

**INVER GROVE HEIGHTS ECONOMIC DEVELOPMENT AUTHORITY MEETING  
MONDAY, NOVEMBER 5, 2012 – 8150 BARBARA AVENUE**

**CALL TO ORDER/ROLL CALL** The Economic Development Authority (EDA) of Inver Grove Heights met on Monday, November 5, 2012, in the City Council Chambers. President Tourville called the meeting to order at 6:00 p.m. Present were Economic Development Authority members Madden, Klein, and Piekarski Krech; Executive Director Link, City Administrator Lynch, City Attorney Kuntz, Finance Director Smith, and Secretary Fox.

**3A. MINUTES**

Boardmember Piekarski Krech noted that at last EDA work session, the consultants stated that walkability was not an issue in the Concord Neighborhood but the minutes reflect that the consultant stated walkability was one of the things developers were looking for.

**Motion by Piekarski Krech, second by Madden, to approve the Minutes of the August 6, 2012 Regular Economic Development Authority meeting and the September 17, 2012 Special Economic Development Authority meeting.**

**Ayes: 4**

**Nays: 0      Motion carried.**

**4B. CLAIMS:**

Mr. Link asked for approval of the claims from Levander Gillen & Miller and Kennedy Graven in regard to the purchase agreements and creation of economic development districts for the properties of 8195 Babcock and 6671 and 6685 Concord Boulevard.

Boardmember Klein questioned what the remaining EDA Fund balance would be if the purchase agreements were approved, and in addition to continuous expenses such as City Attorney and consultant costs.

Mr. Link replied that with the recently approved \$500,000 transfer the balance would be approximately \$230,000. This would include acquisition, attorney, and consultant costs.

**Motion by Klein, second by Madden, to approve disbursements from August 6, 2012 to November 4, 2012.**

**Ayes: 4**

**Nays: 0      Motion carried.**

**4. PUBLIC HEARINGS:**

**A. Public Hearing Relating to the Creation of Economic Development Districts No. 3 and No. 4**

Mr. Link advised that the EDA is holding a public hearing tonight to consider the creation of two economic development districts. The purpose of those districts is to give the EDA the authority to acquire properties from willing sellers. Economic Development District No. 3 would include only the property at 8195 Babcock Trail. Economic Development District No. 4 would include ten parcels, lying along the west side of Concord Boulevard between 66<sup>th</sup> Street and 68<sup>th</sup> Street. These boundaries are consistent with the redevelopment site that has been identified in the Concord Boulevard Neighborhood Plan Update. This district would include the properties at 6671 and 6685 Concord Boulevard; two properties in which the property owners approached the City expressing an interest in selling their properties to the City. The purpose of acquiring these properties would be economic development. The City would acquire the

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properties, remove the buildings, and, at some future undetermined time, sell the properties for redevelopment.

Boardmember Madden asked what would happen to the existing businesses in the economic development district if the area were to be redeveloped.

Mr. Link replied that the City would acquire only from willing sellers as the City does not have the authority to require them to sell.

**Boardmember Grannis arrived at 6:10 p.m.**

Boardmember Piekarski Krech questioned how long the EDA could afford to hold onto the development district properties while waiting for redevelopment.

Mr. Link replied there was no definite answer to that. He noted that the City's Doffing Avenue Voluntary Acquisition Program has been in effect for approximately 15 years, during which time the City has purchased approximately 26 properties.

Boardmember Piekarski Krech noted that EDA funds, however, were not used for those acquisitions.

Mr. Link agreed, but stated the program was similar in that the City puts forth a long range plan and buys properties as property owners express an interest in selling.

Boardmember Piekarski Krech stated she would like a definite plan in place if holding properties.

Mr. Link stated it was difficult to put a specific schedule in place because the City does not have the authority to require a property owner to sell and rather had to react to individual property owners approaching the City.

Boardmember Piekarski Krech questioned whether it was in the best interest of the City to hold onto properties in these economic times and to take them off the tax roll.

Mr. Lynch stated the purchased properties would be considered tax exempt, but the remaining properties in the economic development district would not be affected tax-wise. He noted that staff obtained a grant and developed a plan for the Concord Boulevard Neighborhood per the request of Council. Staff has met on several occasions with the EDA, the neighborhood, and surrounding property owners in regard to this and the area in the proposed Economic Development District No. 4 was determined by the EDA to be of high priority. Staff would like the ability to acquire these properties so they could be assembled and hopefully attract a developer.

President Tourville asked what the advantage would be of having an economic development district.

Mr. Link replied the creation of this economic development district would give the EDA the authority to acquire properties from willing sellers.

