

City of East Bethel
Economic Development Authority Meeting

November 18, 2013

The East Bethel Economic Development Authority (EDA) met on November 18, 2013 for a regular meeting at City Hall at 7:00 p.m.

MEMBERS PRESENT: Mike Connor Dan Butler Heidi Moegerle Brian Bezanson
Richard Lawrence Julie Lux

MEMBERS EXCUSED: John Landwehr

ALSO PRESENT: Colleen Winter, Community Development Director/City Planner
Jack Davis, City Administrator

Call to Order Moegerle called the meeting to order at 7:00 p.m.

Adopt Agenda Moegerle motioned to adopt the agenda. Bezanson seconded; all in favor, motion carries.

Approval of Meeting Minutes **June 17, 2013** – Bezanson had a question on page three second from last paragraph, he was being quoted as if you were expecting to move out here and go; he thought he meant to go shopping. Moegerle said put shopping in there. Moegerle said it is Ady Voltedge, she saw it three different ways on three different things. Butler said could we say the consultant that would make it easier. Moegerle said no, we have been calling them Ady Voltedge. Moegerle said on third paragraph down, first two sentences are Richard, the next sentence is Colleen, or maybe it was Colleen. Lawrence has no clue who it was. Winter is looking. She thinks it is all Richard, and then goes to her, on the third line down. Anything we need to do is her. She thinks it starts with Lawrence, and then goes on the third line to Colleen. Lux thinks he is referring to what Dan says. Winter said she thinks that is where the Mayor comes in. Moegerle said there are two paragraphs that didn't get a space between them. Colleen you are talking about a meeting where you attended a meeting where there was a BRE. What is a BRE? Winter said it is a business retention program. Moegerle said to spell it out. **Moegerle motioned to approve the June 17, 2013 EDA minutes as amended. Butler seconded; all in favor, motion carries unanimously.**

August 19, 2013 – Bezanson is a little confused about what he was talking about in the second paragraph on page three. He is trying to figure out who Tom is and 1052 is. Was he talking about a hypothetical? Lux said he was talking about Tom Sauter. Bezanson said Bud is his name. Lux said you were talking about Tom. Is that 1052 Jackson? Bezanson said he doesn't have a problem with how it is written. But he was lost. Davis said he doesn't think that property has a physical address. He thinks if you strike 1052, it will be factually correct. Moegerle said we talk about the State of Minnesota, and they aren't spelled out. He is running into a problem, she is having a problem with Highway 65. Item 6 it is CSAH 65. We can't find things if we change terms. 242, Main Street, or what. I had a hard time finding my way around. If we could find one way to settle on. On page 7, we talk about MS4, no spaces. On the next one it is MS 4. She doesn't care how it is resolved particularly. The last paragraph of the last page. We are going to be able to reduce the general operations levy. To differentiate between the bond levy. Bezanson asked what LG is? Butler said LG is local government. Moegerle said we should spell that out. **Moegerle**

motioned to approve the August 19, 2013 minutes as amended. Lux seconded; all in favor, motion carries unanimously.

September 23, 2013 – Winter said you could go ahead and make your comments. Moegerle said she has minor things like the highway issue. On page five, third paragraph, she wondered if it was a conclusion, she doesn't think it was a vote. She thought it was a consensus and we moved onto the next area. Davis said it was a consensus since we couldn't vote. Moegerle said maybe we should add a sentence saying we couldn't vote. She said she isn't sure, if we on the other issue (sentence not finished). She doesn't see anything similar to that elsewhere. **Moegerle motioned to approve the September 23, 2013 minutes as amended. Butler seconded; all in favor, motion carries unanimously.**

Tax 101 Budget Overview

At a presentation for the East Bethel Chamber of Commerce meeting and at a public forum on October 9, 2013 – City Staff presented information regarding the proposed tax levy, a copy of which is attached.

