

**INVER GROVE HEIGHTS ECONOMIC DEVELOPMENT AUTHORITY MEETING  
MONDAY, AUGUST 6, 2012 – 8150 BARBARA AVENUE**

**CALL TO ORDER/ROLL CALL** The Economic Development Authority (EDA) of Inver Grove Heights met on Monday, August 6, 2012, in the City Council Chambers. President Tourville called the meeting to order at 6:05 p.m. Present were Economic Development Authority members Grannis, Madden, Klein, and Piekarski Krech; City Administrator Lynch, Executive Director Link and Secretary Fox.

**4A. MINUTES**

**Motion by Madden, second by Grannis, to approve the Minutes of the May 7, 2012 Regular Economic Development Authority meeting.**

**Ayes: 4**

**Nays: 0**

**Abstain: 1 (Klein) Motion carried.**

**4B. CLAIMS:**

**Motion by Klein, second by Grannis, to approve disbursements from May 8, 2012 to August 5, 2012.**

**Ayes: 5**

**Nays: 0 Motion carried.**

**6A. RESOLUTION AUTHORIZING 2011 TRANSFER TO EDA FUND FROM HOST COMMUNITY FUND**

Boardmember Piekarski Krech stated she still did not have a clear understanding of what money came from where and why there was so much excess money remaining.

Mr. Lynch explained that in governmental reporting retained earnings were similar to the balance in a checkbook, with the income minus the expenditures being the balance. He advised that the intention was to transfer \$500,000 from the Host Community Fund to the EDA Fund in 2011; however, that was never done. In 2012 the EDA approved a transfer of \$500,000 from the Host Community Fund to the EDA Fund. \$352,000 of those monies were used to pay for the excess golf course property purchase. \$1,000,000 was transferred from the Host Community Fund through the EDA to cover the remainder of the cost of the purchase of the excess golf course property. The golf course properties are now shown as an asset owned by the EDA. The fund balance is \$115,000. Mr. Lynch advised that without the transfer the fund balance would go down to \$60,000 in 2013 after deducting the operating expenses. He reminded the EDA there were several things they had been discussing that would need a funding source, such as a small business loan program.

Boardmember Piekarski Krech asked for clarification of how much money overall had been transferred from the Host Community Fund to the EDA Fund, stating the documentation showed \$1.5 million whereas there was discussion of \$2 million.

Mr. Link replied that if the EDA approved the 2011 transfer of \$500,000 that would total the \$2 million previously discussed.

Boardmember Piekarski Krech asked if the EDA Fund balance would total \$600,000 rather than \$100,000 if the EDA approved the 2011 transfer.

Dian Piekarski, 7609 Babcock Trail, stated the budget process continued to be confusing, and the balance sheet was unclear and did not include separate expenditure and revenue columns. She also questioned

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the accuracy of a statement in Mr. Lynch's memorandum that there was always planned to be three transfers from the Host Community Fund for economic development purposes.

Mr. Lynch clarified that the statement referred to by Ms. Piekarski was written from a staff perspective and was indicating that staff had intended for there to be three transfers, not that the EDA had approved the three transfers. In regard to the balance sheet, Mr. Lynch advised it was based on standard governmental accounting which was different from private sector accounting.

Boardmember Grannis stated the EDA previously determined they would like to implement a small business loan program and the transfer would provide the needed funding.

Boardmember Piekarski Krech asked if Boardmembers were considering programs other than the Dakota County Community Development Agency (CDA)/Metropolitan Consortium of Community Developers (MCCD) program which would cost \$7,500 for the annual administration fee.

Mr. Link stated that the CDA/MCCD partnership was not yet finalized, but looked promising. He advised that if the arrangement between the two agencies did not work out the annual administration fee for MCCD would be \$10,000 rather than the \$7,500.

Boardmember Klein asked if the Host Community Fund was interest generating.

Mr. Lynch replied that the Host Community Fund gained positive interest. He explained that all the City's money was pooled together and laddered in investments; therefore the Host Community Fund was not in and of itself an interest-bearing account.

Boardmember Klein suggested leaving the money in the interest generating Host Community Fund until it was needed.

President Tourville asked if it would be possible to give staff the authority to transfer the money as needed, or within a certain period of time, rather than immediately.

