

City of East Bethel
Economic Development Authority Meeting
February 24, 2014

The East Bethel Economic Development Authority (EDA) met on February 24, 2014 for a regular meeting at City Hall at 7:00 p.m.

MEMBERS PRESENT: Mike Connor Heidi Moegerle Brian Bezanson
 Dan Butler Bob DeRoche 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.

Introduction of New Member In addition to Ms. Moegerle, Mayor DeRoche will be serving on the EDA in his capacity as a councilperson through 2014.

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

Elect President, Vice President and Treasurer At the January 29, 2013 EDA meeting, EDA officers were elected effective until January 2014. At tonight's meeting, a new President and Vice President need to be elected to serve from January 31, 2014 through January 31, 2015.

It should be noted that under the current EDA by-laws the Treasurer should also be elected. This position by definition is the City Administrator.

According to the EDA by-laws the Assistant Treasurer and Secretary should be appointed. These are staff positions. The Assistant Treasurer is the Finance Director, and the Secretary is the Recording Secretary.

Staff recommends electing a President, Vice President, and Treasurer to serve from January 31, 2014 through January 31, 2015, and appointing staff to serve as Assistant Treasurer and Secretary.

Bezanson nominated Dan Butler for President, Julie Lux for Vice President and City Administrator Jack Davis for Treasurer. DeRoche seconded the motion; all in favor, motion carries unanimously.

Appoint Assistant Treasurer and Secretary **Butler made a motion to appoint Jill Anderson as the recording secretary, and Mike Jeziorski – City of East Bethel Finance Director as the Assistant Treasurer. Bezanson seconded; all in favor, motion carries unanimously.**

Approval of Meeting Minutes Bezanson had an item on page five, first paragraph; he was more concerned about soul than his footwear. In hunting the Carlos Avery wild life area.

Bezanson had one other correction on page 6; he thinks it should be his son-in-law from Ely, versus my son-in-law.

Moegerle had one correction Subsidizing the entire area. We don't have home. We're mining ... change to.

Bezanson motioned to adopt the minutes with the changes. Lux seconded; all in favor, motion carries. (DeRoche and Lux abstain.)

**Revise EDA
By-Laws**

The current EDA by-laws read that there is a President and Vice President. In order to be consistent with the other committees that serve the City, staff is recommending that the title of President be changed to Chairperson, and the title of Vice President be changed to Vice Chairperson.

Staff recommends changing the EDA by-laws language to state Chairperson and Vice Chairperson to be consistent with the other committees.

There is a statute referencing the titles.

Moegerle motioned to table to determine if it is appropriate to change the by-laws. Butler seconded.

Moegerle said it does require that we adopt an official seal. We haven't done that. This is something that we should proceed with. Winter said we do have a seal. Davis said we have had it for several months. Moegerle said good to know.

All in favor; motion carries unanimously.

**Discussion
regarding
future projects**

At the January 2014 Housing and Redevelopment Authority meeting a discussion was held regarding future city projects. She would like the Commission to weigh in on priorities. Here is a list of the projects that were discussed:

Hwy. 65 East Side Redevelopment Project

Purpose: Extend water and sewer service and street improvements, offer storefront renovation loans and provide street-scaping to the east side of Hwy. 65 from 183rd to 187th Lane. The use of funds for this type of project would clean up a blighted area and stimulate and improve the potential for residential development in the areas immediately surrounding the affected properties.

This would be to serve the commercial properties and also work on the lands behind the area.

Estimated Cost: \$2-3 million dollars depending on the scope of the project

Other Funding: This project would have to be bundled with City Street Capital Improvement Plans, MnDOT Cooperative Agreement Grants, MSA, Municipal Utility Bond fund balances to supplement HRA monies to generate the total funds required to make this feasible.

Comments: Justification for this type of project may prove to be challenging but this type of project would provide the highest return on investment of any of the alternatives that Staff has reviewed in terms of combining economic development needs with housing goals. The project could be designed to recover those costs that are assessable and require any type of loan repayment.

