

**INVER GROVE HEIGHTS ECONOMIC DEVELOPMENT AUTHORITY REGULAR MEETING
MONDAY, AUGUST 8, 2016 – 8150 BARBARA AVENUE**

CALL TO ORDER/ROLL CALL The Economic Development Authority (EDA) of Inver Grove Heights met on Monday, August 8, 2016, 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, Hark, Mueller, and Tourville; Executive Director Link, City Attorney Kuntz, Finance Director Smith, City Administrator Lynch, and Secretary Fox.

3. CONSENT AGENDA

A, B, & C. Minutes and Claims

Motion by Bartholomew, second by Tourville, to approve the minutes from the May 9, 2016 Regular Economic Development Authority Meeting, the minutes from the July 11, 2016 Special Economic Development Authority Meeting, and disbursements from May 9, 2016 to August 7, 2016.

Ayes: 5

Nays: 0 Motion carried

4. REGULAR AGENDA

A. 2017 EDA Budget

Mr. Link discussed the proposed 2017 EDA budget which includes the addition of a full-time Economic Development Specialist. This position would address the growing City's increased need for economic development activities and would allow for daily communication and coordination. He advised that he, Finance Director Smith, and City Administrator Lynch made some revisions to the budget this afternoon which would lessen the impact. The proposed budget, however, would increase from \$93,200 in 2016 to \$130,300 in 2017. This amount does not include software or website modification costs.

Commissioner Hark asked for an estimated cost of economic development software.

Mr. Link advised he was not sure what the cost would be and noted there were several different software programs available.

President Piekarski Krech asked what the average price was of other software programs, stating that cost was a critical issue.

Mr. Lynch replied they had not researched the average price of software programs; however, they may be able to add a module onto an existing software program for a far lesser cost than buying a new program. He speculated that a new program might fall in the \$30,000 range.

President Piekarski Krech stated she would want to know that cost before making a recommendation.

Boardmember Hark stated this would be forwarded on to City Council, at which point this crucial piece of information would be necessary.

Boardmember Mueller asked for more details as he had concerns about hiring a new employee.

Mr. Link explained that this person would essentially do some of the same tasks that Progress Plus currently does. They would focus primarily on marketing, business retention, visits, responding to inquiries, assisting the EDA with economic development, and developing a communications program.

Boardmember Mueller asked if there were any communication problems between the City and Progress Plus.

Mr. Link replied that they work well together and communicate often; however, the position being proposed would allow for better coordination and communication with himself and other staff members simply because they are in the same building.

Boardmember Mueller asked if they were looking for an experienced person.

Mr. Link replied they were expecting someone with a few years of experience.

Boardmember Mueller asked what the salary range would be.

Mr. Link replied they are anticipating a \$56,500–\$72,000 range, which was based on the salary of similar positions in comparable communities.

Boardmember Mueller was concerned about how this would be paid for.

Mr. Link advised it would come out of the General Fund.

Boardmember Mueller stated the City was not ready for this position at this time as there were other changes that should be made first.

Mr. Link noted that per EDA direction the EDA budget will be funded through the General Fund rather than the Host Community Fund.

Boardmember Bartholomew questioned why the 2017 request for 'Dues, Licenses & Subscriptions' was much lower than in previous years.

President Piekarski Krech replied that the 2017 request does not include Progress Plus.

Mr. Link explained that staff is proposing to add an economic development specialist position and to no longer have a contract with Progress Plus. He noted that Progress Plus is aware of this recommendation.

Boardmember Tourville stated there was a possibility there could be some funding through the City's TIF projects. He advised that most cities of our size have a full-time economic development specialist devoted to business retention and bringing in new business.

Boardmember Mueller suggested they hire an intern instead as a way to save money.

Boardmember Tourville stated an intern would not have the necessary experience.

Boardmember Mueller stated an intern would likely have some experience, there were also retired economic development specialists that may be available, and he felt Progress Plus did a good job of meeting with business people in the City.

