress Plus Arbor Pointe Community Conversation

Jennifer Gale, Progress Plus, summarized the Arbor Pointe Community Discussion, which focused on strengths and weaknesses in the Arbor Pointe commercial area. There were approximately 30 people in attendance, including Mayor Tourville, Councilmember Mueller, business owners, and residents. Some of the issues they identified were the access and the lack of daytime population due to low area employment, residents, and big businesses. They also discussed what they felt would be successful in this area. Although bigger retail was desirable, it was determined that the area likely did not have the density to support it at this time. Therefore they suggested the City focus more on specialty retail and home-grown businesses. The group recognized the importance of Walmart to the Arbor Pointe area, and to help them become more successful they asked the Council to take a look at removing some of the stipulations that were put in place when Walmart first opened. The group asked Progress Plus to work with the City and Walmart in regard to enhancing their footprint in the community, perhaps even drafting a letter to their headquarters. They would also like Progress Plus to work with the City and Dakota County to improve

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accessibility in Arbor Pointe, to facilitate further conversations with the residents that were not in attendance, and to work with shopping center owners to perhaps lower their rents. The President of Key Community Bank was in attendance to discuss financing challenges. Ms. Gale asked the EDA for direction of how Progress Plus should proceed.

President Piekarski Krech was concerned that an expansion of Walmart could potentially negatively affect other local businesses, stating one resident had felt that Walgreens went under because of their inability to compete with Walmart on prescriptions.

Ms. Gale advised that the Walgreens District Manager did not feel it was Walmart that drove them out of business, but rather the lack of foot traffic. Ms. Gale stated that in her opinion competition was beneficial as it brings more people to the area, and she did not think that an expansion of Walmart would hurt the other Arbor Pointe retailers.

With the upcoming completion of the senior living development across from Walmart, Boardmember Bartholomew suggested they explore filling the vacant stores with businesses catering to those 55 and older. He suggested they focus on repurposing the former Rainbow building and perhaps bringing in a company, such as Abdallah Candies, looking to relocate to an existing building with a large footprint.

Ms. Gale advised that Mr. Lynch did reach out to that organization.

Boardmember Bartholomew stated it was incumbent on the City to keep that area well maintained.

Ms. Gale stated that both residents and business owners agreed that having the City maintain the vacant areas was important for existing customers and future development.

Boardmember Bartholomew stated that eventually property owners would likely realize they need to adjust their lease rates.

Ms. Gale stated that one of the owners has stated they are already losing money on the retail center; therefore, she encouraged the EDA to look at ways they could help business owners get through this difficult time so it would not result in vacant buildings.

Boardmember Tourville stated the business owners that were present at the meeting were in favor of supporting Walmart because of the traffic it brings to the area. He advised that it is up to Walmart to determine whether they want to sell fresh produce and meats; however, it may not be in their best interest. He questioned whether the City should get involved in lease rates and plowing for private businesses.

Boardmember Bartholomew suggested the City encourage property owners to keep their lots clean.

Boardmember Tourville clarified that even though Rainbow has left, they are paying their monthly lease on the building.

President Piekarski Krech stated that whether or not the lease was being paid, they did not want an empty storefront.

Boardmember Tourville stated that Rainbow reached out to other businesses to take over their lease, but due to various reasons no one was interested.

Dian Piekarski, 7609 Babcock Trail, stated the report from the consultant showed only one retail category that pulled shoppers in from outside the City, and she questioned what that category was and whether it was Gertens.

Mr. Link replied he was unsure, but that it could be Gertens or possibly Home Depot.

Ms. Piekarski stated it would be beneficial to know what type of retail it was that was a destination location.

Boardmember Tourville replied that car dealerships in the northwestern part of the City brought in the most shoppers; Best Buy and Gertens were also destination locations.

Ms. Piekarski suggested putting marketing efforts into bringing in a conference center and hotel as a way of drawing people to the City during the day. Progress Plus could perhaps speak with large companies, such as Flint Hills and CHS, to see if they would support such a venture by holding meetings and conferences there. She asked Ms. Gale if anyone from outside the Arbor Pointe area attended the community conversation and gave input as to what type of businesses would make them drive to that part of the City.

Ms. Gale replied that they did not invite residents outside the Arbor Pointe area. She has spoken with various hospitality groups regarding bringing in another hotel, but there does not seem to be interest in that at this point. She advised that to get a new hotel facility they typically want existing businesses to commit to a certain percentage of rooms.

Boardmember Mueller asked if there had been further discussions with the County regarding access issues.

Mr. Link replied that some initial discussions took place with the County that were positive, and if the EDA so directs they could set up a follow-up meeting. He noted that the County cares about public safety and road capacity more than economic development, and what the City would be requesting would not comply with the County's spacing standards.

Boardmember Mueller stated he would like the City to move forward with County access discussions. He recommended that the Arbor Pointe signage be improved to be more visible, even if it meant amending the sign ordinance, and he questioned whether Council should send a letter to Walmart expressing interest in them expanding their groceries.

Boardmember Tourville stated it would not be appropriate for the City to send a letter to Walmart requesting they sell produce and meat.

Mr. Lynch reminded Boardmembers that the County's policy regarding improvements is that 55% are the County's responsibility and 45% are the City's responsibility. He felt a better approach would be for staff to have a meeting with the County to identify the process the City would have to go through, the improvements that would be needed or desired, and the costs associated with those. Staff could then come back to the EDA with an estimate of what the City's share of the costs would be. Staff is also requesting that the EDA prioritize and identify which items staff should focus on (i.e. sign ordinance changes, access, financial assistance, etc.).

Boardmember Mueller stated that the financial assistance would be handled by 'Open to Business'.

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President Piekarski Krech advised that some things were not under the purview of 'Open to Business', such as TIF districts. She would like the City to concentrate on creating a directory of local businesses, as well as improving access and signage.

Ms. Gale advised that the Chamber produces *Southern Metro Living*, which is a free directory of services, events, contact information, etc., as well as business listings. She advised she would be happy to make it available to anyone.

President Piekarski Krech suggested they partner with Walmart to have the directories available at their store.

Ms. Gale advised that the publication is available at Inver Grove Heights hotels, the Chamber website, City Hall, and is also given to many real estate professionals. She advised that they welcome opportunities to make it more available and would be happy to partner with the City and perhaps distribute them to all new developments.

President Piekarski Krech suggested putting a link to the directory on the main page of the City's website.

Boardmember Tourville recommended that the City put their efforts into working with the County on transportation/access.

Les Jepsen, Oakdale, owner of an Arbor Pointe commercial building, asked for further information on financial assistance available after a business is open (i.e. advertising, etc.), and questioned how committed the City was to working with property owners regarding sign ordinance changes and County access.

President Piekarski Krech asked what changes he would like made to the sign ordinance.

Mr. Jepsen replied he would like better visibility from the road, perhaps taller signage.

President Piekarski Krech advised that the EDA had an 'Open to Business' program. She suggested Mr. Jepsen meet with the City's Community Development Director after the meeting to get contact information.

Mr. Link advised that 'Open to Business' holds regular office hours at City Hall the third Tuesday of every month, but would also be willing to set up meetings outside of those hours.

Mr. Jepsen asked if the City had any influence regarding curb cuts on a County road.

Boardmember Tourville stated the City is going to have discussions with the County; however, he felt it was unlikely they would allow additional curb cuts.

Mr. Jepsen asked if the Walgreens site was for sale.

Boardmember Tourville replied that he believed it was.

Mr. Jepsen questioned what type of assistance was available from 'Open to Business'.

Mr. Link replied that they offer both limited financial assistance and free technical assistance.

Mr. Jepsen advised that this was an A- area, but without the right leadership it could turn into a C area.

Kathleen Fischer, 3513 – 67th Street, suggested that perhaps volunteers could mail out informational packets to the addresses of those connecting to utilities. The packet could contain business listings, etc.

President Piekarski Krech recapped that Boardmember Tourville has stated he would like to focus on transportation and Boardmember Bartholomew would like to focus on access and keeping up with maintenance enforcement.

Boardmember Tourville suggested sending a letter to commercial property owners reminding them to keep their lots well maintained.

Mr. Link advised that the City could send out letters encouraging owners to maintain their property; however, the only regulatory authority the City had in regard to businesses was for grass cutting; there are no ordinances regarding plowing or pothole maintenance.

Boardmember Bartholomew stated perhaps there was language in the leaseholder agreement requiring that common areas be plowed.

President Piekarski Krech asked if there were many multi-tenant owners in Arbor Pointe.

Mr. Link stated that most of the buildings were individually owned and the City would have limited enforcement.

President Piekarski Krech suggested they consider adding property maintenance language to the ordinance, stating that unkempt or deteriorating property can denigrate an entire area.

Mr. Link replied that staff could do research on what other cities require of their businesses as far as parking lot maintenance or snow plowing.

President Piekarski Krech restated that the direction from the EDA was to focus on signage, traffic maneuverability, and increased distribution of the Chamber's directory of business listings.

Boardmember Mueller asked if a letter should be sent to Walmart.

President Piekarski Krech stated she felt uncomfortable telling companies how to run their business.

Mr. Jepsen asked for clarification of what the City's portion of the costs would be regarding changes to a County road.

President Piekarski Krech replied that the City would be responsible for 45% of the costs.

Mr. Jepsen asked if the EDA would be willing to pay the 45% if the price was reasonable.

President Piekarski Krech stated it would depend on what was being asked for, but they would likely be willing and had done it many times in the past.

B. Receive Progress Plus Update

Ms. Gale summarized the last quarter activities. She advised that their annual broker class was a success and was held at Old World Pizza. They also participated in the MNCAR Expo and were able to collect almost 150 business cards from interested parties. Those contacts will be added to their database. They received a number of inquiries regarding the Gun Club property.