City Property Taxes Basics

- Estimated Market Value of Parcel
 - City Assessor
- Class Rate of Property
 - MN Legislature
- Taxing Jurisdiction Tax Rates
 - City Expenditures and Levy to Support Expenditures
 - County
 - School District
 - Other
- Estimate Market Value of Parcel
 - Process is summarized during Board of Equalization meeting done in April
 - The 2014 assessment should be a reflection of the 2013 market conditions. Sales of property

Conner wanted to know if the values of properties along Hwy 65 have increased. Winter said not at this point, since they are all not hooked up and they are always behind. Conner wanted to know if their property taxes could go up with their valuation. Davis said an increase in their property value wouldn't come up until next year. The trends for property values have leveled out and they may climb yet. Conner wanted to know if businesses have expressed concern yet. Davis said that some have expressed concerns and staff is working with those businesses to address their concerns.

There is residential homestead. First \$500,000 at 1% and over \$500,000 is 1.25%. One unit is the same. Two to three units are all at 1.25%. Apartments are 4 units or more is at 1.25, unless it is low income. Personal property, agricultural, residential homestead, residential non-homestead. Commercial accounts for less than 10% of our property values. Their three main taxing jurisdictions, and other, which could be several taxing districts.

The City of East Bethel, General Government there is a projected 2% increase. Community Development a projected increase of 13%. Public Safety a projected increase of 3%. Engineering projecting will go down by 13%. Public Works projected increase of 3%. Transfer, is we will transfer funds is projected to decrease by 7%. The tax levy is projected to be the same or decrease slightly. Davis said this has changed to a 1.9% reduction from 2013 to 2014.

Debt Services Levy is projected to increase by 239%.

Estimated Market Value if you take the \$145,000, multiply by multiplier, and then by the tax rate, that is what you ended up paying in taxes. This is a moving target. Basically the tax rate has gone up, due to the sewer and water project. Again this is City portion. Conner said it is a catch 22 from an EDA perspective, to get businesses to come into the City of East Bethel. They will take notice of the taxes. It will make Sioux Falls look more attractive.

Winter stated even with the projected tax increase, the City of East Bethel is still in the middle of the communities in Anoka County in what we charge in taxes. We are not the highest taxing jurisdiction in Anoka County. East Bethel land prices are lower than other cities. Like Cambridge Isanti, etc. If you were doing the comparisons, the land values are lower and that should help. The people we have dealt with have appreciated the way things have been managed for them. One of things that may hamper a business is over regulation or criteria. They do feel that the City is willing to work with them. Moegerle said it is good for business if property values are low. This isn't so good for the residents. Butler said if businesses come here, if the 9% increase. The long vision is that it will flip. Bezanson said the last slide is an impact on a resident. It would be more interesting to him to see how commercial industrial is taxed. They are taxed at a higher rate. It has to be a lot bigger on them. That is the catch 22 we are dealing with. To summarize, there are 21 cities in Anoka County. With the proposed tax increase divide it by 1/3rds. East Bethel will still be in the middle tier. There are seven other cities that will have higher tax rates than we will have. The top seven we will never be able to compete with. The others we will have a lower tax rate than St. Francis. Cambridge and Isanti, he is not sure of. Bezanson said he understands what he is saying, if you are dealing with a client, if you don't say anything, if they ask the question, you better be able to show what you get in East Bethel for your taxes. You must be able to look them square in the eye and tell them the truth. Conner said if a resident asked, what is the projection for 2015, 2016, and 2017. Davis said he would say we do have a plan to manage the debt long term that we will be discussion at the City Council meeting. If we use our savings from refinancing bonds and pay down some of the bonds and escrow our WAC and SAC fees, going forward we should be able to keep it at the same levy. Conner said the Council meeting on Wednesday night is critically important to be able to answer the questions on Thursday night.

CSAH Hwy 65 Corridor

Moegerle said we would come up with a simple theme for Hwy 65 and Highway 65. We have talked about this at length. With Hwy 65, and the need to update our comp plan.