Mr. Lynch advised that the number one issue they heard on 'Night to Unite' was what the City was doing to help local companies and attract more businesses. He felt it was time for the City to hire a fulltime economic development specialist, noted that the cost would be partially offset by the elimination of the Progress Plus contract, and that they could possibly bring the cost down even further by costing some of their time against the TIF money.

Boardmember Hark asked if there would be enough time to find out if TIF was a possibility before this item goes to Council.

Mr. Lynch advised that they can expense the cost of time spent on TIF administration. Currently the City relies on Ehlers & Associates to help with that; if this position takes over those reporting duties it would reduce the cost expenditure of the EDA.

Boardmember Bartholomew questioned the decrease in “Other Professional Services”.

Mr. Lynch advised that \$7,000 of the \$17,000 total was for the ‘Open to Business’ program.

Mr. Link replied the other \$10,000 would be for consultant needs as determined by the EDA.

Boardmember Bartholomew asked if staff was comfortable with \$8,000 less than 2016.

Mr. Lynch replied in the affirmative.

Boardmember Hark stated in his opinion the City was at a point where they needed this position and he would support the request knowing that it would come back to Council for final approval. He added that if the software ended up being too expensive he would no longer be interested.

Boardmember Bartholomew agreed that the City should consider this position, but stated if the overall budget came in high this would be one of the first items he would recommend for removal.

Boardmember Tourville stated they could also consider spreading out the cost of the software over a three year period.

Mr. Link agreed to look into the cost of a software program.

Jennifer Gale stated that Progress Plus appreciates the City’s desire to take a more proactive role in economic development and noted that there are over 25 private businesses who invest in Progress Plus to promote economic development in the community. She suggested that the City modify, rather than abandon, their partnerships with the private businesses. Economic development is a collaboration of City staff, the EDA, and private entities which provide intuitive marketing advice, input on procedures, and can speak to what makes a project successful. She suggested that to help an economic development specialist to be successful the EDA should consider creating incentives and financial tools for businesses, along with simplifying the application and permitting process and working more closely with the community to establish goals for planned development that can be supported by area demographics.

President Piekarski-Krech questioned what the EDA should be doing to better support businesses.

Ms. Gale replied the feedback they have received is that financial incentives are a big piece of why businesses locate where they do (i.e. tax abatement, revolving loan program, small business rebate, etc.). Such incentives are something only the EDA can decide to do. They also hear that the process in Inver Grove Heights is a little more cumbersome. Unfortunately development in the Northwest Area is very complicated which makes a difference when developers look at the community, and the City also has a river and other demographic challenges. She advised that Progress Plus has resources that they offer that could work in partnership with a new economic development specialist, such as their Exceligent software and strong connection with the business community.

Boardmember Bartholomew asked what the typical contribution was for Progress Plus.

Ms. Gale replied that the maximum contribution for businesses is \$5,500. She stated they do not want to lose the connection with the communities they serve and are willing to fit the program to the City's needs with an a la carte approach.

Boardmember Bartholomew agreed there was value there; the only issue would be the cost.

Boardmember Mueller asked what the timeline was for this position and the City's future partnership with Progress Plus.

Mr. Link replied that the budget assumes a start date around the first of the year. He stated what he was hearing from the EDA was that they approve of this position in concept but need further information, especially in regard to software.

Boardmember Bartholomew added that the impact to the overall budget was also important; this would be one of the first items he would consider if budget cuts were needed.

Motion by Bartholomew, second by Hark, to approve the draft 2017 EDA budget with an understanding of the comments made regarding this item.

Boardmember Mueller asked for clarification that this was a concept approval and that additional information would be forthcoming.

President Piekarski Krech replied in the affirmative.

Ayes: 5

Nays: 0 Motion carried

B. Concord Boulevard Overview

For informational purposes, Mr. Link summarized the City and EDA actions in regard to redevelopment in the Concord Boulevard Neighborhood since the updated Concord Boulevard Neighborhood Plan was adopted in December 2012. He explained the stated goals of that plan and that it focused on four catalyst sites. The City has recently acquired six properties from willing sellers and is currently negotiating with three other property owners. The CDA has acquired additional properties in the 6300 block, including all the properties that front on Concord. The City has acquired approximately 28 parcels in the Doffing Avenue area, with seven properties remaining. The City recently acquired the Castaways Marina residence. The City has had discussions with Republic Services about the acquisition and development of the BFI facility in the northeast corner of Concord Boulevard and 66th Street. BFI does not oppose the City's redevelopment plans for the area, but cannot commit to selling or redeveloping their property in the next couple years.

