

**INVER GROVE HEIGHTS ECONOMIC DEVELOPMENT AUTHORITY MEETING
MONDAY, AUGUST 12, 2013 – 8150 BARBARA AVENUE**

CALL TO ORDER/ROLL CALL The Economic Development Authority (EDA) of Inver Grove Heights met on Monday, August 12, 2013, in the City Hall Council Chambers. President Tourville called the meeting to order at 5:00 p.m. Present were Economic Development Authority members Bartholomew, Madden, Mueller, and Piekarski Krech; Executive Director Link, City Attorney Kuntz, City Administrator Lynch, Finance Director Smith, and Secretary Fox.

3. REGULAR AGENDA

A. Minutes:

Motion by Madden, second by Mueller, to approve the Minutes of the May 13, 2013 Regular Economic Development Authority meeting.

Ayes: 5

Nays: 0 Motion carried.

B. Claims:

Motion by Bartholomew, second by Madden, to approve disbursements from May 13, 2013 to August 11, 2013.

Ayes: 5

Nays: 0 Motion carried.

C. EDA Composition

Boardmember Piekarski Krech stated it was her understanding that the EDA had decided not to add non-elected members to the Board because of the mandatory six year term.

President Tourville stated that was his recollection as well.

Mr. Link advised that staff's understanding was that the EDA did not commit either way at the last meeting, but directed staff to draft an ordinance for discussion at tonight's meeting. Mr. Kuntz, therefore, prepared the resolutions included in tonight's packet.

Boardmember Bartholomew advised he was uncomfortable with the six year time frame, stating it would be difficult to get people to commit to a six year term and there was also a likelihood of individuals leaving in the middle of their term due to the long duration.

President Tourville asked if anyone in the audience wished to be heard on this item.

Dian Piekarski, 7609 Babcock Trail, questioned why staff incurred cost through the City Attorney when Boardmembers are stating they were not interested in changing the EDA composition.

Boardmember Madden advised he believed he was the only Boardmember who stated he did not feel it was a good idea.

Ms. Piekarski replied that Boardmembers Piekarski Krech and Tourville also stated it was their understanding the EDA was not moving forward with this.

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Jennifer Gale, River Heights Chamber of Commerce, recommended that the EDA consider adding additional members, stating there was value in bringing non-elected individuals onto a board of this kind as business people could offer recommendations based upon their experience.

Boardmember Piekarski Krech stated she would support adding additional members if it were not for the six year timeframe. She stated ex-officio members or something of that nature would be a benefit.

Ms. Gale agreed that ex-officio or an advisory committee would be beneficial.

Mr. Kuntz explained, for clarification sake, why he drafted the resolutions. He agreed there was considerable discussion at the last meeting about not liking certain provisions. However, at the end of the meeting he was asked whether he could bring language to this meeting for discussion.

Boardmember Piekarski Krech stated she thought the discussion was over because of the six year term and did not recall anyone directing staff to draw up language regarding the addition of non-elected members.

Mr. Link stated that was staff's understanding that the EDA had directed that such language be drafted

Boardmember Mueller asked if it was possible to have a champion group rather than adding actual boardmembers to the EDA.

Mr. Kuntz replied that an advisory group or something of that nature would be allowed. He recommended not calling them ex-officio members as there were too many different meanings associated with that term.

Boardmember Mueller asked if the EDA could establish one or two year terms for members of such a consulting group.

President Tourville replied that the EDA could determine the term length and he noted that members of such a group would have no voting power. He suggested they discuss a title for such a group.

Boardmember Mueller stated he did not necessarily want to give them a title, but just wanted a group that would offer their input, join the EDA at meetings, and be available for discussions.

Ms. Piekarski voiced concerns about adding appointed people to the EDA that have decision-making power and taxing authority, and not having the ability to vote them out. She was also concerned about the potential for new members to request payment for their time, which in turn could prompt Councilmembers to request to be paid for their EDA duties as well. She had continued concern regarding the growth of government and the increasing EDA budget.

President Tourville stated it was unlikely anyone would get paid for their EDA duties as the City would then have to pay members of the City's other commissions as well.