Boardmember Klein questioned what would happen should a developer come in ready to move on a project while there were still property owners in the development district not wishing to sell.

Mr. Lynch advised that an attractive price point could probably be offered.

Boardmember Klein asked if that developer would contribute to the purchase of the remaining properties.

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Mr. Lynch replied that would be a financial arrangement between the EDA and the developer at that time.

Boardmember Piekarski Krech stated that according to the consultant, redevelopment would not happen without some form of government assistance.

Mr. Lynch stated this particular area could potentially break even whereas other areas might need substantial investment from the City.

Boardmember Klein asked if the EDA could allow a homeowner to live on their property after the sale until such time as they had a developer.

Mr. Link replied that the EDA had the flexibility to negotiate real estate transactions in a variety of ways.

Boardmember Klein asked if in the past the City had allowed homeowners to live on their property for a year or two after the sale.

Mr. Link replied in the affirmative.

Christopher Shepard, 6653 Concord Boulevard, stated he recently made improvements to his property and had no plans to move.

Kathy Shepard, 6653 Concord Boulevard, stated this was the first they heard of the redevelopment plan.

President Tourville asked if the Shepards would consider selling should they receive a good offer.

Mr. Shepard replied it would have to be a lot of money as he would not sell his property for market value.

Dan Weyandt, Turittos, 6611 Concord Boulevard, stated he saw no advantages for himself as a commercial property owner as he would not be reimbursed for his livelihood.

President Tourville stated Turittos could potentially be incorporated into a mixed use project.

Ms. Shepard asked if redevelopment was anticipated to be years away.

President Tourville replied they could not predict when a developer would come in wanting to start a project.

Ms. Shepard questioned whether homeowners should continue to improve their property knowing it was going to be redeveloped. She also questioned who would take care of the acquired properties, stating in the past properties in the area had been purchased, the houses torn down, and the properties then became overgrown.

President Tourville stated he was familiar with the properties, many of which were purchased by other entities. He noted that the properties in question were now being mowed.

Luci Shipton, 4195 – 68<sup>th</sup> Street East, asked when the previous meetings had taken place, stating the only notice she received was last week.

Mr. Link stated there was an open house last spring and another in 2011. Notices of the meetings were mailed to approximately 200 residents and owners in the area.

Ms. Shipton stated she was not interested in selling her property.

President Tourville suggested that the City provide information to the people that for whatever reason did not attend the meetings.

Chris Shipton, 4195 – 68<sup>th</sup> Street East, stated he had improved his property as well, and he questioned whether the City would ever condemn or take his property.

Boardmember Madden stated he would have no part in such an action.

Ms. Shipton asked if being in an economic development district would restrict them from putting their home for sale on the private market.

President Tourville replied it would not.

Mr. Lynch explained the typical acquisition process, stating the City would approach the property owner to inquire whether they were interested in selling their property. If so, the City would hire an appraiser to determine the valuation of the property and offer that appraised value to the property owner. If the property owner did not agree with that valuation, they would be free to get their own appraisal. If the City and the property owner reached an agreement, the City would pay the cost of that appraisal. He noted that any improvements made to a property would increase the property value.

Boardmember Klein asked if the City would pay moving expenses to willing sellers.

Mr. Lynch replied they would not.

Mr. Link advised that in the 25 or so acquisitions made in the Doffing Avenue area the property owners have approached the City regarding their interest to sell. The City hired an appraiser, and in some cases the property owners got their own appraiser as well. In most cases the two parties have come to an agreement. In some cases, however, they have not and the property owners were free to disengage from the process and sell to whoever they wanted to. He advised that two advantages of selling to the City are that the City pays for closing costs and it eliminates the need for realtor commissions.

Boardmember Piekarski Krech questioned whether being in an economic development district would make it more difficult for a homeowner to sell their property on the private market knowing that redevelopment of the area was imminent.

Mr. Link replied that the City has designated most of the Concord frontage for redevelopment for the last 15 years and he was not aware that it had impacted property values.

Boardmember Piekarski Krech stated the difference was that economic development districts were now being created.

President Tourville stated an advantage of being in an economic development district was having the opportunity to sell to the City.

Mr. Kuntz stated with respect to the Doffing Avenue acquisitions, although the money source was different they have been City acquisitions. The history has been that they were all voluntary, they occurred over a longer period of time, and in each instance, because they were voluntary, the City did not pay any relocation benefits. For those acquisitions the landowners were satisfied with the process and the amount

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of money they received for their property. In regard to economic development districts, Mr. Kuntz advised that in 2006 the legislature changed the laws regarding eminent domain and cities no longer have the power to condemn properties for public purpose or public use alone. Mr. Kuntz stated he has heard both sides of the argument as to whether a placement of property in an economic development district lessens or increases property value. With respect to the acquisitions this evening, because they are voluntary, there would be a waiver of any relocation benefits.