Boardmember Tourville noted that the names Republic Services and BFI have been used interchangeably, but suggested they be referred to as Republic Services moving forward.

Boardmember Mueller noted that BFI comes up on the County property website as Action Disposal.

Mr. Link advised that the EDA has acquired five properties on the 66th Street/68th Street block on the west side of Concord and has commenced negotiation with a sixth property owner. The City conducted an appraisal on a seventh property, but the owner decided not to pursue the sale for the time being. There

was discussion of incorporating the Turrito's property into some form of residential mixed use development. The North Dickman Trail area consisted of six property owners.

The EDA has acquired two of those, staff is currently working on one other, and is closing on one other this week. The EDA asked what the value was of the property that the City owns. He stated that is difficult to determine due to inaccuracies in the County Assessor's market value. At such time that the City would consider selling properties an appraisal would be done. The valuation would be dependent on many factors, including the type of land use, the current market, and the location, size and characteristics of the properties. Recent appraisals on industrial properties indicate a value of \$3.50 to \$4.50 per usable square foot. Most cities will sell properties at a reduced price as an incentive to encourage redevelopment. The City and EDA have also conducted a series of environmental investigations, including Phase I Environmental Assessments, Phase II Environmental Investigations, Response Action Plans, and hazmat surveys. Dakota County has also performed environmental investigations of some Concord area properties. The City has acquired \$3.6M in grant funds, some of which have been spent on the development of Heritage Village Park, acquisition costs, and environmental remediation. The EDA hired a consultant to conduct a market assessment of the Dickman Trail area. The developers who provided feedback found the City as a whole to be an attractive market; however, they felt industrial development of the Dickman Trail area posed some difficulties. The EDA directed staff to send out a Request For Proposal for a conceptual analysis of railroad quiet zones. That will be available soon for the EDA's consideration. The Mississippi River Regional Trail was recently constructed and has been a major improvement to the Concord area.

It is anticipated that it will take another 1-3 years to acquire enough properties in the 'catalyst sites' to make development worthwhile and to be of interest to developers. At that time the City can look at the redevelopment process, which would include conducting an appraisal, determining what kind of financial incentives would be offered, identifying infrastructure needs, identifying qualified developers, preparing and distributing a request for proposal, selecting a developer, entering into a development contract, and pursuing grants. Mr. Link advised that he has spoken with other cities regarding their redevelopment and was informed it could take 25-30 years for the entire process to be complete.

Boardmember Bartholomew asked if anyone had shown interest in this area.

Mr. Link replied that occasionally he will receive a call from some of the developers involved in the market assessment asking for an update.

Boardmember Mueller asked how much grant money remained for the purchase of property.

Mr. Link replied there was approximately \$600,000 in DEED funds available for acquisitions.

Boardmember Mueller asked for clarification of the payback process.

Mr. Link explained that once a property is acquired the City submits a request to DEED for a full reimbursement. He added that some of the State bonding money could also be used for acquisitions.

Boardmember Mueller asked if the Concord Boulevard neighborhood was mostly bedrock.

Mr. Link replied in the affirmative.

Boardmember Mueller asked Mr. Link to look into how much of the area was bedrock as he was concerned about high infrastructure costs and whether it was feasible to market it.

Mr. Link noted that that was part of the consideration during the industrial market assessment. He advised that although it is more costly to install utilities in bedrock, it provides a better foundation for construction.