DeRoche said as far as trying to recoup the costs, we can't get them from the west side and it might be a little bit more. We haven't even figured out how we are going to do it. To step up when we haven't even got the west side done. They have known that they would have to -- mandatory hook up.

Lux said the thought would be to clean up the front corridor and it would bring in development behind there. The opportunity exists with residential property behind the commercial strip and she could see where that would work.

Conner said does the consideration of developing the east side exacerbate an existing problem. What is the implication for the taxpayer?

Winter stated that if a project was completed on the east side it would be done in such a way as to minimize financial impacts and that is why we are looking at several funding sources. We also want to be in a position to work with developers and have sewer and water planned out and ready to be brought in if development were to occur. The idea of bringing it to the EDA, we want to understand if you think this is a priority and we should pursue it.

Conner said the consideration to clean up the blight is noble and worthy. He doesn't think the timing is right for completing water and sewer on the east side. As he thinks about it, what is the likelihood of the taxpayer believing us, you are not going to get an increase in taxes.

Butler said I think we should separate the two, storefront from redevelopment.

Conner said he thought Winter mentioned clean up the blight. Winter said it could be separate or together. Slum and blight are cleaning up. Maybe doing something with the access. The access would be nice if we could get a signaled intersection at 189th. The State of Minnesota has some programs for store front clean up, and we could work with the property owners to address exterior storage.

Conner said it makes sense to move forward if we can keep water and sewer out of the discussion. He doesn't know why we would do that now. He thinks everything is good and noble. Let's not deal with water and sewer right now.

Moegerle said she echoes what has been said. What she is not hearing from the business owners on the east side, they are not clamoring for water and sewer. They are all saying if it comes, we will go. These folks are not coming to us with regard to that. She doesn't think it is a high priority. The funding is tax dollars the federal monies and state are tax dollars. We have to be as careful with other people's dollars as we are with East Bethel tax dollars. Until there is a request for it, she would not be in favor of it. She would like the people to put in an application themselves. We haven't had people clamoring to come forward. If we have to start it to get it done, then that is what we have to do. They could apply for the loans on their own.

Winter said individuals cannot apply for those funds and they have to go through a City.

Bezanson said regarding the sewer and water, we have an eclectic mix of businesses and strong businesses that are low-density use trailers and marine dealer. He doesn't see a pressing need to get sewer and water over there. He does see a business that would benefit from it. One business would benefit from it. But they lease the building, from the person who owns all the land behind it. He has always struggled at how we were going to put sewer and water over and not harness with too much debt. If the landowners were going to do a high-density development, and we can work out some type of a plan to develop he finds that more appealing. If we are looking at picking up ERUs, he is thinking that senior housing is the cheapest for picking up ERUs. He did have a question on the blight issue and you are not talking about different renovation. The scope is the same in cleaning up the blight. Winter said there are two funding sources, CDBG from the County and also the State CDBG. It is not something the County would support, but the State does. The brown fields state program would be another clean up program. That would provide clean up opportunities for contaminated soils. Bezanson said he looks at those businesses and sees a strip with a non-profit, and a lot of empty storefronts. He is surprised some have property taxes being paid. He sees where we have a real challenge in trying to move forward. We just got done allowing George to expand his business as a City. He thought that the storage footprint was increased. DeRoche said he wanted to put in green house structures up and that was denied. Bezanson said it is a challenge.

Butler asked where the amount came from. Davis said from the City Engineer. Butler said we have sewer and water stubbed at 189th. If it costs a million to run it a mile, we aren't running it that far anywhere. That is quite high and he doesn't know if that has redevelopment number for the businesses. Davis said that road would be completely torn up. There is no drainage. As far as

getting some of those buildings cleaned up, the road issue would need to be also. Butler said if we want to develop the properties behind that. Wouldn't it make sense to run the sewer and water behind the properties? Davis said there is a stub at Black Bear. One of the considerations is to enhance the development. If the front looks better, there would be a road project done. Winter and Davis plan on meeting with the business owners to gauge what interest there is in hooking up to sewer and water. He wants to show them what it will cost. If we do this, we have to get this right the first time. Butler said you could always go back and lower it. Bezanson said when the road system went in on the South end. Wouldn't we want to clean up the north strip? Davis said that would also be done to tie into the 187th Lane.