INVER GROVE HEIGHTS ECONOMIC DEVELOPMENT AUTHORITY MEETING – November 10, 2014

Mr. Link advised that he attended the Expo as well, and advised that Ms. Gale marketed the City well and brought a lot of attention to their booth.

Ms. Gale thanked the EDA for allowing them to participate in the Expo, stating it was a good marketing opportunity.

Mr. Link advised that the 'Open to Business' program continues to grow and Inver Grove Heights' use of the program increased sharply in 2014.

Boardmember Mueller asked if there were any results yet from the program.

Mr. Link stated it was difficult to determine because their specific reasons for coming in were confidential.

Boardmember Bartholomew asked for clarification of what information was available regarding the 17 clients that were served in 2014.

Mr. Link stated he would look into what information he could provide without giving away confidential information, such as the type of business and technical assistance that was provided.

5. NEXT MEETING – The next regular EDA meeting is February 9, 2015. A special meeting will be held on November 24, 2015.

6. ADJOURNMENT: Motion by Madden, second by Tourville, to adjourn. The meeting was adjourned by unanimous vote at 6:09 p.m.

**INVER GROVE HEIGHTS ECONOMIC DEVELOPMENT AUTHORITY SPECIAL MEETING
MONDAY, NOVEMBER 24, 2014 – 8150 BARBARA AVENUE**

CALL TO ORDER/ROLL CALL The Economic Development Authority (EDA) of Inver Grove Heights met on Monday, November 24, 2014, in the City Hall Council Chambers. President Piekarski Krech called the meeting to order at 6:00 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. REGULAR AGENDA

A . Public Hearing to Consider the Creation of Economic Development Districts No. 6 and 7

Mr. Link advised that the EDA is being asked to consider the adoption of resolutions pertaining to the creation of Economic Development Districts No. 6 and 7 and a purchase agreement between the EDA and River Country Cooperative. The property in question is ten acres in size and is located between Concord Boulevard and Dickman Trail. River Country Cooperative approached the City and expressed an interest in selling the property to the EDA. The property is located in one of the four catalyst redevelopment sites identified in the Concord Neighborhood Plan. Negotiations have recently been completed and River Country Cooperative has signed a purchase agreement. On October 22 the EDA called for a public hearing to establish the economic development districts. At that meeting the EDA discussed the boundaries of the development district and expressed an interest in establishing an economic development district that included all properties from the River Country Cooperative property north, bounded by Dickman Trail and Concord Boulevard. The EDA excepted three residential properties that are not homesteaded and the existing Development District No. 5, the former Frederick property. Subsequent to that meeting the City Attorney pointed out that Minnesota Statutes requires that all properties within an economic development district must be contiguous to each other. As such, what is being proposed tonight is Economic Development District No. 6 and 7, excepting the three residential non-homestead properties and the former Frederick property. The purchase price of \$640,000 would come out of the Host Community Grant (DEED). Additional costs relating to legal, appraisal and environmental investigation would come out of the Host Community Fund. Mr. Link advised that he received two communications from property owners in this area, the Darrows and McPhillips; both were not opposed to being in the economic development district. Staff recommends adoption of the resolutions approving the creation of two economic development districts and the purchase agreement between the EDA and River Country Cooperative.

President Piekarski Krech asked if other parcels could be added to the existing Economic Development District No. 5 rather than creating another district.

Tim Kuntz, City Attorney, replied that having separate districts would be easier to keep track of. He advised that he had not explored the possibility of amending the Frederick development district, but stated it would seem as if they could. He advised that the fact that there are separate districts does not preclude the Council from taking action on all the properties. For example, if the EDA were to sell the properties they could all be sold to one person.

President Piekarski Krech stated it would be less confusing if contiguous properties were in the same economic development district.

Mr. Kuntz stated the opportunity might exist, at least with districts 5 and 6.

Boardmember Madden asked for clarification of where the funding would be coming from.

Mr. Link replied that \$640,000 would be coming from the Host Communities Grant (a State fund), not the Host Community Fund (a City fund).

Boardmember Bartholomew clarified that although a preferred master plan was attached to the report showing a residential plan for the Dickman Trail Neighborhood, consensus by the EDA is that this area will remain limited industrial.

Mr. Link concurred that although the Concord Boulevard Neighborhood Plan showed both a residential and industrial option for the Dickman Trail area, the EDA has stated a strong preference for it to be industrial.

Boardmember Tourville requested that staff create a map for Boardmembers marking the property ownership for the Dickman Trail Neighborhood.

Boardmember Mueller requested that staff remove the word 'light' as the EDA advised they would like this area to be simply 'industrial'.

Mr. Link replied that staff understands that the EDA wants to consider the area 'industrial' for the purpose of providing more flexibility and a broader scope of uses. The report refers to 'Light Industrial' because that has been the zoning designation for the property for decades.

Boardmember Mueller asked if that should be changed now rather than using the same maps showing the area as 'Light Industrial'.

Mr. Link replied that the zoning ordinance would have to be changed in order to do that.

President Piekarski Krech agreed with Boardmember Mueller that it was confusing to have the area listed as 'Light Industrial' on a map. She asked what the definition was of light industrial.

Mr. Link replied that the purpose, intent, and a list of allowed uses was outlined in the zoning ordinance.

Boardmember Tourville advised that a zoning change would have to go back before the Planning Commission as they considered this request with the existing zoning in place.

Mr. Link agreed, stating that the Planning Commission simply found the acquisition to be consistent with the Comprehensive Plan.

President Piekarski Krech opened the public hearing.

Frank Rauschnot, 6840 Dixie Avenue, stated that the property could have been purchased for a lower price had they negotiated a few years ago. He stated that to avoid ambiguity they should change all City documents to I-1.

President Piekarski Krech asked Mr. Rauschnot if he was agreeable to being included in the economic development district providing it would remain I-1.

Mr. Rauschnot replied in the affirmative.

Motion by Madden, second by Bartholomew, to close the public hearing.

Ayes: 5
Nays: 0 Motion carried.

Boardmember Tourville and President Piekarski Krech agreed that it would be helpful to get clarification regarding the zoning classification and whether any documents needed to be changed.

Motion by Tourville, second by Mueller, to adopt the Resolution Approving the Creation of Economic Development Districts No. 6 and 7

President Piekarski Krech asked if language should be put into the motion clarifying that this area is industrial.

Mr. Kuntz stated that Mr. Link has advised that staff is clear on the EDA's direction at their last meeting and the record of this discussion will reaffirm that point.

Ayes: 5
Nays: 0 Motion carried.

Motion by Tourville, second by Madden, to adopt the Resolution Approving a Purchase Agreement Between the Inver Grove Heights EDA and River Country Cooperative

Boardmember Mueller asked what the remaining balance would be on the DEED grant after this purchase of \$640,000.

Ms. Smith replied that the remaining balance of the two-year allotment would be \$191,250.

Boardmember Mueller asked for clarification that the additional costs for cleanup, etc. would not come out of this fund.

Mr. Link replied in the affirmative, stating the DEED grant would cover the purchase price and the City's Host Community Fund would cover additional costs. He added there was a reasonable chance of getting a grant to cover the costs for the remediation of soils.

Ayes: 5
Nays: 0 Motion carried.

Boardmember Tourville asked what the status was on removal of equipment, etc. from the property, which was the responsibility of the property owner.

Mr. Link replied that all vehicles and materials had been cleaned up as of two weeks ago; however, he planned to check the property again before the December 3 closing.

B. Resolution Authorizing an Interfund Loan for Advance of Certain Costs in Connection with Tax Increment Financing District No. 5-1

Ms. Smith advised there is a possibility of creating a TIF District 5-1 as it relates to a current business in the City and expansion of its facility. In order to pay for costs to be incurred, an interfund loan authorization must first be created. The EDA is being asked to adopt a resolution requesting the City adopt an interfund loan to cover certain costs in connection with TIF District No. 5-1.

Motion by Mueller, second by Tourville, to adopt a Resolution Requesting the City of Inver Grove Heights to Adopt an Interfund Loan for Advance of Certain Costs in Connection with Tax Increment Financing District No. 5-1

Ayes: 5

Nays: 0 Motion carried.

4. EXECUTIVE SESSION

A. Discuss Property Acquisition

Mr. Kuntz advised that the Open Meeting Law allows this entity to go into a closed door executive session to review offers relating to the purchase of real estate. The EDA is being asked this evening to go into executive session to discuss the potential acquisition of 4195 – 68th Street East.

Motion by Madden, second by Tourville, to enter into executive session

Ayes: 5

Nays: 0 Motion carried.

The Economic Development Authority entered into executive session at 6:27 p.m. to discuss the possible acquisition of 4195 – 68th Street East.

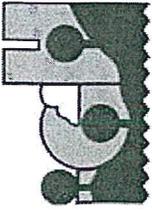
5. ADJOURNMENT: The meeting was adjourned at 6:55 p.m.