C. Progress Plus Update

John Erickson, Progress Plus, summarized the last quarter's activities. He advised that the food truck event has been cancelled due to McGough having risk management issues with food trucks being on their property and Target Corporation not allowing it on theirs. They have also decided to do a poker run. They have begun to plan the MNCAR Expo for November, held a Saints game event for the area brokers, was advised by a representative of Tim Horton's that the Highway 52/Upper 55th Street area was not a viable site for them as they need a drive through, made contact with Pancheros, reached out to Meijer's grocery store for the Roundy's site but was told it was too small, and met with DCTC brewery instructor Jeff Merriman to discuss regulations for attracting breweries into the community. He advised that Home Federal Savings became a member of Progress Plus, they have seen a 50% increase in user engagement after changing their marketing flyers from 'featured property' to 'experience the area', they finalized the ad for the *South Metro Living Guide*; have been working with Tom Link to create a testimonial page and brochure about how good the City is to work with, and performed three business visits and received three inquiries..

Boardmember Bartholomew asked for more details regarding the meeting Progress Plus had with a sheet metal business representative.

Mr. Erickson replied that the company is currently located in West St. Paul and is looking at the Rauschnot site and Bridgepointe in South St. Paul.

Boardmember Tourville suggested they hold the food truck event in the Veterans Community Center parking lot as they did last year.

Jennifer Gale stated that last year they offered to hold the food truck event one time in each community. It preferably be held at a location with a lot of traffic and available commercial space as the goal is to focus on economic development. It was a costly event to produce without any cost benefit to Progress Plus so at the end of last year they offered to provide the information to staff if they wanted to hold a food truck event in a development area. Staff chose the Target/Argenta Hills area but unfortunately it did not work out.

Mr. Link advised they had considered three sites - the Southeast Quadrant, Arbor Pointe, and the Target area. The Southeast Quadrant and Arbor Pointe were ruled out because it would compete with existing restaurants there. They decided to forego the food truck event this year as they could not find a site that would work.

President Piekarski Krech stated Arbor Pointe would have been a good location as it would bring people to that area that may not be aware of the other businesses there.

Mr. Link replied their concern was that the restaurants in that area would have an issue with competitors setting up across the street.

President Piekarski Krech noted it was just for one day over the lunch hour.

Boardmember Tourville agreed that having a food truck event in Arbor Pointe would get people who do not normally come down there to find out what other businesses were in the area.

Ms. Gale stated that often times if the food truck lines are too long people go to the existing restaurants.

President Piekarski Krech believed the existing restaurants would understand that this is a one day event.

Boardmember Hark agreed, stating the existing restaurants could potentially use this to their advantage.

President Piekarski Krech agreed, stating that existing restaurants could have their own promotions on food truck day.

Mr. Link asked if the EDA wanted City staff and Progress Plus to contact the Arbor Pointe restaurants to get their reaction.

Boardmember Tourville replied that was not necessary and that staff should choose a date and time and then notify the existing businesses.

Ms. Gale volunteered to help organize the event.

President Piekarski Krech stated that the Rainbow lot would be an ideal location.

Boardmember Tourville suggested they ask the restaurants in the area to be included in the flyer.

Boardmember Bartholomew stated the restaurants in Arbor Pointe may wish to do an outside event as well.

President Piekarski Krech stated they should think more creatively.

Mr. Link noted that the concern for the existing businesses came from staff rather than Progress Plus and he would follow up on this event.

Boardmember Tourville noted that some of the food truck vendors also own businesses in the City.

Mr. Link summarized recent commercial/industrial development activity in the City, noted that a hotel will be coming before the Council later this month, and that Step Academy received their Certificate of Occupancy.

President Piekarski Krech asked if Step Academy had changed ownership, stating at one time they were proposing to have two schools on that site.

Mr. Link was unsure if there was a change in ownership, but stated there would only be one school at that location. He advised that the Rainbow site was now on the market. Staff has advised them that the City would very much like to see something happen there and would be flexible on whether it was a retail use or another (i.e. office, hotel, apartments).

5. NEXT MEETING – President Piekarski Krech advised that the next regular EDA meeting is scheduled for November 14, 2016.

6. ADJOURNMENT: Motion by Mueller, second by Tourville, to adjourn. The meeting was adjourned by unanimous vote at 6:25 p.m.