Conner said if he were hearing you folks would prefer if we went forward with this project. Is that correct?

Butler said at some point when it makes fiscal sense to do so. Winter said we need buy in from the businesses. It would be hard to talk to them without identifying the sources. From her perspective it makes sense as a project. You do have some very large tracts of undeveloped project. At that same time, you do need the buy in from the existing business community. We have to show it as a joint project.

DeRoche said he thinks we need to be cautious. The current businesses are not major corporations. They have been in East Bethel for a long time. Many of them are stretched to the limit on what they can do. He doesn't want to do something to help a developer behind them. Those businesses have been here a long time. If some of them had the money they would clean it up. When the market crashed and the project came through, there are so many rumors down there. Even Dan at Northway was asking when he had to hook up. Butler said the people at AAA want the water. DeRoche said the development of the tract would be a travesty.

Winter said that is why you have to start the conversations with them. DeRoche asked when the last time we had a breakfast was. Butler said we have one in April. Winter said we want to have the conversation with those business owners directly.

Our Savior's Utility Extension

Purpose: Extend water and sewer service to Our Savior's Lutheran Church (OSLC) to service an area that would be developed for Senior Housing. This project would require an agreement with OSLC that would commit them to the project. Details of such an agreement would be determined by HRA program guidelines. The use of HRA funds for this project could free up any bond fund balances from the Municipal Utilities Project for other uses.

Winter said they envision it as being a campus. They approached us about doing a housing project over there. That was another thing the HRA had talked about.

Estimated Cost: \$350,000 to \$450,000

Comments: This project would be dependent on the guarantees that would be required from OSLC in regards to developing Senior Housing both in terms of commitment to the implementation of a project and the approval of an acceptable time line for completion.

Winter said since we have met with them, they are in the process of doing a market study. They have a couple larger developers that are involved that have asked they complete a market study.

Conner said that sounds positive to me.

Lux said she would be curious to see the feasibility study. They are going to want to have a certain amount of density.

DeRoche said didn't they said they could fill it with the people in the congregation.

Bezanson said he was on the building committee when they looked at the sites. Are they talking to Presbyterian homes? Winter said yes. Bezanson said one of the reasons we stopped attending there is because they were in severe financial problems. He didn't know they were close to making this kind of financial commitments. Winter said they want to be able to market their property to someone else to do this. Bezanson said they have to be a non-profit to develop with them. Lux said Ebenezer and Presbyterian are firms; they would work with a different developer. The church would develop the land and they will partner with the service provider. A feasibility study means that all the people will have to sell their homes. Bezanson said he remembers when the performa was done on the new building. There has been talk about it for a long time. He doesn't know what they bought the land for. They bought it right.

Conner said we would need to make a commitment to put in water and sewer there, believing that OSLC would do something. For us it would be making a determination if we want to spend money their how soon would we recoup that investment. DeRoche said we would need more of a commitment. Winter said there would need to be a developer's agreement. Davis said there would need to be 100% commitment and we would need a developer's agreement. Davis said the HRA would be the potential funding source. OSLC would pay the funds back and it would be a loan. We would recommend over-sizing the lines for future development.

Moegerle said feasibility studies are fine. You pay for what you get. It would depend upon the feasibility study. It would depend on Karen Skeper and what they say. She is adamant that East Bethel wouldn't fill a senior housing facility. She thinks that before we make the investment, if they have how many people committed to moving in. we would want to review the contracts they sign. We need more assurances that a developer is going to be able to pay back the benefit. We have all been burned enough. Davis said those are some details. There may also be a presale on 60 units. Lux said that is how they work in the market.

Bezanson and Butler had no additional comments.

Storefront Renovation Program

Purpose: To provide loan funds to improve the storefronts and signage of up to 19 businesses along the service road on the east side of Hwy. 65 from 183rd Lane to 187th Avenue. This type of program would improve the overall appearance of a commercially blighted area.