Mr. Lynch replied in the affirmative. He noted that the EDA's fund balance also gained positive interest.

Boardmember Klein stated he supported authorization of the transfer but would prefer it not be transferred until needed.

**Motion by Grannis, second by Klein, to approve the transfer of \$500,000 from the Host Community Fund to the Economic Development Fund, and providing staff the authority to determine how and when the funds are transferred.**

**Ayes: 4**

**Nays: 1 (Piekarski Krech) Motion carried.**

### **6B. DISCUSS CONCORD STUDY – DEVELOPERS ROUNDTABLE**

Mr. Link introduced Stacie Kvilvang of Ehlers & Associates and Bryan Harjes of Hoisington Koeigler Group Inc., who were involved in the developer roundtables for the Concord redevelopment area. He advised that the City would distribute a newsletter to the neighborhood in the coming weeks, meet again with the Concord business community, and then move on to the rest of Phase II which includes site guidelines, financial analysis, and implementation strategies.

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Stacie Kvilvang, Ehlers & Associates, summarized the findings of the developer meetings. She advised they met with eight established developers, all of whom were well financed and well versed in redevelopment. The feedback from these developers indicated that the proposed plan for the redevelopment of Concord was viable and could come to fruition in the future. They noted, however, that the gentleman's club located in the area could be a barrier to redevelopment and should be addressed.

Boardmember Piekarski Krech questioned why the gentleman's' club would be more of a detriment than other existing factors, such as train tracks, airplane noise, etc., especially since the club had limited hours of operation.

Ms. Kvilvang replied that housing was proposed in the area and people had biases as to what was directly across the street from their home. The developers saw many positive attributes for the area, including the public investment on the upgrading of Concord Boulevard, the community feeling in Inver Grove Heights, the close proximity of the river and its various amenities, the easy access to the site and its proximity to St. Paul, and the community college. Comments made regarding possible negative attributes were that the drive to the area was not always aesthetically pleasing, the gentleman's club, no quick connection to I-494, lack of visibility and transit, and limited nearby services such as dry cleaners, restaurants, florists, etc.

Boardmember Piekarski Krech advised that services were available further down Concord.

Ms. Kvilvang stated the developers would like them to be walkable.

Boardmember Klein advised that transit could be made available – depending on need.

Ms. Kvilvang stated that other negative attributes the developers discussed were the existing overhead power lines and railroad tracks, the site being a little disjointed from the rest of the city, the St. Paul Park refinery and its potential to generate odors, and having inadequate acreage to do an industrial park. Ms. Kvilvang advised that after the roundtable discussions she became aware of additional acreage further south on Concord. With that in mind, there may now be adequate acreage available for industrial purposes. In regard to the market for housing, the developers indicated that younger renters would be more interested in this area rather than family housing, 80-150 units of multi-family rental were feasible for the area, there was potential for 70-100 units of senior assisted living and memory care, and it may not be the best location for senior cooperative owner-occupied housing. In regard to the market for industrial, the developers thought that 250,000 to 300,000 square feet was feasible if land was available; however, it would likely take at least 10 years. They advised the first building in the industrial park would set the tone for the remainder of the buildings, so the City should be cognizant of what the buildings look like and the type of industrial use brought in. Typical building pads would be 30,000-40,000 square feet in size and would be build-to-suit, and it would be beneficial to work with a master developer for the site. She advised that retail was somewhat fickle and would likely want to see more rooftops before locating to the area. In order to make retail a success, it was vital to get ongoing patronage from the community.

Ms. Kvilvang stated the goal would be to change the perception of the area from a place where garbage haulers were located to a place where people would want to live, and to put a focus on bringing rooftops to the area. In order to develop this area public assistance or other incentives would likely be necessary. Suggestions were also made to possibly provide financial incentives to the marina owners as a means for them to upgrade their sites to provide a more public connection.

Boardmember Piekarski Krech stated all the suggestions seemed to require City financial support which was unlikely to happen.

Ms. Kvilvang stated public assistance was always needed in redevelopment projects.

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Boardmember Piekarski Krech questioned whether the Concord Neighborhood Redevelopment Plan was then worthless.

Ms. Kvilvang replied it was not, stating the developers believed that although there were challenges and a potential need for public assistance, the plan was viable.

President Tourville stated there were multiple incentive programs available.