City of Inver Grove Heights EDA Fund 290

Budget vs Actual through 12/31/14

3.B

Account Description	2014 Amended Budget	12/31/14 Actual	Budget Remaining
Investment Earnings	3,500.00	3,565.99	(65.99)
Miscellaneous Revenue	-	7.03	(7.03)
Operating Transfers In	500.00	304,161.14	(303,661.14)
Contribution from Retained Earnings	56,900.00	-	56,900.00
Total Revenue	60,900.00	307,734.16	(246,834.16)
Personnel	15,300.00	15,441.36	(141.36)
Prof/Tech Services	17,800.00	56,972.14	(39,172.14)
Purchased Services	400.00	430.48	(30.48)
Other Purchased Services	27,200.00	43,064.28	(15,864.28)
Supplies	200.00	-	200.00
Land Purchase	-	918,701.57	(918,701.57)
Total Expenditure	60,900.00	1,034,609.83	(973,709.83)
Fund 290 Surplus (Deficit)	-	(726,875.67)	(726,875.67)
Claim on Cash		(497,705.43)	
Land Available for Sale		1,138,500.00	
Loan from Host Community Fund for Land Purchase		1,000,000.00	



City of Inver Grove Heights

Detail Report Account Detail

Date Range: 10/17/2014 - 01/28/2015

Post Date	Source Transaction	Description	Vendor	Amount	Running Balance
Fund: 290 - EDA					
290.100.1010199					
Claim on Cash					
10/17/2014	JN04730	Agrees to Previous report ending 10/17/14			167,086.09
10/1/2014	209317	3rd Qtr Interest Allocation		485.70	167,571.79
10/27/2014	209348	Shipton Appraisal	06124 - BRKW APPRAISALS, INC.	(2,400.00)	165,171.79
10/27/2014	209369	Payroll	11063 - GENESIS EMPLOYEE BENEFITS, INC	(0.11)	165,171.68
10/31/2014	PYPKT00689 - PR 10/31 Payroll	River Country Coop Legal	00538 - LEVANDER, GILLEN & MILLER P.A.	(600.00)	164,571.68
10/31/2014	JN04791	Concord Blvd Storm Water Fee		(586.01)	163,985.67
11/01/2014	JN04815	Record November Allocations		(7.62)	163,978.05
11/05/2014	209469	McPhillips Property Environmental Consulting Svc	01244 - BRAUN INTERTEC CORPORATION	(91.66)	163,886.39
11/12/2014	209605	Dickman Trail Assessment	07095 - BARSNESS, KIRSTIN	(448.00)	163,438.39
11/12/2014	209632	Payroll		(2,100.00)	161,338.39
11/12/2014	209635	6845 Dixie Ave Asbestos Survey	11063 - GENESIS EMPLOYEE BENEFITS, INC	(1.23)	161,337.16
11/14/2014	PYPKT00696 - PR 11/14 Payroll		10538 - GROUNDWATER & ENVIRONMENTAL SERVICES, INC.	(1,800.00)	159,537.16
11/19/2014	209709	Dickman Trail Assessment		(586.01)	158,951.15
11/19/2014	209756	River Country Coop Legal	07095 - BARSNESS, KIRSTIN	(2,100.00)	156,851.15
11/28/2014	PYPKT00700 - PR 11/28 Payroll		00538 - LEVANDER, GILLEN & MILLER P.A.	(392.00)	156,459.15
12/01/2014	JN04884	Record December 2014 Allocations		(588.45)	155,870.70
12/02/2014	DFT0007746	River Country Coop Purchase		(91.74)	155,778.96
12/03/2014	JN04959	Txfr for River Country Coop Purchase	10247 - DCA TITLE WEST ST. PAUL	(644,047.75)	(488,268.79)
12/10/2014	209990	EDA meeting		18,614.08	(469,654.71)
12/10/2014	209990	River Country Coop Legal	00538 - LEVANDER, GILLEN & MILLER P.A.	(156.00)	(469,810.71)
12/10/2014	210006	J. Lynch 2015 Membership - prepaid at 12/31/14	00538 - LEVANDER, GILLEN & MILLER P.A.	(1,762.50)	(471,573.21)
12/12/2014	PYPKT00709 - PR 12/12 Payroll		02253 - RIVER HEIGHTS CHAMBER OF COMMERCE	(170.00)	(471,743.21)
12/12/2014	PYPKT00710 - PR 12/12 Payroll			(586.01)	(472,329.22)
12/17/2014	210087	1st half 2015 Membership-prepaid at 12/31/14		(464.24)	(472,793.46)
12/17/2014	210089	Frederick Property Winterize and Secure	01859 - PROGRESS PLUS	(12,500.00)	(485,293.46)
12/22/2014	210138	EDAM Winter Conference 12/31/14 prepaid	06043 - ROBERT ZINS - NORTH COUNTRY INTERIORS	(1,572.53)	(486,865.99)
12/26/2014	PYPKT00714 - PR 12/26 Payroll		06932 - EDAM	(495.00)	(487,360.99)
12/31/2014	210224	Dickman Trail Assessment		(573.44)	(487,934.43)
12/31/2014	210280	Arbor Pointe Retail Analysis	07095 - BARSNESS, KIRSTIN	(1,575.00)	(489,509.43)
12/31/2014	JN04998	Correct Levander Charges (June - November)	10267 - STANTEC CONSULTING SERVICES INC.	(8,000.00)	(497,509.43)
01/01/2015	JN04940	Jan 2015 Allocations		(196.00)	(497,705.43)
01/06/2015	CR General Receipts 1-t DEED Grant - Receivable at 12/31/14			(83.33)	(497,788.76)
01/07/2015	210313	Public Hearing Notice		640,000.00	142,211.24
01/09/2015	PYPKT00733 - PR 01/09 Payroll		01157 - PIONEER PRESS	(2,577.00)	139,634.24
01/14/2015	210346	Payroll		(587.09)	139,047.15
01/14/2015	210372	Shipton Legal	11063 - GENESIS EMPLOYEE BENEFITS, INC	(1.23)	139,045.92
01/14/2015	210372	River Country Coop Legal	00538 - LEVANDER, GILLEN & MILLER P.A.	(36.00)	139,009.92
01/21/2015	210457	2015 Ehlers Conference	00538 - LEVANDER, GILLEN & MILLER P.A.	(1,267.00)	137,742.92
01/23/2015	PYPKT00745 - PR 01/23 Payroll		02886 - EHLERS AND ASSOCIATES, INC.	(275.00)	137,467.92
01/28/2015	210560	T. Link 2015 Membership		(589.55)	136,878.37
			02253 - RIVER HEIGHTS CHAMBER OF COMMERCE	(170.00)	136,708.37

**MEMO
CITY OF INVER GROVE HEIGHTS**

TO: Inver Grove Heights Economic Development Authority
FROM: Thomas J. Link, Director of Community Development 
DATE: February 2, 2015 for EDA Meeting of February 9, 2015
SUBJECT: Dickman Trail – Industrial Market Assessment

1. ACTION REQUESTED: The Inver Grove Heights Economic Development Authority (EDA) is to consider the Dickman Trail Market Assessment, as attached.

2. BACKGROUND: At previous meetings, 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 to the south along Dickman Trail, and be an appropriate land use given the environmental conditions 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. The EDA, therefore, approved a proposal from Kirsten Barsness to assess the industrial market opportunities in the Dickman Trail area.

3. ANALYSIS: The enclosed 'Dickman Trail Market Assessment':

- Evaluates industrial redevelopment by conducting interviews with leading industrial developers in the Twin Cities market
- Determines the financial feasibility of industrial redevelopment
- Prepares recommendations and identifies additional resources for redevelopment

The report concludes that:

- The site is not desirable for industrial users
- Developers are not inclined to invest in the Dickman Trail area
- Industrial redevelopment of the Dickman Trail area financially does not cash flow

4. CONCLUSION: The Inver Grove Heights Economic Development Authority is to consider the Dickman Trail Market Assessment, as attached.

cc: Jennifer Gale, Progress Plus
Kirstin Barsness

Enc: Dickman Trail Market Assessment

Dickman Trail Market Assessment

City of Inver Grove Heights, Minnesota

February 1, 2015
Authored by: Kirstin Barsness
Development Consultant

Dickman Trail Market Assessment

City of Inver Grove Heights, Minnesota

Project Objectives

The Inver Grove Heights Economic Development Authority, through the Concord Boulevard Neighborhood process, has discussed the future of the Dickman Trail Industrial Area. To assist in the evaluation of the Area as a viable industrial location, the EDA authorized a market and financial assessment. Main objectives for the assessment included:

- To evaluate the Dickman Trail Area for industrial based redevelopment by conducting interviews with leading industrial developers in the Twin Cities market. The assessment included two scenarios: The properties north of the southern boundary of River Country Cooperative site (North Dickman Trail Area) and the entire Dickman Trail Area as depicted in the Concord Boulevard Study Area.
- To determine the financial feasibility and sustainability of redeveloping the Dickman Trail Area as an industrial location.
- To prepare recommendations related to the redevelopment process including City participation and ownership, the viability of the Dickman Trail Area as an industrial site, and identification of additional resources for redevelopment.

All data contained within the Report represents current market conditions. Information was gathered either through first person interviews, Dakota County tax records, or provided by City staff. Each section of the report details the methodology and source of information used. Any assumptions used in the evaluation are clearly stated and form a standard framework for the EDA review and discussion of the findings.