Boardmember Madden agreed with Ms. Piekarski's concerns regarding the growth of government and EDA spending, and suggested they slow down on spending until the economy improved.

President Tourville asked if the EDA was required to take a vote on the resolutions, stating there seemed to be no support for changing the EDA composition.

Mr. Kuntz replied they were not required to vote; they could just refrain from taking action.

President Tourville asked if anyone wanted to vote on the resolution.

There was no positive response from Boardmembers.

Boardmember Bartholomew stated he was the original proponent to add members as a means of gaining outside input. With the knowledge of the six year term; however, he was no longer interested in pursuing it.

President Tourville stated because no one wanted to vote they would take no action.

D. Approval of the 2014 Budget

Mr. Link asked that the EDA make a recommendation to City Council on the draft 2014 EDA budget. He stated the proposed 2014 budget was similar to the 2013 budget with the exception of 1) an increase of \$2,000 in Professional Services, 2) a decrease in the cost for the Metropolitan Consortium of Community Developers' Open to Business Program, and 3) a shift of the \$25,000 Progress Plus contribution from the EDA budget to the Host Community Fund as previously designated. He added that the City Council also expressed an interest in creating a new Economic Development Specialist position; therefore information was included regarding costs, job duties, etc. for such a position.

Boardmember Madden asked if the budget included the new position.

Mr. Link replied the budget included totals both with and without the new position.

Mr. Lynch advised that the total expense for adding an Economic Development Specialist position for 2014 is estimated to be \$105,100, which includes salary for someone with three to five years experience, benefits, dues, and other operational costs. A potential future cost consideration would be marketing. If the City were to hire an Economic Development Specialist we would work with that individual to help evaluate the best tools for marketing, advertising, recruitment and retention, as well as determine which memberships should continue and which ones should end. He advised that one option was to pay for a la carte services from Progress Plus, paying either on an hourly or a contract basis. He advised that software would be another potential future cost consideration, adding that it would be desirable to have a current database of all businesses in the city, not just Chamber members.

Boardmember Madden questioned whether the position was necessary at this time and asked why existing staff could not do the duties listed.

Mr. Lynch replied that both he and Mr. Link perform economic development duties as time permits; however, the City needs someone dedicated full-time to recruiting, retaining, and expanding business in Inver Grove Heights.

President Tourville noted that if the program was successful it could add to the tax base.

Boardmember Mueller supported the hiring of an economic development specialist, stating that was the only way they were going to grow as a city. He felt the salary should be lower than proposed, however.

Boardmember Piekarski Krech referred to shifting the \$25,000 Progress Plus membership dues from the EDA to the Host Community Fund, stating the money for the EDA was already coming out of the Host Community Fund.

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Mr. Lynch agreed that the money was essentially coming out of the same fund. The EDA did not have a funding source when they were first re-established, therefore for each of three years \$500,000 was transferred from the Host Community Fund to fund the EDA. By shifting it to back to the Host Community Fund it would no longer be subject to levy limits. 2014 would be an evaluation period to determine whether the EDA would continue to be a member of Progress Plus and if so, to what extent

Boardmember Piekarski Krech stated in her opinion Progress Plus was an economic development expense and should stay within the EDA budget. Keeping it in the EDA budget would make it easier to keep track of their actual spending.

Boardmember Bartholomew questioned whether \$25,000 was a large enough amount to affect the levy.

Mr. Lynch agreed that it would have minimal effect on the tax levy; however, it would free up \$25,000 for something else to be included in the General Fund budget.

Boardmember Piekarski Krech asked what difference it would make as the EDA budget was coming out of the Host Community Fund anyway.

Mr. Lynch stated they could leave the \$25,000 in the EDA budget; staff suggested it as a way to reduce the overall cost of the EDA.

President Tourville supported leaving the Progress Plus dues in the EDA budget since it was economic development related.

Boardmember Bartholomew stated he would support hiring an economic development specialist if they could agree on a significantly lower salary than what was being proposed.

President Tourville asked how staff determined the proposed salary.

Mr. Lynch replied the proposed salary was based on the market and what comparable positions were being paid in cities of similar size, and where this position would fall in the hierarchy of positions within our specific city. This position fell somewhere in the middle (\$60,000 - \$75,000). Staff decided to go to the top of the range as they are looking for someone with experience and established connections.