Boardmember Madden suggested perhaps emphasizing industrial uses rather than bringing in housing as it would provide a better tax base and would not be affected by the challenges identified by the developers.

President Tourville stated it was unlikely they would see industrial development on the west side of Concord Boulevard near the existing homes.

Mr. Link stated the approved plan featured both residential and industrial uses. Redevelopment in any community requires some city contribution; however, how that is done varies. He advised that some of the sources of funding could be through the City (tax increment financing, tax abatement, etc.) but there were other sources such as Met Council grants, CDA funding, etc. The City will be working with Ehlers in the next couple months to do a financial analysis associated with the redevelopment. That information will then be brought to the City Council and the EDA for their review and direction.

Boardmember Piekarski Krech questioned why the plan was not designed to be more developer friendly or more in line with what the area could support. She noted that many studies had been done over the years yet she did not feel they had come much further than they were at the beginning of the process.

Mr. Link summarized how the City got to this point, stating they hired BRW in the 1990's to do the first Concord plan. The plan featured mostly retail and business development. Since completion of that study, however, the area has seen only one new development (Cameron's Liquor). There was a lot of public investment put into the area recently (bridge pier, trails, redevelopment of Concord Boulevard, the park, etc.) and a few years ago City Council asked staff to look for a developer; HKGi was then hired to update the plan.

President Tourville stated there were only two redevelopment studies done for the area.

Boardmember Piekarski Krech disagreed, stating there were also studies done in association with the Heritage Village Park Master Plan and the Comprehensive Plan.

President Tourville stated the studies done regarding Heritage Village Park did not look at redevelopment potential along Concord.

Ms. Kvilvang clarified that when she referred to the need for public assistance earlier, she was not inferring that the City would provide all the cash up front.

Brian Harjes of Hoisington Koegler Group Inc. discussed the various areas of the Concord Boulevard Neighborhood Plan, stating there would be a compression of park space to the north to allow for more private development to the south, including a mixed use area comprised of commercial units with housing above. He advised they were currently undergoing renovation of 66<sup>th</sup> Street to facilitate the future trailhead; additionally, as development and the park occurred, 65<sup>th</sup> Street should undergo similar streetscape improvements to allow for a sidewalk, trail, or connection to the marinas. He advised the goal

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was to make the marinas more public in nature and provide an identifiable entry to the marinas where the public could watch boats or visit one of their restaurants or dock stores.

Boardmember Klein asked if the City had agreements for the homes across the street from Allied Waste.

Mr. Lynch replied the City has acquired two homes, one on the east and one on the west side of Doffing Avenue, as well as the ongoing Doffing Avenue Voluntary Acquisition Program to remove buildings and businesses from the floodplain.

Boardmember Klein asked if the City owned the former Bee-Line property.

Mr. Lynch replied in the affirmative.

President Tourville stated he envisioned that the City and consultants would now proceed to get input from businesses, and look into available financial programs and implementation strategies.

Boardmember Piekarski Krech asked if President Tourville was saying the City would share this presentation with the businesses in the Concord area.

President Tourville replied in the affirmative.

Boardmember Piekarski Krech stated that business owners could become alarmed if they were hoping to expand their commercial business but found their area was not planned for commercial.

Mr. Link noted that the plan showed a six-fold increase in residential and a four-fold increase in retail and services.

President Tourville stated most of the businesses on Concord were already aware of the plan and many were pleased to hear of the potential for additional rooftops.

Ms. Piekarski stated she supported the idea of creating a walkable community by the river; however, she questioned whether pedestrians could safely cross Concord Boulevard to get to shops, restaurants, etc., particularly with commercial trucks in the area. She asked if the City intended for new homes to be built in the floodplain.

Mr. Link replied that the Concord plan shows no construction in the floodplain. In regard to traffic, most of the truck traffic was anticipated to be more UPS-type vehicles rather than heavy truck traffic. Staff agrees that an east-west pedestrian access across Concord is important but they have not yet determined how that will be done.

Ms. Piekarski asked if there were regulations regarding maximum building height, especially in relation to the mixed use and its proximity to the river and the overhead power lines.

President Tourville replied in the affirmative, stating there were height and setback restrictions.

Mr. Link advised that the City plans to meet with the Concord businesses in the next couple weeks.

President Tourville asked if staff would meet with the residential community as well.