Winter reported that over the past several months we have been discussing Hwy 65 and the need to update our Comprehensive Plan and underlying zoning classifications. An updated Comprehensive Plan is critical to the development of Hwy 65 and the corridor. The Comprehensive Plan guides overall development in the City of East Bethel including land use, parks and open space, public infrastructure, transportation, housing, and environmental/natural resource review. An updated Comprehensive Plan is also important for the economic development of the city and our ability to direct development in the future. The concept of updating the Comprehensive Plan is not new and was presented by Ady Voltedge in 2012. Included with this memo is an audit of our Comp. Plan that was completed by Ady Voltedge and their recommendations. It needs to be dynamic document to create a dynamic useable document there are several steps that will be required. These steps include input from the public through a series of public meetings, input from the

Met Council, and recommendations by the Planning Commission and the EDA to the City Council. Met Council is using MSP 2040. It is their large over reaching plan. She was able to go to one of their meetings. They have our population very low. We will see some changes in their projections. They don't expect communities to have their comp plans done until 2018. She wants us to be ahead of that curve. The reason she says that is because the infrastructure that Met Council has in East Bethel is built. The reason Met Council wants everyone in at one time, is to plan. Ours is very unique. Our demands for services we already have here. We aren't going to need them to do planning and projections for the City. She would like to see our City get the plan done early. She thinks we need the flexibility and adaptability, and we are ready and open for business. We want the area to be designed in a certain way. It takes a lot to put together a comprehensive plan. We need to look at working with an outside consultant to put together the plan. She would like to proceed with getting estimates that could be presented to the EDA in early 2014. The cost would come from the unreserved balance in the EDA balance. The outside consultant would not have to create the comp plan, but get plans. The idea of a consultant coming in would look at it as a big picture. The consultant would guide us, with the new concepts relative to planning. That is kind of where she is at.

Butler said you mentioned first phase, how many would you be looking at. She said the corridor is the most important phase, the other parts of it; we should be able to do in house. The only other thing she thinks would be interesting is to see if there is any interest in adopting higher densities – say a 2 ½ acre lot size vs. the current 10 acre that we have right now. Others might say we might want more rural lots outside of the corridor.

Bezanson said as someone who was involved the previous comp plans, we used Dean Johnson. He helped with the plan before this one. He thinks we should look at everything. At one time, there was a lot of misunderstanding on cluster housing, PUD development. Conservation easement, and still maintaining the same density. For a variety of reasons, it didn't grow any legs. He thinks you have to bring in a consultant. It is just not feasible. You brought up funding it out of EDA. It would be appropriate to have some of it come out of EDA, but why can't it come out Planning and Zoning. Winter said the Planning and Zoning doesn't have a budget of un-obligated funds. Moegerle said at Council there are serious questions about cutting the EDA's levy. She is not really happy with the quality of the contractors we have. Keeping the control at the staff level, she thinks Colleen does a great job of running a meeting. She would hate to see a lot of it farmed out. She thinks it is important to get it done. She hates to see more of the things, like the plans for parks, like a fairy tale parks program. It was \$40,000 for a park plan that isn't going to happen. A big part of staff's job is to hold contractors accountable. Winter said the control has to stay here. It has to be a dynamic document. Every day when we look at doing a development. She wants to be able to say it meets this goal, and this goal, and it should be in Hwy 65 corridor. It is much easier for them to say it makes sense. She has seen a lot of comprehensive plans that sit on shelves and never get used. You have to have something that is realistic and applicable. The City Center concept is not very realistic for East Bethel, because you won't have that public investment in an area. We won't have a downtown. We have eight miles that form our downtown. It will form on Viking and on Sims Road. She thinks we need someone who views it in that frame of mind. It has a lot to do with the time it has to do it. If you hire a consultant they have a variety of backgrounds. She has a bias, because of having to deal with what we have now. The concepts in the comp plan are good concepts, but they weren't flushed out. The underlying land use is a bit random. The comp plan guides you. Moegerle asked what happens if we don't comply with the Met Council. What happens? Winter said we do a comp plan for our own sake. She has never asked that question. Butler said that would be

a question for our legal staff. Moegerle said we have to spend this money because we have to. Winter said that is fair. Davis said we would be shut out from a lot of things. Winter said she feels Met Council has a great stake in what is happening here. They could give us some planning dollars, but she doesn't think they will do that. She is hoping they will work with us. We want to have our comp plan done in advance of their requirements.