Evaluation of Redevelopment Dickman Trail Industrial Opportunities

Market Research and Findings

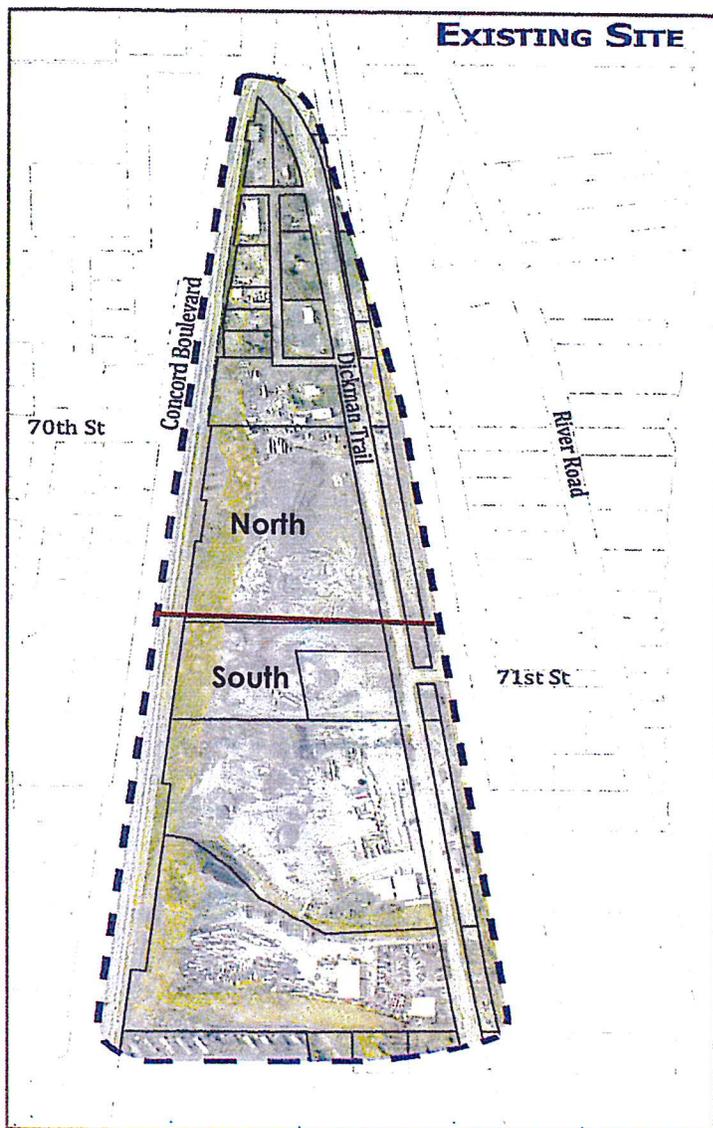
The solicitation of unbiased feedback from leading developers in the Twin Cities Area was a crucial element for determining the market response to the availability of Dickman Trail as an industrial development location. Fundamental and strategic information was sought as part of the process for establishing whether the industrial market would consider investment in the Dickman Trail site.

Developers were selected based on two criteria. Included were those that participated in the original Developer Round Table completed as part of the Concord Boulevard Study. Augmenting the list were leading developers active in industrial development and redevelopment projects. These companies were listed as the top commercial/industrial developers for the past few years by the Real Estate Journal.

Interviews were conducted either in person or via the telephone. A fact sheet was distributed as a reference that gave the site's location, key facts and included various photographs. The majority of the interviews lasted 45 minutes and the developers were generous with their time and expertise. Included in the interviews were:

- Kent Carlson, CEO, Anderson Companies
- Greg Miller, President, Interstate Properties
- Tony Deldotto, Senior Director Industrial, Cushman Wakefield
- Ted Carlson, Owner, Carlson Commercial
- Charlie Nestor, Development Manager, Hillcrest Development
- Dan Mueller, Director of Development North Central Region, Ryan Companies

The questions in the survey tool were developed to gather critical data related to the Dickman Trail Area's attractiveness and investment potential for industrial development. Developers were asked about two potential development scenarios: the feasibility of the northern half of the site as a stand-alone industrial location and the viability of the entire area for industrial based redevelopment. A copy of the interview questions is contained in Exhibit A.



Market Research Findings

- Inver Grove Heights is located in the St. Paul East Market.
- Competitors in the market include Eagan, South St. Paul, Mendota Heights, Cottage Grove, St. Paul, and Rosemount
- Overall Industrial Market Activity for 3rd Quarter 2014 according to the Colliers market report:
 - ✓ 3,182,552 SF under construction
 - ✓ 2,132,152 SF Speculative
 - ✓ 1,050,400 Build to Suite
 - ✓ 1 project in IGH market area of 104,000 sq. ft.
 - ✓ There is over 1,800,000 of vacant industrial sq. ft. in the IGH market area.
 - ✓ The "Hot" Market for industrial is in the Northwest.
- All the Cities in the Market Area offer Tax Increment or another form of financing to assist in business attraction and retention.

Key Findings

Common themes emerged during the interview process. The most essential for City consideration relate to geographic and site configuration concerns. Both of these factors are beyond the City's ability to change or impact. They are the greatest hindrance for the market to consider investment in industrial product. There was consensus from the development community on the following site conditions:

- 1) Site location is detrimental. The lack of other nearby industrial users makes Dickman Trail an island which is unattractive to investors and users.
- 2) The shape of the parcel, coupled with the limited amount of buildable land due to the bluff, railway, electric utility and surrounding roads is not conducive for any speculative development. The market place dictates a rectangular building and the triangular shape of the parcels limit the building size and the ability to maximize any economies of scale in construction.
- 3) The north section of Dickman Trail as a stand-alone industrial redevelopment is even more limited due to shape and depths of the parcels. It is best suited to smaller single purpose users. However, this limits the amount of new tax base and increases the gap between the cost to remediate and redevelop the site and the revenues generate to help with said costs.
- 4) Residential that surrounds the site is a challenge. Most industrial users prefer not to be in a residential neighborhood due to interaction with residential neighbors regarding, noise, dust, and truck traffic.
- 5) Many developers suggested an alternative use for the site such as residential or mixed use.

A more detailed summary of the interview results is inserted on the next page. It is important to note that the information represents feedback from individuals who make investment decisions for their companies and customers. All were complimentary about the City of Inver Grove Heights, especially its prime location on the Interstate 494 loop. Their comments below were site specific to the Dickman Trail Area as a site for industrial development.

Developer Interviews Summary

- Geographic location, just south of 494 off Concord is a positive. The location is considered a sub-market thanks to the strength of the industrial concentration in South St. Paul (SSP).
- Actual location is a detriment. Multiple references to the location being an "island" meaning lack of other industrial users nearby. Industrial prefers to be by industrial.
- Shape and topography are issues/challenges for development of the industrial product currently sought and built in the industrial markets. Industrial users prefer rectangular buildings that are easy for internal line and or warehousing configurations. Optimal ceilings are 24 to 32 foot clear heights with 160 to 176 foot bays.
- North half of the site is a greater challenge as a stand-alone development opportunity. The shape of the site and the impact of the bluff are hindrances to a larger rectangular building and the site may be better suited to smaller 5,000 to 20,000 square foot incubator type of users.
- Common phrases used were; odd shape, it's an island, the surrounding uses are unattractive, industrial likes industrial, and access is okay but not fantastic.
- The addition of the south parcels allows for more flexibility in building layout because they have a greater depth.
- Speculative development is unlikely due to the ability to lay out a building. A developer wants to build a 80,000 sq. ft. or larger building for speculative space due to the economies of scale with precast. This building is also indicative of what is "hot" in the market place and easily leased thus reducing the developer's level of risk.
- The site is more attractive for a smaller build to suit user. Targeting this type of user would increase the absorption period since build to suits are more particular about the location they build in and they tend to have more specialized buildings.
- Expected absorption for the north after complete remediation is estimated between 3 to 5 years. The entire site would be 5 to 10 years.

- If the City is targeting the site for one or two large single users, the absorption period increases due to the amount of competitive product for this type of industrial company.
- Developers are willing to pay for the usable square footage only. The range mentioned was from free to a high of \$4.00 per square foot. The majority and those very familiar with the site placed the range between t \$1.00 to \$2.00 per square foot for a pad ready site. This price would include site remediation, storm water, other utility construction and site grading.
- Greatest competition for the site would be South St. Paul, Cottage Grove, Rosemount and properties offered by the St. Paul Port Authority.

Additional General Market Factors

It is important to recognize that Inver Grove is part of both the overall Twin Cities Market and the East St. Paul submarket. Developers are looking at locations that will allow them to optimize their return on investment, which includes the ability to quickly lease or sell their product. Industrial users are seeking sites that have great access, have reasonable lease rates and offer the product that best suits their needs. Predominant decision parameters for both include:

- The price for property in a redevelopment site is traditionally higher than a vacant site and in many cases has greater environmental concerns. Due to the additional costs of acquisition, relocation, remediation and utility re-work many redevelopment sites (a) take longer to enter the market place and (b) must offer some form of public assistance to make the price per square foot competitive with raw land sites.
- The Northwest Market Area of the Twin Cities is the "hot market" for industrial users both for speculative and build –to- suit prospects. Access along Interstate 94 coupled with land prices and the ability to configure the building to what the market demands makes this location prime. Users are looking for rectangular shape buildings with 160 to 176 foot bays and a minimum of 32 foot clear height.
- The Dickman Trail location does not lend itself to industrial development base on location and the shape of the site. This is especially true of just the northern

portion of the Dickman Trail Area, where the parcel shape and depths limit the amount of square feet that can be built. Other locations within in Inver Grove Heights may be better suited due to highway access, land costs and the ability to construct the desired rectangular sized product.

- Competitors in the East St. Paul market are offering raw land with adjacent public improvements for as low as \$0.50 per square foot (Cottage Grove).

Financial Feasibility

Methodology

To build the model for determining the financial feasibility of the site a number of resources and assumptions were used.

In calculating the costs associated with the redevelopment, information was provided by City staff on year to date expenditures related to acquisition, demolitions, remediation, environmental assessment and other soft costs. When necessary assumptions of the costs were made based on past practices and site size.

Market value information for the various parcels came from the Dakota County's online property information system. This system was also instrumental in determining right-of-way allocations (removed from buildable square footage) and tax classifications for existing parcels, which was needed for conversion purposes within the tax increment financing analysis. Aerial photos were used to verify the impact of the bluff on the buildable square footage and also the depths of the parcels. Finally, all parcels located between Dickman Trail and the railroad were not included in the analysis since they are unbuildable due to size.

The analysis estimated the costs associated with redeveloping the site including acquisition, demolitions, remediation, environmental assessment, soft cost, and the removal and construction of water utilities. These costs were then compared to the revenues provided by the sale of the buildable square footage to a developer, providing for either an excess or a gap between the cost and revenue. Additional revenues from a Redevelopment Tax Increment District were incorporated into the model to ascertain the overall viability of industrial development on the site.

To assist with understanding the findings, a list of the overall assumptions and their impacts on the model are listed below.