Mr. Link replied they would have an open house for the entire neighborhood later this fall, but would send out a newsletter in the meantime to keep them informed. He stated the Concord study would be before

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the EDA at least three more times to discuss the layout, site guidelines, financial tools, and the final site plan.

### **6C. 2013 BUDGET**

Mr. Link advised that the draft 2013 EDA budget was slightly less than the 2012 budget, except additional funds were being requested to administer a Small Business Loan Program. Those funds were listed under Professional Services.

President Tourville stated he would like an itemized breakdown of Professional Services and Purchased Services before voting on this. He requested it be provided to the EDA prior to their November meeting.

Boardmember Piekarski Krech questioned why Supplies had been reduced by \$200.

Mr. Link replied staff found they did not need many supplies. He noted that Professional Services had also been reduced by about half.

Boardmember Piekarski Krech stated she would like to see a spreadsheet showing the 2011 budget, 2012 budget, 2013 proposed budget, etc., similar to the format of the regular budget.

Ms. Piekarski stated she was concerned with the way that government budgeted, stating they did not look at where the money would be coming from long-term. She questioned what the annual overhead would be for a South St. Paul Futures-type program and how it would be funded, stating she was opposed to using taxpayer money to fund small business loans.

President Tourville stated that information was not yet needed as the EDA had not decided yet if they were going to use that type of program.

Ms. Piekarski stated the EDA should know the ramifications for the financial cost of doing this type of a program long term.

Mr. Link advised he would provide an itemized breakdown of the draft 2013 budget, including information for 2011 and 2012.

### **6D. DISCUSS SMALL BUSINESS LOAN PROGRAM UPDATE**

Mr. Link advised that the CDA is seriously considering entering into a contract with MCCD. Almost all cities have expressed a strong interest in the contract and it appears to be moving forward. He advised that, if the partnership comes to fruition, the contract would be for one year, but could be extended. The proposed 2013 budget included \$10,000 for a small business loan program; however if the contract with MCCD proceeds the budget amount could be reduced to \$7,500.

The EDA unanimously agreed to direct staff to continue discussions in regard to the CDA/MCCD partnership on a small business loan program.

### **6E. DISCUSS PROGRESS PLUS UPDATE**

Ms. Watters advised that she, Tom Link, and Jennifer Gale made retention visits to Key Community Bank, Cellular Connection, Wells Fargo, and Cahill Tire, and received positive feedback. Ms. Gale also met with CHS's senior management team and was in the process of setting up a meeting with their CEO. She advised that the IGH Broker Tour was scheduled for October 17. The tour features both the commercial

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and residential portions of Argenta Hills, as well as a reintroduction to the Inverpoint Business Park. She advised that the Target opening went well, and media coverage could be expected with the upcoming grand opening of Pawn America. She summarized the second quarter 2012 Progress Plus Update, noting there was an increase in inquiries.

Boardmember Madden volunteered to attend the Brokers Tour if a Councilmember was needed.

**6F. DISCUSS GUN CLUB SITE UPDATE**

Mr. Link advised that the City and MNDOT have determined that, due to practical and technical difficulties, partnering on the environmental investigation of the Gun Club site would not work. The two parties have agreed to conduct separate investigations. Mr. Link requested that the recently received proposal from Landmark be put on the August 13 City Council agenda.

Boardmember Klein asked why the agencies would do separate investigations.

Mr. Link replied that MNDOT's investigation would be different from the City's and would not give the City the same level of information as the services proposed by Landmark. MNDOT was not concerned about development potential and therefore their investigation would be limited to the top few feet of soil. He stated there were also practical difficulties with the coordination of two separate consultants, and doing a separate investigation would result in cost savings to the City.

Mr. Mueller suggested they reclaim the lead on the site.

President Tourville advised that was already done when the road went through.

**6G. DISCUSS SOUTHEAST QUADRANT UPDATE**

Mr. Link advised that Metro Transit determined there was not enough density of use to warrant a transit center; however, they would be willing to review it again should it develop into a more intensive use.

**7. NEXT MEETING**

President Tourville advised that the next meeting was scheduled for November 5, 2012.

**8. ADJOURNMENT:** Motion by Klein, second by Grannis, to adjourn. The meeting was adjourned by unanimous vote at 8:00 pm.