Tim Biljan, Vehicle Services Inc., 6639 Concord Boulevard, stated the dilemma he had was that the appraised property value would be based only on bricks and mortar and not on the value of his commercial business. He felt it was unlikely that his business would fit into a future mixed use redevelopment project and that being in an economic development district would scare off potential buyers of his business.

Boardmember Klein asked if the City could include the value of the business in their offer.

Mr. Kuntz replied the market value the City would be paying would not include the business value or any goodwill associated with it.

Boardmember Piekarski Krech questioned how the value of a business could be determined.

Boardmember Klein questioned whether the EDA could purchase the properties from the two willing sellers without creating an economic development district.

Mr. Kuntz advised that the EDA could limit the economic development district to the two properties in question.

President Tourville stated that by proposing a larger development district, the neighborhood was given the opportunity to participate in this public hearing and discuss their concerns.

Boardmember Piekarski Krech stated it appeared as if not all residents attended the Concord redevelopment open houses.

There were various responses from the audience as to whether or not they attended any or all of the meetings.

Mr. Lynch advised that the owners of the two specific acquisitions being discussed tonight have relied in good faith on the EDA purchasing their properties and they would like a decision made tonight so they can move forward. He stated that the two existing commercial properties had several options, including continuing to own their properties as a stand-alone commercial development, establishing a lease relationship with a future joint developer, upgrading their current facilities, etc. Mr. Lynch advised that the proposed development district could also be modified.

Boardmember Piekarski Krech suggested the development district be modified to include only the two City-owned properties and the two proposed acquisitions. The remaining six properties could be discussed at such time as additional willing sellers came forward or a developer made a proposal.

Boardmember Klein agreed with Boardmember Piekarski Krech's proposal.

Mr. Link followed up on Mr. Lynch's comments by stating that the two willing sellers have been in negotiations with the City since last spring and there was some urgency on their part to finalize the transaction.

Mr. Shepard asked how the City would proceed were they to purchase the properties.

Mr. Link replied that the City would either remove the buildings this winter or winterize them and remove them in the spring.

Mr. Shepard stated she was concerned that the homes would attract vagrants if left vacant.

Mr. Link replied the City would remove the buildings as soon as possible to avoid that kind of problem.

Ms. Shepard asked if being in an economic development district would change their tax class from residential to commercial.

President Tourville replied it would not.

Boardmember Piekarski Krech stated in order for that to happen a request for rezoning from residential to commercial would have to go through the public hearing process.

Mr. Kuntz asked Boardmember Piekarski Krech to clarify which four parcels she recommended to be in Economic Development District No. 4.

Boardmember Piekarski Krech replied 6671, 6685, and 6727 Concord Boulevard, as well as the City-owned property south of 6727 Concord.

**Motion by Madden, second by Klein, to close the public hearing.**

**Ayes: 5**

**Nays: 0      Motion carried.**

President Tourville asked if it was possible to limit the economic development district to only the four properties suggested by Boardmember Piekarski Krech.

Mr. Kuntz replied in the affirmative.

President Tourville asked staff to provide information regarding the Concord Boulevard Neighborhood Plan to the property owners on the block in question.

Mr. Link advised that he would mail the literature from the two previous open houses to the subject properties. He noted that a third open house was tentatively scheduled for November 14 at the Veterans Memorial Community Center.

President Tourville suggested the two proposed development districts be looked at individually.

Boardmember Madden asked why the parcel south of 6727 Concord did not have an address.

Mr. Link replied because the lots were previously owned by one individual with only one home on the lots. He advised that the lots were now vacant. Mr. Link asked for clarification that the EDA was proposing to exclude all properties from Economic Development District No. 4 except for the four identified parcels. The Boardmembers replied in the affirmative.