President Tourville suggested advertising the position using a salary range rather than \$75,000.

Boardmember Bartholomew believed they could get a good candidate for less than \$75,000.

Ms. Piekarski stated if they were to adopt this as proposed the City would be paying three times what they have been paying Progress Plus and there would be no guaranteed return on investment. She was concerned that although Mr. Lynch stated they would like three years experience, the job description stated one year would suffice.

President Tourville asked Ms. Piekarski to clarify her statement regarding one year experience.

Ms. Piekarski replied that although the selection criteria stated three years experience was preferred, only one year was required. She recommended that the job duties be done by existing staff rather than hiring an Economic Development Specialist. She recommended slowing down as she was concerned about forcing development before the market was ready for it, which could result in pavement and empty storefronts.

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Bruce Bairaktaris, 100 South Concord Exchange, read a statement from the Progress Plus Board of Directors in regard to the EDA's directive for hiring a full-time staff person. The Board believes the long-term goal should be to have enough activity in the City to merit such a staff person; however, they do not believe there is enough demand or activity at this time to justify a \$100,000 plus expenditure. They recommended that the EDA take the process slow and first define a development plan, incentive tools, and partnerships. They believe that Progress Plus's ability to bring private investment for the marketing of Inver Grove Heights is invaluable and maintains the balance between public and private economic development efforts. When the demand is great enough to warrant a full time staff person, a partnership should continue between the City and Progress Plus.

President Tourville stated the City has gotten tremendous value out of Progress Plus. However, because of the number of recent developer inquiries, and the growth potential for the City, at this point he feels that having an Economic Development Specialist would be advantageous and that such a position would likely pay for itself. He stated that most cities in our geographic area have such a position, likely because it helps bring in business. He suggested the City advertise for the position using a salary range, stating they would not have to fill the position if they were not happy with the applicants.

Boardmember Mueller stated he was in favor of hiring an Economic Development Specialist who would work and grow with the City, and he did not feel it was necessary that they have a lot of experience.

Boardmember Madden suggested contracting out the EDA position so as to avoid paying benefits.

President Tourville stated it would likely cost significantly more money to contract it out.

Ms. Gale stated one of the reasons that cities of like size have a full-time economic development specialist on staff is because they do not have a lesser expensive option like Progress Plus, which is a unique public private partnership. She noted that having someone on staff would not necessarily result in more inquiries.

President Tourville stated on the other hand it could result in more inquiries, and he added that the City was likely not getting 40 hours a week of services from Progress Plus.

Ms. Gale stated between the three Progress Plus staff members the City was getting comparable skill sets that they would in one full-time individual. She advised that Progress Plus works hard to keep a complete list of businesses, not just Chamber members, but they do not guarantee that information is always correct. They keep good track of all businesses in the City and regularly communicate with them, although they believe the City itself holds the best records available. Progress Plus keeps in close communication with the EDA by regularly attending EDA meetings, providing reports outlining economic development activities, inquiries and follow-up actions, as well as emailing the Board packets. She advised that inquiries have picked up; however, there are multiple communities in the area offering more tools and incentives than Inver Grove Heights, in addition to cheaper prices. She agreed that having a full-time staff person devoted to economic development was a great goal for the City; however, she questioned whether this was the right time.

President Tourville asked if there was support for advertising for the position and requiring 1-3 years experience.

Boardmember Mueller questioned what would happen if they put the position in the budget but did not move ahead with hiring someone.

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Mr. Lynch replied that the money would remain in the EDA budget and would be earmarked specifically for that position.

Boardmember Mueller stated he would support adopting the budget with the Economic Development Specialist position with the knowledge that the money could not be used for other things, such as the purchase of land.

Boardmember Piekarski Krech asked if Boardmember Mueller supported the \$75,000 salary.

Boardmember Mueller replied \$75,000 was much too high of a salary.

Boardmember Piekarski Krech suggested giving staff direction to advertise for the position with a salary limit, and noted that the EDA money comes out of the Host Community Fund.