Assumptions used in Analysis

- Water Utility removal and construction costs were estimated by the City's engineer. The costs are higher for industrial development than they would be for another type of development. The main factors that impact utility costs are:
 - Industrial users require a 12' pipe versus an 8" pipe needed for residential increasing the cost.
 - For the industrial user, there needs to be three loops in the water main for fire suppression requirements; each loop crosses the railroad track which increases the cost.
 - Water utility costs could be considerably less for a different type of use on the site.
- **Square Feet Developed** was calculated based on bluff impact, right-of-way allocations, overhead electrical utility easements, parcel shapes, and current road layout. Parcels east of Dickman Trail not included in assessment due to their smaller size.
- The **Average Developer Price** was calculated by taking the average of what a developer was willing to pay based on responses in the survey. This equated to **\$1.50 per square foot** for buildable property. This price included infrastructure improvements in place.
- City owned properties were included at a \$0.00 base value and treated as exempt. This decreased the Base Value in the TIF analysis allowing for the **maximum capture of tax increment**.

- The grant revenue for the River Country Cooperative site was factored into the model as a source of revenue to offset acquisition cost.
- In the Redevelopment TIF District, Fiscal Disparities was taken from inside the TIF District which is consistent with City policy and past practices.
- The construction of the development was phased.
 - For the Dickman Trail North TIF Analysis it was assumed that 31,000 sq. ft. was developed in 2016 and the remaining 20,000 sq. ft. in 2020
 - For the TIF analysis for the entire Dickman Trail Area 81,000 sq. ft. were estimated for development in 2016 and the remaining 70,000 sq. ft. in 2020
- \$60 per square foot was used for determining the taxable value of the buildings for tax purposes only. This is consistent with the taxable value for concrete pre-fabricated building.
 - Lesser grade finishes will decrease market values and the amount of taxes generated. In turn this will decrease the amount of TIF captured and increase the Gap.
 - The allowance of outdoor storage will increase the gap by decreasing the amount of land available for building construction. Outdoor storage does not generate tax base.
- An inflation or appreciation rate of 2% annually in building values was used in the TIF Analysis.

Gap Analysis Key Findings

Completing the analysis demonstrated significant gaps, both before and after the infusion of tax increment financing. The revenues derived through the sale of the land to a developer were not sufficient to cover the costs incurred to redevelop the site to a level designed for industrial development. Even the addition of revenues from tax increment collected over a 25 year Redevelopment District does not cover the gap.

Successful redevelopment of the sight as an industrial location is unlikely. Additional resources such as grant funds can assist in closing the gap, but generation of almost \$5 million in grant funds may be difficult. However, as a strategy solicitation of grant funds

should continue to offset as much of the costs as possible. (See Exhibit B for a list of potential resources)

Another option would be to pursue another type of land use for the Dickman Trail Area. The calculations for an alternative type of development, such as higher density residential, would alter the outcome of the gap analysis. Multi-family development commands a higher price per square foot for land, generates more taxable market value, and requires less expensive infrastructure.

For the northern section of Dickman Trail the amount of buildable space was limited due to the bluff and triangular shape of the parcel and the configuration of Dixie Avenue. The area supports small single use structures versus multi-tenant space. This assumption was supported by developer feedback through the interview process.

Dickman Trail North Section Only					
51,000 Square Feet- Industrial					
Costs Acquisition, Demolition, Remediation	Water and Road Reconstruction	Buildable Acreage	Average Developer Price \$1.50 per sq. ft.	Square Feet Developed	Excess or (Gap)
\$2,263,643	\$1,392,716	9.1	\$594,594	51,000	(\$3,061,765)

Dickman Trail North	
Revenues for Redevelopment TIF District	Excess or (Gap) After TIF
\$360,289	(\$2,701,476)

Adding in the southern portion of the site allowed for the construction of larger buildings. The site is still impacted by the bluff, but the greater depths of the existing parcels are more conducive to larger building pads.

Dickman Trail Entire Site					
151,000 Square Feet- Industrial					
Costs Acquisition, Demolition, Remediation	Water and Road Reconstruction	Buildable Acreage	Average Developer Price \$1.50 per sq. ft.	Square Feet Developed	Excess or (Gap)
\$5,066,093	\$2,408,610	24.6	\$1,604,361	151,000	(\$5,912,039)

Dickman Trail	
Revenues for Redevelopment TIF District	Excess or (Gap) After TIF
\$1,007,917	(\$4,904,122)



Conclusions & Recommendations

Connecting the information collected from the market research and the financial feasibility analysis allows for certain conclusions to be drawn related to the viability of the redevelopment of the Dickman Trail Area as an industrial location.

- The site is not desirable for the current style of product industrial users are seeking due the access, location and shape.
- Developers are disinclined to invest in Dickman Trail as an industrial site except in the case of a build-to-suit. It is unlikely that a user would select the Dickman Trail site over a raw land location due to the cost and building challenges associated with the site.
- Financially the redevelopment for industrial use does not cash flow. Significant gaps exist between costs and revenues. These gaps can only be closed by:
 - increasing the sale price per square foot (which industrial will not support),
 - increasing the taxable market value on the site
 - decreasing costs through infrastructure changes
 - decreasing costs through grant revenues
- The City acting as a master developer or owner of any industrial facilities is not recommended. The private market does not view industrial as a sound investment and will not risk its capital. The City should not consider investing public dollars in a speculative activity that has demonstrated high financial risks.
- Consideration could be given to developing the site an alternative land use, such as multi-family or mixed use. Many of the developers indicated that the site lends itself to residential and that the market support is more likely.

Exhibit A

Inver Grove Heights Industrial Developer Questions

- What are the preferred locations for industrial development within the Southeast Market?
- What makes is the Dixie/Dickman area a desirable location for commercial/industrial redevelopment?
- Could the north half be redeveloped independently from the south? Why or why not?
- How would you assess the location and access of the potential redevelopment site?
- What type of product is “hot” in the market currently? What type of site characteristics is this product drawn to?
- What is your initial reaction to the shape of the IGH redevelopment parcel?
- Is this site conducive to any level of speculative development? Why or why not?
- What is the maximum square footage of industrial development the site can support? What would be the best building configuration?
- What is the preferred return on investment range for your typical project? What would the land price point/range have to be to reach this range?
- What is the level of remediation needed for the site to be attractive to you?
- Would you consider acting as a Master Developer for the site? What conditions would make this attractive as an option?
- How long after remediation would it take to for development to occur? What would you project as an absorption rate?
- The surrounding existing and proposed uses are primarily residential, how does this affect the marketability of the site?
- Other Comments:

Exhibit B - Redevelopment Resources

The Brownfield's Resource Guide has a detail description and contact information for various programs available to communities for redevelopment purposes. It can be found at <http://mn.gov/deed/government/financial-assistance/cleanup/brownfields.jsp>

LOANS

Hennepin County Brownfields Cleanup Revolving Loan Fund

Public entities, private for-profit and non-profit organizations located in Hennepin County are eligible for low-interest loans to assist in hazardous waste cleanup.

Minnesota Cleanup Revolving Loan Fund

This program provides low interest loans to public entities, private for-profit organizations and private non-profit organizations. Loan funds help pay for cleanup costs necessary to implement the RAP.

Small Business Environmental Improvement Loan

The program provides low-interest loans to small businesses to finance environmental projects such as capital equipment upgrades that meet or exceed environmental regulations, and costs associated with the investigation and cleanup of contaminated sites.

GRANTS

Contamination Cleanup Grant

Grants provide cities, counties, port authorities, economic development authorities, and housing and redevelopment authorities with up to 75 percent of contaminant investigation and cleanup costs.

Contamination Investigation and RAP Development Grant

Grants provide cities, counties, port authorities, EDAs, and HRAs with up to 75 percent or maximum of \$50,000 for contaminant investigation and RAP development.

Federal Brownfields Site Assessment Program

States, tribes, local governments, redevelopment authorities, private non-profit organizations and others receive funding to inventory, characterize, assess, and conduct planning activities related to brownfield sites.

Federal Brownfields Cleanup Program

Grants provide funding for states, tribes, local governments, and redevelopment agencies to carry out cleanup activities at brownfield sites.

Federal Brownfields Job Training Grants

Grants provide funds to organizations that recruit, train and place local unemployed and under-employed residents.

Federal Brownfields Cleanup Revolving Loan Program

States, tribes, local governments, and redevelopment agencies receive grants to capitalize a revolving loan fund and to provide subgrants to carry out cleanup activities at brownfield sites.

Hennepin County Environmental Response Fund (ERF)

ERF grants provide a variety of assessment and cleanup measures to Hennepin County businesses, non-profits, and municipalities for contaminated sites.

Ramsey County Environmental Response Fund

Ramsey County and Ramsey County municipalities, public entities and for-profit and non-profit organizations may apply for these funds as gap financing in the redevelopment of contaminated property located in Ramsey County.

Tax Base Revitalization Account

Cities, counties, and local development authorities in the 7-county metro area are eligible to apply for funds to be used for the investigation and cleanup of various contaminants at sites that support redevelopment.

REIMBURSEMENT

Agricultural Chemical Response and Reimbursement Account (ACRRA)

The ACRRA fund provides partial reimbursement to eligible applicants for investigation and cleanup costs incurred from releases of agricultural chemicals.

Drycleaner Fund

Under the Drycleaner Fund, most drycleaning facilities that provided services to the general public may apply for reimbursement for their investigation and cleanup work.

Petroleum Tank Release Cleanup Fund – Petrofund

Eligible applicants receive partial reimbursement for corrective action costs associated with releases from underground and above-ground petroleum storage tanks.

TAX ASSISTANCE

Contamination Tax

This tax tool provides for a reduction in property tax on contaminated property to as low as 12.5 percent of contamination value.

Tax Increment Financing (TIF)

TIF uses property taxes generated by the increase in value created by cleanup efforts to pay down the cleanup costs or prepare and implement response plans.