**Motion by Madden, second by Piekarski Krech, to approve Resolution No. EDA 12-04 approving the creation of Economic Development District No. 4 consisting of 6671, 6685, and 6727 Concord Boulevard, and the property just south of 6727 Concord Boulevard.**

**Ayes: 5**  
**Nays: 0      Motion carried.**

**Motion by Madden, second by Grannis, to approve Resolution No. EDA 12-05 approving the purchase agreement between the City of Inver Grove Heights EDA and Bich-Lieu T. Trieu relating to the purchase of property located at 6671 Concord Boulevard East and Resolution No. EDA 12-06 approving the purchase agreement between the City of Inver Grove Heights EDA and Daniel Treu relating to the purchase of property located at 6685 Concord Boulevard East.**

**Ayes: 5**  
**Nays: 0      Motion carried.**

Mr. Link advised that City staff was negotiating with Premier Bank for the acquisition of the single-family residence at 8195 Babcock Trail. He advised that this property was part of a much larger area designated for Industrial Office Park. Although there is no purchase agreement yet, Mr. Link asked that the EDA create an economic development district for this property to make the potential purchase agreement feasible.

**Motion by Klein, second by Madden, to close the public hearing.**

**Ayes: 5**  
**Nays: 0      Motion carried.**

**Motion by Klein, second by Madden, to approve Resolution No. EDA 12-07 approving the creation of Economic Development District No. 3.**

**Ayes: 5**  
**Nays: 0      Motion carried.**

**5A. RECOMMEND 2013 ECONOMIC DEVELOPMENT AUTHORITY BUDGET**

Mr. Link distributed a spreadsheet, and advised that staff recommends approval of the EDA's 2013 budget. He noted three changes from last year's budget, including 1) a reduction in consultant costs, 2) a \$10,000 addition for the possible contract with Metropolitan Consortium of Community Developers (MCCD) for administration of a small business loan program, and 3) a reduction in the Supplies budget.

Boardmember Piekarski Krech noted that \$600 had been added for conferences and seminars.

Mr. Link replied that amount was included in last year's budget but was incorporated into one of the other line items. He advised that it included attendance at the Progress Plus, Chamber of Commerce and Economic Development Association of Minnesota annual meetings, as well as a two-day financing seminar sponsored by Ehlers.

Boardmember Piekarski Krech questioned how beneficial the seminars were, stating she had seen no feedback regarding new information, new contacts, etc.

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Mr. Link replied that the seminars and meetings were beneficial, and that he could provide feedback from the meetings.

Boardmember Madden asked what was included in Dues, Licenses and Subscriptions.

Mr. Link replied it included membership to Progress Plus and the Economic Development Association of Minnesota.

President Tourville requested that follow-up information be provided to the EDA regarding attendance at conferences and seminars.

**Motion by Madden, second by Grannis, to approve the 2013 Economic Development Authority budget.**

**Ayes: 5**

**Nays: 0      Motion carried.**

**5B. SMALL BUSINESS LOAN PROGRAM**

Mr. Link advised that the Dakota County CDA's Board recently authorized their staff to enter into negotiations with MCCD to administer a small business loan program that would be available to individual cities. Once the contract was in place individual municipalities would enter into a joint powers agreement with the CDA. Current discussions between the CDA and the MCCD would require an Inver Grove Heights contribution of \$7,500.

President Tourville asked if the City of South St. Paul planned to participate.

Ms. Gale replied in the affirmative.

Boardmember Piekarski Krech questioned why the City of Hastings would not participate.

Mr. Link replied they have not yet made a final decision.

**5C. PROGRESS PLUS UPDATE**

Ms. Gale discussed recent Progress Plus activities and noted that the Broker Tour has been postponed to next spring. She advised that they plan to attend the MNCAR Expo in Minneapolis which typically draws 600-700 attendees. Progress Plus will showcase the Argenta Hills development at this event and will also discuss the Concord Redevelopment Plan. Ms. Watters discussed market trends, stating activity in the southeast market continues to lag. She noted they are seeing a strong demand for large data centers, which typically provide very few jobs.

Boardmember Piekarski Krech stated the benefit to the cities might be the revenue received from sewer and water usage.

Boardmember Piekarski Krech questioned why development seemed to be going more to the northwest suburbs.

Ms. Watters replied it was likely due to a combination of things, including the recent Target headquarters expansion, the existing momentum and activity, and aggressive incentives being offered.

**5D. GUN CLUB SITE UPDATE**

Mr. Link advised that MNDOT's environmental investigation has been delayed. If the MPCA finds that no remediation is necessary, the City could perform its investigation in late spring or summer of next year. However, if MPCA finds that remediation is necessary, the City's investigation could be delayed until 2014.

President Tourville advised that the Minneapolis-St. Paul International Airport's new flight patterns were now available.

**6. NEXT MEETING**

The next meeting is scheduled for February 4, 2013.

**7. ADJOURNMENT:** Motion by Grannis, second by Klein, to adjourn. The meeting was adjourned by unanimous vote at 7:37 pm.