President Tourville supported adding the position and hopefully finding someone for less than \$75,000 who both staff and the City Council were comfortable with.

Mr. Lynch advised that changing our membership with Progress Plus was discussed in 2009 and 2010 and it was determined at that time that it was not a good time to abandon our membership. The EDA is now in a different place; however, and an Economic Development Specialist could help the City play an active role in the redevelopment of Concord, as well as development efforts in the Northwest Area. Now is the time to get someone on board who can help the City determine how to fill the financial gaps and find developers willing to purchase or clean up specific sites.

Boardmember Madden stated although he would like to see redevelopment happen in the Concord Neighborhood, the City has been talking about it for years and he has seen few results. He recommended that existing staff make economic development a priority.

Boardmember Bartholomew stated the City was on the cusp of development and he supported hiring a full-time Economic Development Specialist. He disagreed with the proposed salary of \$75,000; however, stating it should be much less.

Boardmember Mueller suggested using a salary range in which it would take the hired individual a few years to get to the top of the pay scale.

Boardmember Piekarski Krech recommended a salary not to exceed \$60,000.

Boardmember Mueller agreed.

Boardmember Madden asked if City Council or the EDA would have the chance to give final approval of the recommended candidate.

Boardmember Piekarski Krech replied in the affirmative.

Ms. Piekarski stated if the City was going to achieve development success, every department in the City needed to be more welcoming and try to minimize red tape and fees. It should be every person's job, not just the Economic Development Specialist's, to show developers they were wanted in our community. She voiced concern that eventually the Economic Development Specialist would want an assistant, resulting in even more government.

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Jim Huffman, 4237 Denton Way, stated he supported hiring someone who would help bring new business and housing to the Concord Neighborhood, as well as advancing Heritage Village Park. He suggested starting someone at the bottom and letting them work their way up the salary range.

President Tourville stated the EDA budget recommendation would be for approval of the 2014 EDA budget with the inclusion of the Economic Development Specialist position with a salary not to exceed \$60,000.

Mr. Lynch asked if that included commensurate benefits as well as including the 2014 Progress Plus membership dues.

President Tourville replied in the affirmative.

Motion by Bartholomew, second by Piekarski Krech, to approve the proposed 2014 EDA budget including expenses related to the Economic Development Specialist position with a salary not to exceed \$60,000, and inclusion of the 2014 Progress Plus membership dues.

Ayes: 4

Nays: 1 (Madden) Motion carried.

E. Progress Plus Update

Jennifer Gale summarized the Progress Plus second quarter report. She noted that the second quarter mailing focused on medical properties, including a laboratory on Robert Street, Aspen Medical, and Blackberry Town Offices. This mailing went out to 250 medical specialty developers who they believe have clients that fit the types of facilities being marketed. She thanked those EDA members who attended the Broker Tour, stating they had 23 in attendance. The tour resulted in many inquiries, including several on the Fine property. She noted that everyone in their database received the information regardless if they attended the tour or not.

Carl Kuhl highlighted some of the twelve inquiries received last quarter. He noted they presented the Fine property in response to a Greater MSP inquiry from a medical device company. They have not heard anything back. They also reached out to Tonna Mechanical, who is looking for office and warehouse space. Mr. Kuhl summarized the demographic and data analysis, noting that although overall job growth was down slightly from 2011 they have seen growth in certain areas, primarily trade, transportation, utilities and natural resources.

Boardmember Piekarski Krech questioned how often Progress Plus followed up on inquiries, stating most had a notation that there was no response, waiting for response, no further response, etc.

Ms. Gale replied that Progress Plus follows up on a regular basis on inquiries that come directly to Progress Plus. If the inquiry comes through Greater MSP; however, they do not get specific follow-up contact information. She advised that some cities have an issue with Greater MSP regarding the lack of feedback and are working with Greater MSP to improve it.

Boardmember Piekarski Krech asked if Progress Plus had ever gotten a business placed through Greater MSP.

Ms. Gale replied not to her knowledge. She explained that Greater MSP sends out inquiries that they think will fit our community. Progress Plus then looks through their inventory and determines if we have appropriate space available. If so, Mr. Kuhl compiles a full report.