TECHNICAL ASSISTANCE

Federal-Lead Targeted Brownfields Assessment (TBA)

A TBA is an environmental assessment of a brownfields site conducted by the EPA at no cost to the recipient.

MN Department of Health Site Assessment and Consultation (SAC) Unit

The SAC Unit works to ensure that investigations and cleanups address public health concerns.

Technical Assistance to Brownfields Communities

Kansas State University assists Minnesota communities in outreach and technical presentations.

MN Targeted Brownfields Assistance Program

This program provides assistance to MN communities to return orphaned or publicly owned land back to beneficial use.

CLEAN UP OVERSIGHT PROGRAMS

MN Department of Agriculture Voluntary Investigation and Cleanup (AgVIC) Program

This program provides assistance to individuals or businesses seeking to investigate or cleanup releases of agricultural chemicals.

Petroleum Remediation Program

Technical assistance is provided to facilitate the development, investigation and/or cleanup of petroleum contaminated property.

Voluntary Investigation and Cleanup (VIC) Program

This program provides technical assistance to individuals or businesses for investigation or cleanup of contaminated property.

**MEMO
CITY OF INVER GROVE HEIGHTS**

TO: Inver Grove Heights Economic Development Authority
FROM: Thomas J. Link, Director of Community Development
DATE: January 30, 2015 for EDA Meeting of February 9, 2015
SUBJECT: 2015 Economic Development Authority Work Plan

1. **ACTION REQUESTED:** The Inver Grove Heights Economic Development Authority (EDA) is to identify issues that it would like to focus on this coming year.
2. **BACKGROUND:** The EDA might find it helpful to review this past year's accomplishments when considering upcoming activities. In the last year, the EDA has held four regular meetings and four special meetings and accomplished the following:
 - Approved a 2014 EDA Work Plan
 - Approved the Joint Powers Agreement with the Dakota County Community Development Agenda regarding the 'Open to Business' Program
 - Created Economic Development District No. 5 and approved a purchase agreement with Aaron Frederick
 - Created Economic Development Districts No. 6 and 7 and approved a purchase agreement with River Country Cooperative
 - Approved a proposal for a commercial retail market analysis for Arbor Pointe
 - Approved a proposal for an industrial market assessment for the Dickman Trail area of the Concord Neighborhood
 - Approved a proposed 2015 EDA budget
 - Created an interfund loan for the advance of certain costs in connection with Tax Increment Finance District No. 5-1
 - Discussed the Arbor Pointe commercial neighborhood
 - Discussed Concord Neighborhood redevelopment
 - Discussed various property acquisitions
 - Discussed Chamber of Commerce dues
 - Received updates on the Gun Club property

- Received quarterly updates on Progress Plus activities

On a related issue, the City Council approved an application to the Minnesota Department of Employment and Economic Development (DEED) for a Host Community Grant. The grant was subsequently approved and the funds used for the EDA acquisition of the River Country Cooperative property.

3. ANALYSIS: A draft EDA Work Plan for 2015 is attached. That plan focuses on the following four activities:

- Concord Redevelopment
- EDA Financing
- Gun Club Site
- Arbor Pointe Commercial

The above items are listed in order of priority, as ranked by staff. It is recognized that other unanticipated issues may arise. For example, this last year the EDA addressed the Arbor Pointe commercial area and River Country Cooperative acquisition, though neither of these were on the 2014 Work Plan. Due to limited staff capacity, direction would be appreciated on which of these items the EDA considers most important.

4. CONCLUSION: The Inver Grove Heights Economic Development Authority is to identify issues that it would like to focus on this coming year.

Enc: 2015 Work Plan

cc: Jennifer Gale, Progress Plus

**INVER GROVE HEIGHTS ECONOMIC DEVELOPMENT AUTHORITY
2015 WORK PLAN**

Concord Redevelopment

Continue to work towards the redevelopment of the Concord Neighborhood, consistent with the Comprehensive Plan, the Concord Boulevard Neighborhood Plan, and the Concord Boulevard Design Guidelines. Specific activities include:

- Pursue acquisitions, from willing sellers, of properties in the selected redevelopment areas
- Undertake environmental remediation, as grant funds become available
- Consider the Dickman Trail Market Assessment
- Continue to work with the Dakota County Community Development Agency regarding a possible housing development, especially in the 6300 block
- Determine the role of the EDA, including the type and level of financial assistance

EDA Financing

Research and analyze funding options for the continued EDA operations over the next five years.

Gun Club Site

Complete the negotiations for the acquisition of the Minnesota Department of Transportation property along the east side of Highway 52.

Arbor Pointe Commercial

Continue to work towards the improvement of the Arbor Pointe commercial neighborhood. Specific activities include:

- Consider transportation improvements that improve access to businesses, in partnership with Dakota County
- Consider commercial property maintenance regulations
- Consider modifications to the Arbor Pointe signage requirements
- Respond to development proposals

**MEMO
CITY OF INVER GROVE HEIGHTS**

AGENDA ITEM **4.C.**

TO: Inver Grove Heights Economic Development Authority

FROM: Thomas J. Link, Director of Community Development 

DATE: January 30, 2015 for EDA Meeting of February 9, 2015

SUBJECT: Joint Powers Agreement with Dakota County CDA – Open to Business Program

PURPOSE/ACTION REQUESTED

Inver Grove Heights Economic Development Authority (EDA) is to consider approving the Joint Powers Agreement between the Dakota County Community Development Agency (CDA) and the City of Inver Grove Heights Regarding the 2015 Open to Business Program.

ANALYSIS

The attached Joint Powers Agreement renews Inver Grove Heights' participation in the Open to Business program for 2015. The program is offered by the Metropolitan Consortium of Community Developers (MCCD) through the Dakota County CDA. The program provides free technical assistance to existing and startup businesses. That technical assistance can pertain to various issues, including business plan development, feasibility analysis, marketing, operational analysis, and regulatory assistance. The Open to Business Program also provides financial assistance in the form of small business loans.

There are no changes to last year's agreement. The cost of the program in Inver Grove Heights remains at \$12,500. However, the Dakota County CDA pays one half of these costs. The City's share is \$6,250, the same as the 2015 budget.

The use of the program in Inver Grove Heights has increased significantly this last year with third quarter numbers up from 5 in 2013 to 17 in 2014. Further information will be provided in the annual report, which is expected shortly.

RECOMMENDATION

Staff recommends approval of the Joint Powers Agreement between the Dakota County Community Development Agency (CDA) and the City of Inver Grove Heights Regarding the Open to Business Program.

Enc: Joint Powers Agreement

cc: Jennifer Gale, Progress Plus

JOINT POWERS AGREEMENT

Open to Business Program

THIS JOINT POWERS AGREEMENT (this “**Agreement**”), is made as of January 1, 2015, by and between the DAKOTA COUNTY COMMUNITY DEVELOPMENT AGENCY (the “**CDA**”), a public body corporate and politic organized and existing under the laws of the State of Minnesota (the “**State**”), and each of the CITY OF BURNSVILLE, CITY OF LAKEVILLE, CITY OF MENDOTA HEIGHTS, INVER GROVE HEIGHTS ECONOMIC DEVELOPMENT AUTHORITY, APPLE VALLEY ECONOMIC DEVELOPMENT AUTHORITY, EAGAN ECONOMIC DEVELOPMENT AUTHORITY, HASTINGS ECONOMIC DEVELOPMENT AND REDEVELOPMENT AUTHORITY, ROSEMOUNT PORT AUTHORITY, FARMINGTON ECONOMIC DEVELOPMENT AUTHORITY, SOUTH ST. PAUL HOUSING AND REDEVELOPMENT AUTHORITY AND WEST ST. PAUL ECONOMIC DEVELOPMENT AUTHORITY, MINNESOTA (each individually a “**Local Government Entity**” and together the “**Local Government Entities**”), each a political subdivision of the State.

RECITALS:

A. In order to pursue common goals of fostering economic development, the CDA and the Local Government Entity Cities desire to engage the Metropolitan Consortium of Community Developers, a Minnesota non-profit corporation (“**MCCD**”) to undertake the “Open To Business Program” (the “**Program**”) within Dakota County (the “**County**”).

B. Pursuant to the Program, MCCD will provide technical assistance and access to capital to small business and potential entrepreneurs in the County.

C. The CDA and the Local Government Entities propose to jointly exercise their common economic development powers to undertake the Program.

NOW, THEREFORE, in consideration of the mutual covenants and obligations of the CDA and each of the Local Government Entities, each party does hereby represent, covenant and agree with the others as follows:

Section 1. **Representations.** Each of the Local Government Entities and the CDA makes the following representations as to itself as the basis for the undertaking on its part herein contained:

(a) It is a political subdivision of the State of Minnesota with the power to enter into this Agreement and carry out its obligations hereunder.

(b) Neither the execution and delivery of this Agreement, the consummation of the transactions contemplated hereby, nor the fulfillment of or compliance with the terms and conditions of this Agreement is prevented, limited by or conflicts with or results in a breach of, the terms, conditions or provisions of any restriction or any evidences of indebtedness, agreement or instrument of whatever nature to which it is now a party or by which it is bound, or constitutes an event of default under any of the foregoing.

Section 2. **Powers to be Exercised.** The powers to be jointly exercised pursuant to this Agreement are the powers of the CDA and the Local Government Entities under Minnesota Statutes, Chapter 469, to undertake activities to promote economic development within their respective jurisdictions.

Section 3. **Method for Exercising Common Powers; Funds.** The CDA, on its own behalf and on behalf of the Local Government Entities, will initially enter into an agreement with MCCD in substantially the form attached hereto as Exhibit A (the “**Agreement**”) to engage MCCD to operate the Program within Dakota County. The CDA and each of the Local Government Entities will make payments to MCCD as described in Exhibit A of the Agreement.