Butler asked Winter "what do you think to cost will be?" Winter stated a minimum of \$20,000 and more likely \$50,000. Bezanson said the thing that is dangerous, has wondered what is going on with Lake Elmo, the opposite side of growth and development. He thinks that is something that we have to be aware of. The value of consultant isn't to write a document for punctuation. He or she will tell you which way the wind is blowing at Met Council. They are the ones that will tell the actual board members to vote on approval or rejection. You need to hire a person who is a lobbyist to a certain degree. That is what Dean Johnson did for us last time. Moegerle said there is that recent article in the Star Tribune. She thinks East Bethel should go talk to Met Council and they should be coming talk with us. Winter said one of the other things she would like to plant the seed on in 2014 would be a legislative forum, with the county commission, elected officials, so we can all be in the same room together.

Lawrence said he has one question. On the desire to form a comp plan, we have residents who come to us to do farming and their land is zoned light industrial, and their property was parceled off for shared farming. What are we doing with this sort of request from the residents? They have no desire to develop their property. They are wise to hold on to it. What are we doing to review these cases? Butler said isn't that a Planning and Zoning issue. Lawrence said it comes under the Comp Plan. Butler said the final Comp Plan goes through the City Council. Bezanson said is that a real use. Davis said any use would be grand fathered in. Actually there is only a small percentage of property less than 5% that are zoned agricultural. It is a permitted use or grand fathered in. He is unsure where this issue is. There was one issue a couple months ago. Winter said if the one you were thinking of, they were going to come before the Planning and Zoning Commission. Conner wondered if they came to the October meeting. Winter said yes. Lawrence said there are issues like that, which will come up, throughout the corridor. The possibility of being developed over the next 50 years is slim to none. We cannot stifle someone, and also not let them go crazy. Winter said if it is a legal non-conforming use, we let them continue until a developer would come in.

Moegerle said Met Council projections were very low. She said another gentleman from Met Council said they were negotiated and not realistic, to allow the project to move forward. The numbers before the infrastructure and now, there is a disparity. We shouldn't go back and negotiate what our population should be. Butler said are you saying our projection is low. Winter said they have us only growing 5,000 over the next 30 years. Butler said he thinks that is ok, we can go back to Met Council and saying you are saying we are only grow this much how can we develop. Davis said this type of sewage process is a demonstration. Met Council will reap the benefits of this. If their population projections show we will only grown 5,000 over the next thirty years, we cannot pay for this system. This population will have to be contained in the sewer district. Moegerle said it has to have a hard center, and a soft front. Winter said they are our partners we have to walk along side of them. Bezanson said you couldn't sugar coat it. Moegerle said the state demographer agreed that what the Met Council said is false. Bezanson said development growth is driven by a lot of things. With the quality of the roads, trunk Hwys, etc, that certainly drives development.

Winter said we had a meeting with MnDOT; our challenge with MnDOT is to get MnDOT to understand that we need an east/west route at 187th and a signal.

Butler motioned to have staff obtain Consulting cost estimates for the first phase of the Comprehensive Plan update – CSAH 65 corridor that can be presented to the EDA in early 2014. Bezanson seconded; all in favor, motion carries unanimously.

**Business
Development
/Activity
Report**

We didn't have a quorum at last meeting.

Staff Highlights/Projects/Information:

- Working with a Developer on a 60-lot single-family planned unit development project north of Anoka County Highway 22 and west of CSAH 65. Preliminary plat will be developed at next week Planning Commission.
- Met with interested party who was looking at Fat Boys location. Just kicking tires.
- Met with and toured facility of a business that is looking to relocate to East Bethel. Currently has 75 employees, most of which are at off site locations during the week. They are not in the sewer and water district.
- Working with a start up manufacturer who needs 2,000 sq. ft. to raise and process crickets to be used in the food industry. They use them for flour. They need a very sterile facility. They need a lab or restaurant grade facility.
- Working with existing business who is selling off a portion of their business.
- Working with an existing business that needs to lease 5,000 sq. ft. with 2 acres for outside storage.
- Working with business that is interested in relocating to East Bethel and constructing a 7,000 sq. ft. facility.
- Continue to work with West end businesses – Assessment Hearing, Oct. 16, 2013 - We have had 8 payments made on the assessment side. There were 22 assessments, and 8 have paid.
- Attended a workshop hosted by Anoka County discussing Economic Development.
- Attended East Bethel Chamber of Commerce meeting.
- New construction housing – 16 homes East Bethel; 48 Oak Grove. 14 are new homes and 2 were moved into our City. That doesn't count any new homes in the trailer park. Two physical houses were moved in.
- Worked with many individuals related to Planning and zoning activities
- Assisted in the development of Assessment scenarios for the west end businesses
- Met with Our Saviors Church to discuss sewer and water project for potential senior housing project. This is something they want to do. Staff will meet with some developers on what they are all about. Moegerle asked if they want the City to advance costs on it. Winter said we just had an initial meeting. They would like to partner with someone who would work with them.

Butler said it was like \$3,500 to do Shovel Ready. Could we have them split the cost. Winter said we might have someone that will sponsor it for us. Connexus might sponsor it. She will find out tomorrow.

Bezanson asked if all the permits in Oak Grove are all new houses. Winter said yes, they are vacant lots around the golf course. We are trying to figure out how many rural lots are platted. We do have those scattered through the community. Our GIS person is putting that data together. Butler said we have designated park lots, would it be better to turn those lots back to the developer and turn them into taxable. Winter said that would be a discussion that would have to happen at the Park Commission. Has that been discussed before? Davis said no, they haven't. It is an interesting proposition. There is the precedent of giving back the property. It would be a very interesting discussion. Bezanson said it would be a very interesting discussion. The big one off of East Bethel, Whispering Oaks,

when that neighborhood went in there. The neighborhood park sat there for a long time. It sat there for a long time. Pretty soon it became a neighborhood movement. We kept coming to the Parks Committee. My neighborhood has never been a neighborhood. The development to the west of me is the same thing there. It eventually became a neighborhood. He would be opposed at getting rid of that land. We have great big yards that become neighborhood parks. Davis said there are two properties that could be open for discussion on this. This could be discussed on a case-by-case basis. Bezanson said you didn't take the park fees from the developers. Butler said the one he was talking about was on 209th and Durant. That could be turned into a taxing. Lawrence asked if we could shuffle parkland around. Davis said like trade properties. That is a legal question. Butler said sorry for the digression.

Winter said on Monday, November 25th, Davis and Winter will be meeting with the Coon Lake Beach residents. They will be talking about the County Block Grant.

Moegerle asked if there were announcements being done. Winter said Kathy was given 100 fliers.

Chamber Update

The Chamber continues to grow. We have 16 or 17 members, at the last Chamber event. The next event is on December 12 at Hidden Haven. We will invite other Chambers. It will be a meet and greet.

Other Reports

We are planning to meeting in December. Winter said she doesn't see a need to have a meeting, but would like to leave it open. Moegerle said she has a long list, of things. Butler said he thinks we should meet. Moegerle said we still have the sick deer and angry bear on the website. Davis said we need a different format. Moegerle said can we put it up on the website. We need to have that loud and clear. Davis said he will get it on the website. Moegerle said we talked about a marketing action plan.

Moegerle said the ordinance committee met. The huge success of last month was having the local government official meeting at Cedar Creek. Karen Skeper is the Community Development Director for Anoka County didn't know Cedar Creek was there. We talked about our issues with the water and the aquaphor. Some people said it was boring, some thought it was interesting. She thought it was a huge success.

Lawrence is feeling better every day. Are we going somewhere with Target? You had commented that Target was interested in coming to Target. Butler said he contacted Target and they were interested in having a packet sent. Davis said City Staff also contacted him a year ago, but we haven't heard anything.

Adjourn

Moegerle made a motion to adjourn the Economic Development Authority meeting at 8:27 p.m. Conner seconded; all in favor, motion carries.

Respectfully submitted by:

Jill Anderson
Recording Secretary