Boardmember Piekarski Krech asked if member cities got more placement than non-member cities.

Ms. Gale replied they have been told they have not.

President Tourville noted that the Greater MSP leads are typically for huge companies. President Tourville stated he has heard that cities will not get an inquiry unless they have a property that would fit, even though some cities would like to receive all leads.

Mr. Kuhl responded that Progress Plus receives the vast majority of inquiries, even if they are specifically looking for something in a different part of the metro.

Mr. Link stated that Greater MSP looks regionally and focuses on larger properties such as Fine Associates or Inver Pointe. He stated there has been some criticism by other Dakota County communities that they are seeing little activity compared to the northwest suburbs and that they do not get enough feedback.

Ms. Gale stated they have found it beneficial to work closely with the retail brokers in the area, especially with bringing in smaller companies.

Boardmember Bartholomew asked what type of job would fall in the 'natural resource and mining' category.

Mr. Kuhl replied there were many jobs that fell into that category, including civil engineering and related work.

President Tourville stated many of those jobs were likely at Flint Hills Resources.

Ms. Gale advised that CHS has many jobs that fall under that category as well, but Progress Plus is not given information in regard to specific companies.

F. Concord Update

Mr. Link advised that the CDA is continuing to pursue acquisitions in the 6300 block of Concord. They will be closing soon on the last house with Concord frontage and have contacted four other property owners on the back side of the block; two of which have expressed interest.

Boardmember Mueller asked if the City would be financially responsible for any costs related to the CDA acquisitions, such as utilities, etc.

Mr. Link replied they would not.

Mr. Link stated that Dakota County Environmental Management is proceeding with a Phase I study of several properties lying along the north side of 66th Street using Federal monies from the EPA. They were unable to get consent from one or two property owners but the study will still be of value. Staff will do further research regarding Railroad Quiet Zones and will bring it back to Council. The buildings on the Treu and Trieu properties were demolished last month; the City now owns four adjoining lots in the 6700 block of Concord. As additional lots are acquired there may be potential for redevelopment. He advised that staff intends to schedule a consultant to discuss financial strategies, tools, and an acquisition strategy at an upcoming meeting. The City has received acquisition inquiries in the general Concord-Doffing area;

staff will bring that information to an upcoming executive session. Staff will also bring back the topic of redevelopment strategies in the next couple months.

G. Gun Club Site Update

Mr. Link advised that MNDOT has completed their environmental investigation of the Gun Club Site. They now have more detailed information regarding lead and PAH's and are working with the MPCA to get a No Action Letter specifying that in its current condition MNDOT would not be required to do any clean up. MNDOT is interested in selling the property, and although they did not discuss a purchase price yet, it was recognized that the purchase price will reflect the cost of cleaning up the site. Mr. Link advised he will be meeting with a consultant to discuss their proposal for environmental investigation that was received last year. Because of MNDOT delays the City was not able to put the proposal in place; they will discuss any revisions that have to be made. If the City were to proceed with that investigation, additional MNDOT and MPCA approvals would be required. Hopefully that investigation could be done yet this fall. The City is considering getting an appraisal done on the property and then discussing purchase prices. At some point in time a traffic study will be needed to determine the traffic impacts of office development on the roads in the area.

Boardmember Mueller asked staff to clarify the purpose of a No Action Letter.

Mr. Link explained it was a letter that MPCA would give to MNDOT stating that as long as the property remains in its current unused state MNDOT would not have to clean up any of the contamination. Any necessary cleanup would be done at the time of development.

Boardmember Mueller questioned if some cleanup had already been done on the site.

Mr. Lynch advised that a minimal amount of cleanup had been done by MNDOT. The City recognizes that cleanup would be needed so the purchase price would be the land value minus the cost of environmental cleanup.

President Tourville advised that the only cleanup that had been done to date was some lead recovery.

5. NEXT MEETING

Mr. Link advised that the next EDA meeting would be held on Tuesday, November 12, 2013 as Monday, November 11 is Veterans Day.

6. ADJOURNMENT: Motion by Bartholomew, second by Piekarski Krech, to adjourn. The meeting was adjourned by unanimous vote at 6:40 p.m.