Estimated Cost: \$400,000 to \$500,000

Comments: This would be a loan fund project and would be repaid to the HRA. This type of program could also qualify for CBDG Grant funds.

We could use HRA or other sources of fund for it.

Moegerle any additional comments, Butler said. Moegerle said Winter's friend wrote the book, on not what to do for development. Winter said a gentleman [Rich Harrison] that writes about design and his stuff is curve a linear. He has a project in St. Michael Albertville. You design with less of a footprint. It is cohesive. Moegerle said it needs to be cohesive. That is what we need in this area. If we get 25 businesses, with different approaches, we won't improve. She is extremely sensitive that the aesthetics is in the eye of the beholder. There is some value to this and she is not entirely sure what the value is. Once you drive in our city there is a trailer park and it is blighted. As far as making East Bethel a welcoming place, there are less costly ways to do that. She needs to have it more spelled out. Not only what the benefit to East Bethel is, but also does this make it more appealing to developers. If your front door is pretty it is easier to sell the house.

Bezanson said he thinks when the market for those properties becomes stronger it would be feasible. He doesn't think the market is strong now. It would have been easier to do it if we would have taken a more forceful stance at what we had for architectural problems. It is hard to fix a problem.

Butler said it is \$25,000 per business. If you have any idea on the timing of the loan. Winter said the revolving loan fund is structured at 5 years. Davis said these are just thoughts. And we will finalize once they are prioritized. Butler said some of the businesses are doing well, and others are not. Is that a showing on the business owners? There is a mish mash of storefronts. We have some nice ones that are contemporary and are a good role model. Bezanson said his thought would be the north end of it is in tougher shape generally than the south end. That is also where if we were going to do a road reorientation, maybe our dollars are best spent acquiring the road right of way for the road.

Moegerle said it seems to her there should be some market appeal for those properties. She doesn't know what the turn over rate is. It seems to her the east side is the place for retail businesses would be. She would also want to know more information about the possibility of that naturally redeveloping because of the demand for the property.

Butler said this should be part of the east side business owners meeting. If we are working with MnDOT on 189th signal control. How would you like to be the Perkins on Main Street?

DeRoche said a comment was made it was a mish mash, but fifteen years ago there wasn't a concern over a water and sewer project. Most residents were content. There wasn't a need for elaborate stores. People still don't want this to turn into some metropolis. The mom and pop shops, such as Torgerson Well, Meadowmore, Valders Car Lot, Stewarts. If anyone has been following Met council, they are going to focus their resources on the southern part of the cities. They are focusing on south metro. A lot of people are moving down into the cities; number one because of the gas. The way the lights are set up. The chances of them stopping on their way to work probably won't happen. Most business getting done there is local people. The average homeowner, Lowe's or Home Depot, it will take a lot to get that. It would be nice to have a nice family restaurant down there. If they don't want to put it there because of the other businesses there. He is still burned on the build it and they will come. He does a lot of research. You look at Blaine, and that whole Blaine Village. When they sold all that property that was their operating capitol. They will put a Walmart on the other side of Lexington because of a covenant. It is a quagmire.

Lux said for any big box development. We are still talking about our City Center. She thinks to have a program to redevelop most of the store fronts won't be effective. If we don't do something about it, if we don't look at it as a whole area we will have it all go under. If we have our city center on Viking, would it work if the other areas behind the businesses. Would it work to run a line for residential. Would it be better to have the market area developed then for more commercial development? Butler said a different plan.

DeRoche said that is what we were looking for with the Shaw development. At some point, we have Aggressive Hydraulics and the housing project both big investments. One of the biggest keys is getting more positive out in the community. The constant negative is not going to work.

Conner didn't have anything more to add to this.

Waterline Extension to Village Green

Purpose: Extend Water Service to Village Green to serve approximately 140 low to moderate-income residents. This project would provide access to the City water system and enable a more reliable and efficient means of fire protection and water delivery. This project would require a mandatory connection and a legal opinion as to the application of the hook-up obligation.