The CDA may from time to time execute and deliver documents amending, modifying or extending the Agreement as it deems necessary or convenient, provided, that no such document will adversely affect services provided to, or amounts payable by, any Local Government Entity without the prior written consent of such Local Government Entity.

Section 4. **Limited Liability.** Neither the CDA nor the any of the Local Government Entities shall be liable for the acts or omissions of the other in connection with the activities to be undertaken pursuant to this Agreement. To the extent permitted by law, (a) the CDA hereby indemnifies the Local Government Entities for costs associated with claims made against the Local Government Entities directly relating to actions taken by the CDA, and (b) each Local Government Entity hereby indemnifies the CDA for costs associated with claims made against the CDA directly relating to actions taken by such Local Government Entity. Nothing herein shall be deemed a waiver by the indemnifying party of the limits on liability set forth in Minnesota Statutes, Chapter 466; and the indemnifying party shall not be required to pay, on behalf of the indemnified party, any amounts in excess of the limits on liability set forth in Minnesota Statutes, Section 466.04, less any amounts the indemnifying party is required to pay on behalf of itself, its officers, agents and employees for claims arising out of the same occurrence.

Section 5. **Conflict of Interests; Representatives Not Individually Liable.** The CDA and each of the Local Government Entities, to the best of its knowledge, represents and agrees that no member, official or employee of their respective bodies shall have any personal interest, direct or indirect, in this Agreement, nor shall any such member, official or employee participate in any decision relating to this Agreement which affects his or her personal interests or the interests of any corporation, partnership, or association in which he or she is directly or indirectly interested. No member, official or employee of the CDA or any Local Government Entity shall be personally liable with respect to any default or breach by any of them or for any amount which may become due to the other party or successor or on any obligations under the terms of this Agreement.

Section 6. **Term; Distribution of Property.** The term of this Agreement shall expire on December 31, 2015. There is no property which will be acquired by the CDA or any Local Government Entity pursuant to the Program which would need to be distributed at the end of the term hereof.

Section 7. **Notices and Demands.** A notice, demand or other communication under this Agreement by any party to another shall be sufficiently given or delivered if it is dispatched by registered or certified mail, postage prepaid, return receipt requested or delivered personally to the person and at the addresses identified on each signature page hereto, or at such other address with respect to either such party as that party may, from time to time, designate in writing and forward to the other as provided in this Section.

Section 8. **Counterparts.** This Agreement may be executed in any number of counterparts, each of which shall constitute one and the same instrument.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the CDA and the Local Government Entities have caused this Agreement to be duly executed in their respective names and behalf as of the date first above written, with actual execution on the dates set forth below.

DAKOTA COUNTY COMMUNITY
DEVELOPMENT AGENCY

Dated: _____

By _____
Its Executive Director

Notice Address:

Dakota County Community Development Agency
1228 Town Centre Drive
Eagan, MN 55123
Attn: Andrea Brennan, Director of Community and Economic Development

EAGAN ECONOMIC DEVELOPMENT
AUTHORITY

Dated: _____

By _____
Its _____

By _____
Its _____

Notice Address:

3830 Pilot Knob Road
Eagan, MN 55122
Attn: _____

CITY OF BURNSVILLE, MINNESOTA

Dated: _____

By _____
Its City Manager

By _____
Its _____

Notice Address:

100 Civic Center Parkway
Burnsville, MN 55337
Attn: City Manager

CITY OF LAKEVILLE, MINNESOTA

Dated: _____

By _____
Its Mayor

By _____
Its City Clerk

Notice Address:

20195 Holyoke Avenue
Lakeville, MN 55044
Attn: Community and Economic Development Director

CITY OF MENDOTA HEIGHTS

Dated: _____

By _____
Its _____

By _____
Its _____

Notice Address:

1101 Victoria Curve
Mendota Heights, MN 55118

Attn: _____

APPLE VALLEY ECONOMIC DEVELOPMENT
AUTHORITY

Dated: _____

By _____
Its _____

By _____
Its _____

Notice Address:

7100 147th Street W.
Apple Valley, MN 55124
Attn: _____

INVER GROVE HEIGHTS ECONOMIC
DEVELOPMENT AUTHORITY

Dated: _____

By _____
Its _____

By _____
Its _____

Notice Address:

8150 Barbara Avenue
Inver Grove Heights, MN 55077
Attn: _____

HASTINGS ECONOMIC DEVELOPMENT AND
REDEVELOPMENT AUTHORITY

Dated: _____

By _____
Its: _____

By _____
John Hinzman
Its Executive Director

Notice Address:

101 East 4th Street
Hastings, Minnesota 55033
Attn: Executive Director

ROSEMOUNT PORT AUTHORITY

Dated: _____

By _____
Its _____

By _____
Its _____

Notice Address:

2875 145th Street
Rosemount, MN 55068

Attn: _____

FARMINGTON ECONOMIC DEVELOPMENT
AUTHORITY

Dated: _____

By _____
Its _____

By _____
Its _____

Notice Address:

430 Third Street
Farmington, MN 55024
Attn: _____

SOUTH ST. PAUL HOUSING AND
REDEVELOPMENT AUTHORITY

Dated: _____

By _____
Its _____

By _____
Its _____

Notice Address:

125 Third Ave. No.
South St. Paul, MN 55075
Attn: Executive Director

WEST ST. PAUL ECONOMIC
DEVELOPMENT AUTHORITY

Dated: _____

By _____
Its _____

By _____
Its _____

Notice Address:

1616 Humboldt Avenue
West St. Paul, MN 55118
Attn: Executive Director

Exhibit A

Contract for Services for the Open To Business Program

**Contract for Services
for the
Open to Business Program**

THIS AGREEMENT is dated January ___, 2015 and is between the **Dakota County Community Development Agency** (“CDA”) and **Metropolitan Consortium of Community Developers**, a Minnesota nonprofit corporation (“MCCD”).

WHEREAS, the CDA, on behalf of itself and the eleven political subdivisions of the State of Minnesota listed on Exhibit A hereto (the “**Local Government Entities**”), which each have powers with respect to a city with a population over 10,000 (collectively the “**Municipalities**”), wishes to engage MCCD to render services under a model known as “**Open to Business**,” an initiative providing small business technical assistance services to existing businesses and residents and other parties interested in opening a business within Dakota County (the “**County**”) (the “**Initiative**”); and

WHEREAS, MCCD has successfully provided the services required to administer and carry out the Initiative in Dakota County in 2013 and 2014; and

WHEREAS, pursuant to CDA Resolution No. 14-5467, adopted on December 16, 2014 (the “**Resolution**”), the CDA is authorized to enter into this agreement with MCCD for the Initiative; and

WHEREAS, pursuant to the Resolution and certain joint powers agreements to be entered into between the CDA and the Local Government Entities (the “**Joint Powers Agreements**”), the CDA will act as fiscal agent for the Local Government Entities in connection with this Agreement; and

WHEREAS, the CDA will pay from its own funds 50% of the fee charged by MCCD for the Initiative in the Municipalities and 100% of the fee charged by MCCD for the Initiative in the small cities and townships within the County with populations of less than 10,000 people (“**Small Cities and Townships**”), as further described herein and in Exhibit A; and

WHEREAS, pursuant to the Joint Powers Agreements, the Local Government Entities will be required to pay a Participation Fee to the CDA in accordance with the schedule in Exhibit A, representing the remaining 50% of the fee charged by MCCD for the Initiative in the Municipalities.

Now therefore, for good and valuable consideration, the receipt of which is hereby acknowledged, the parties agree as follows:

TIME OF PERFORMANCE

The term of this Agreement and the period during which MCCD will provide services hereunder will commence on January 1, 2015 and will end on December 31, 2015, subject to earlier termination as provided herein. MCCD will perform services necessary to carry out the Initiative as promptly as possible, and with the fullest due diligence.

COMPENSATION

Subject to reduction as provided below, the CDA will compensate MCCD for its services hereunder an amount equal to One Hundred Thirty-Five Thousand Dollars (\$135,000) ("Contract Amount"). The CDA will pay such amount in two equal installments, the first no earlier than January 30, 2015 and the second no earlier than June 30, 2015, upon receipt of invoices from MCCD. Subject to the limits above, payments will be due within 15 days of receipt of the respective invoices. The portion of the Contract Amount payable from Participation Fees will be payable by the CDA only from and to the extent such Participation Fees are paid by the respective Local Government Entities.

In the event a Local Government Entity does not pay to the CDA its Participation Fee in amounts and by the deadline described in Exhibit A, the CDA will notify MCCD, and MCCD will immediately cease the Initiative in that Municipality. Upon such termination, the Contract Amount will be reduced by an amount equal to the Participation Fee which such Local Government Entity did not pay and the amount the CDA would have paid as a matching payment.

SCOPE OF SERVICES

MCCD will provide technical assistance to existing businesses, residents and those parties interested in starting a business in any of the Municipalities and Small Cities and Townships as further described on Exhibit B and Exhibit C attached hereto, which sets forth the Dakota Open to Business Program Scope of Services.

REPORTING

MCCD will submit quarterly reports to the CDA in form and substance acceptable to the CDA. Reports will provide information in the aggregate for the County and will include a subreport for each Municipality and each of the Small Cities and Townships. Reports will include the following information:

- Number of inquiries
- Hours of technical assistance provided
- Type of assistance provided
- Type of business
- Annual sales revenue
- Number of businesses opened

- Number of business expanded/stabilized
- Number and amounts of financing packages
- Demographic information on entrepreneurs
- Business address or resident address
- Number and wage of FTEs created
- Number and wage of FTEs retained

The required reporting schedule is as follows:

1st quarter January – March, report due April 30th

2nd quarter April – June, report due July 31st

3rd quarter July – September, report due October 31st

4th quarter October – December, report due January 31st of 2015

In addition to the foregoing, MCCD will provide additional reports as reasonably requested by the CDA.

PERSONNEL

MCCD represents that it has, or will employ or contract for, at its own expense, all personnel required to perform the services necessary to carry out the Initiative. Such personnel will not be employees of, or have any contractual relationship with, the County, the CDA or any of the Local Government Entities. No tenure or any other rights or benefits, including worker's compensation, unemployment insurance, medical care, sick leave, vacation pay, severance pay, or any other benefits available to the County's, the CDA's or any of the Local Government Entities' employees shall accrue to MCCD or employees of MCCD performing services under this agreement. The MCCD is an independent contractor.

All of the services required to carry out the Initiative will be performed by MCCD and all personnel engaged in the work shall be fully qualified and shall be authorized or permitted under State and local law to perform such work.

USE OF CDA OFFICE SPACE

The CDA will make available a cubicle space for MCCD personnel at the CDA office building for use by MCCD in carrying out the Initiative. MCCD personnel will have access to the CDA's meeting rooms, wireless internet service, copy machines and printers. MCCD personnel shall comply with all CDA office rules and policies regarding the use of CDA office space, equipment and internet access. If the CDA, in its sole discretion, determines that MCCD Personnel have failed to comply with CDA office rules and policies, MCCD Personnel will be required to vacate the CDA office and the CDA will cease to provide MCCD office space to carry out the Initiative.

INTEREST OF MEMBERS OF THE CDA AND OTHERS

No officer, member, or employee of the CDA and no member of its governing body, and no other public official or governing body of any locality in which the Initiative is situated or being carried out, who exercises any functions or responsibilities in the review or approval of the undertaking or carrying out of the Initiative, will participate in the decision relating to this Agreement which affects his/her personal interest or the interest of any corporation, partnership, or association in which he/she is, directly or indirectly, interested or has any personal or pecuniary interest, direct or indirect, in this Agreement.

ASSIGNABILITY

MCCD will not assign any interest in this Agreement, and will not transfer any interest in the same without the prior written approval of the CDA.

COMPLIANCE WITH LOCAL LAWS

MCCD agrees to comply with all federal laws, statutes and applicable regulations of the State of Minnesota and the ordinances of the Local Government Entities.

INSURANCE

MCCD agrees at all times during the term of this Agreement, and beyond such term when so required, to have and keep in force the following insurance coverages:

	<u>Limits</u>
1. Commercial General Liability on an occurrence basis with contractual liability coverage:	
General Aggregate	\$2,000,000
Products—Completed Operations Aggregate	2,000,000
Personal and Advertising Injury	1,500,000
Each Occurrence—Combined Bodily Injury and Property Damage	1,500,000
2. Workers' Compensation and Employer's Liability:	
Workers' Compensation	Statutory
In the event that MCCD should hire employees or subcontract this work, MCCD shall obtain the required insurance.	
Employer's Liability. Bodily injury by:	
Accident—Each Accident	500,000
Disease—Policy Limit	500,000
Disease—Each Employee	500,000

INDEMNIFICATION

MCCD agrees to defend, indemnify, and hold harmless the County, the CDA, the Local Government Entities, and each of their respective officials, officers, agents, volunteers and employees from any liability, claims, causes of action, judgments, damages, losses, costs, or expenses, including reasonable attorney's fees, resulting directly or indirectly from any act or omission of MCCD, its subcontractors, anyone directly or indirectly employed by MCCD or any of its subcontractors, and/or anyone for whose acts and/or omissions MCCD may be liable in the performance of the services required by this Agreement, and against all loss by reason of the failure of MCCD to perform any obligation under this Agreement.

NOTICES

A notice, demand, or other communication under the Agreement by either party to the other shall be sufficiently given or delivered if it is dispatched by mail, postage prepaid, return receipt requested, or delivered personally; and

(a) In the case of MCCD, is addressed or delivered personally to:

Metropolitan Consortium of Community Developers
3137 Chicago Avenue South
Minneapolis, MN 55407

(b) In the case of the CDA is addressed or delivered personally to:

Andrea Brennan, Director of Community and Economic Development
Dakota County Community Development Agency
1228 Town Centre Dr.
Eagan, MN 55123

or at such other address with respect to any party as that party may designate in writing and forward to the other as provide in the Section.

MODIFICATION

This Agreement may not be modified, changed, or amended in any manner whatsoever without the prior written approval of all the parties hereto.

NON-DISCRIMINATION

In connection with its activities under this Agreement, MCCD will not violate any Federal or State laws against discrimination.

DEFAULT AND CANCELLATION

Failure of the MCCD to perform any of its obligations under this Agreement to the satisfaction of the CDA will constitute a default hereunder.

Unless MCCD's default is cured within 15 days following notice by the CDA, the CDA may (i) cancel this Agreement in its entirety by 5 additional days' written notice to MCCD, or (ii) withhold payment from MCCD as long as such default continues.

MINNESOTA LAWS GOVERN

The Laws of the State of Minnesota shall govern all questions and interpretations concerning the validity and construction of this Agreement and the legal relations between the parties and their performance. The appropriate venue and jurisdiction for any litigation will be those courts located within the County. Litigation, however, in the federal courts involving the parties will be in the appropriate federal court within the State of Minnesota. If any provision of this Agreement is held invalid, illegal or unenforceable, the remaining provisions will not be affected.

**DAKOTA COUNTY COMMUNITY
DEVELOPMENT AGENCY**

By: _____
Executive Director
Date: _____

MCCD

By: _____
Printed Name: _____
Printed Title: _____
Date: _____

Exhibit A
Local Government Entity Participation Fee Schedule

Municipality	Local Government Entity	Total Fee	CDA Share of Fee	Local Government Entity Participation Fee Due 1/30/14
Eagan	Eagan Economic Development Authority	\$15,000	\$7,500	\$7,500
Burnsville	City of Burnsville	\$15,000	\$7,500	\$7,500
Lakeville	City of Lakeville	\$15,000	\$7,500	\$7,500
Apple Valley	Apple Valley Economic Development Authority	\$15,000	\$7,500	\$7,500
Inver Grove Heights	Inver Grove Heights Economic Development Authority	\$12,500	\$6,250	\$6,250
Hastings	Hastings Economic Development and Redevelopment Authority	\$10,000	\$5,000	\$5,000
Rosemount	Rosemount Port Authority	\$10,000	\$5,000	\$5,000
Farmington	Farmington Economic Development Authority	\$10,000	\$5,000	\$5,000
South St. Paul	South St. Paul Housing and Redevelopment Authority	\$10,000	\$5,000	\$5,000
West St. Paul	West St. Paul Economic Development Authority	\$10,000	\$5,000	\$5,000
Mendota Heights	City of Mendota Heights	\$5,000	\$2,500	\$2,500
Small Cities and Townships	n/a	\$7,500	\$7,500	\$0
Total		\$135,000	\$71,250	\$63,750

Exhibit B

Dakota Open to Business Program Scope of Services

Open to Business (“OTB”) Technical Assistance Services

MCCD will provide intensive one-on-one technical assistance to Municipalities’ and Small Cities’ and Townships’ businesses, residents and aspiring entrepreneurs intending to establish, purchase, or improve a business in Municipalities and Small Cities and Townships within Dakota County (the “County”). MCCD will dedicate one full time staff person based in the County to provide the Technical Assistance Services (“Dakota OTB Staff”). In addition, MCCD will make available the expertise of all MCCD technical and support staff in the delivery of services to Dakota Open to Business Program. Technical assistance includes, but is not limited to, the following:

- Business plan development
- Feasibility analysis
- Marketing
- Cash flow and other financial projection development
- Operational analysis
- City and State licensing and regulatory assistance
- Loan packaging, and other assistance in obtaining financing
- Help in obtaining competent legal advice

MCCD Dakota OTB Staff will be available to meet clients at the CDA office building, various Municipality city halls or at the client’s place of business. MCCD Dakota OTB Staff will provide technical assistance on a walk-in basis monthly in each Municipality, if requested. MCCD will also hold two-hour “Test Drive Your Business Idea” sessions once a month in various Municipality locations.

Open to Business Access to Capital

Access to capital will be provided to qualifying businesses through MCCD’s Emerging Small Business Loan Program (see **Exhibit C** Small Business Loan Program Guidelines below). MCCD also provides it’s financing in partnership with other community lenders, banks or Local Government Entities interested in making capital available to residents and/or businesses in their community.

EXHIBIT C

Small Business Loan Program Guidelines

Loan Amounts:

- Up to \$25,000 for start-up businesses
- Larger financing packages for established businesses
- Designed to leverage other financing programs as well as private financing provided by the commercial banking community.

Eligible Projects:

- Borrowers must be a “for-profit” business.
- Business must be complimentary to existing business community.
- Borrowers must have equity injection as determined by fund management.

Allowable Use of Proceeds:

- Loan proceeds can be used for working capital, inventory, building and equipment and general business operations.

Interest Rates:

- Loan interest rate is dependent on use, term and other factors, not to exceed 10%.

Loan Term Length:

- Loan repayment terms will generally range from three to five years, but may be substantially longer for major asset financing such as commercial property.

Fees and Charges:

- Borrowers are responsible for paying all customary legal and other loan closing costs.

**MEMO
CITY OF INVER GROVE HEIGHTS**

TO: Inver Grove Heights Economic Development Authority
FROM: Thomas J. Link, Director of Community Development
DATE: January 20, 2015 for EDA Meeting of February 9, 2015
SUBJECT: Election of Officers

The Economic Development Authority (EDA) is to elect officers for 2015.

The February meeting is the EDA's 'annual meeting', per the EDA's bylaws. Those bylaws state that the purpose of the annual meeting is to elect officers for the coming year. The current officers are:

Rosemary Piekarski Krech	President
Tom Bartholomew	Vice-President
George Tourville	Treasurer
City Finance Director	Assistant Treasurer
Executive Director's Designee	Secretary