Estimated Cost: \$300,000

Comments: This project may be able to be done separately and specially assessed to recover the costs of extension.

Conner asked if winter considered with the original water and sewer and if not why not. DeRoche

said they are the furthest south business and why weren't they considered. Conner asked what their motivation to hook up now is. DeRoche said at one point, according to what our ordinances say. We tried to get them to hook up. Met Council approached them months ago, and said don't worry about the water lines. They would sell us the system for a dollar. Because Met Council couldn't do it from a private person. But anyway, if Met Council put the sewer in, they have to hook up water. We were getting a legal opinion on it before. They said they couldn't afford it.

Moegerle said the existing sewer system is borderline functional. We would be holding the bag if PCA came in. Conner asked if this could be perceived by some as a way for the City to capture more money to pay for the systems on the backs of the people down there. Davis said yes. The City doesn't have water or sewer system by their property. We proposed we would connect you to the water system. The benefit is we would get the flow usage. It would give us greater turnover. They considered this and they said they couldn't afford it. We even talked about terms. Met Council said they needed the flow to operate their sewer plant. The thirteen connections won't generate the flow they needed. Met Council offered them up to the sewer system for no charge. They would have to transfer ownership to the City for their sewer system. They would have hooked up for one ERU. Well if Village Green goes out of business or won't take it back. Bezanson asked why we aren't talking to the individual owners. Is that a corporation? Some legal entities do own it. Davis said we did talk to the legal owners. The MPCA said there are repairs that will need to be made. Will this be cheaper? He doesn't know. He believes they will require them to hook up with our system. It will probably need some expensive upgrades. The residents will have to bear the costs. The owners now say they aren't interested. Butler asked what they would do if MPCA levels the hammer. Davis said there is reluctance to level the hammer. They would have low and moderate-income people to have to relocate. It is a political and economic issue. Butler said you are dealing with all these entities. DeRoche said we ran into that with the plan on the north end. They are in the same boat down there because they own the plant.

Bezanson said on 494 areas just across 494 back in the 60s. There were some mobile home communities that went away. The property values increased. We need to recognize that might well be an option.

Moegerle said she agrees. We just don't talk about it. Met Council needs that, they need the flow. If we go along, and they come to us because they need us. We just need to sit there and be calm until they come knocking. The only thing that would change her mind is if the idea to connecting to Ham Lake was resurrected. That is a long shot. But that is the only thing that would convince me that we need to discuss that with anyone. Davis said this is a mute point, and they have moved on.

Citywide Septic System Improvement Loan Program

Purpose: Provide low interest loans for septic system improvements for failing systems in the City. This type of program could possibly be combined with County CBDG assistance to provide additional funds for these activities.

Estimated Cost: \$500,000 and up depending on the number of applicants or the choice of solutions to the problems associated with Coon Lake.

Comments: The City is submitting a CBDG application requesting \$300,000 for this project. We should receive notification as to approval by April 2014. It would be for people who have non-compliant septic systems in the Coon Lake Beach area and they could get their system updated or fixed. It would be for low to moderate-income households. There would not be participating money from the City. This is a Federal program. We have made it past the first round, but it went from \$300,000 to \$200,000.

Other Considerations

- Use of funds for other means to stimulate the development of Senior Housing
- Consideration of City HRA Levy for 2014 and beyond

Does the EDA have comments, suggestions as to other projects that the HRA/City can look at for future economic development?

Moegerle asked if there is any discussion on the Soderquist properties. Winter said no. Davis said the big push was from the Soderquist property. The other businesses down there might not have any issues at this point. Conner said the City of Ham Lake doesn't have city sewer and water. So when they get service, is there a possibility of a partnership, could we take our infrastructure and serve a portion of Ham Lake. It dawned on him the other night. He doesn't think they have city sewer and water.

DeRoche said there is no interest. Butler said they don't want to be part of it. They had discussions in 2008 and 2009 and he knows that from being on the Chamber. It ended up that the Mayor was voted out at the next election because of his stance on that. It was clear the Council had the same viewpoint.

Conner said isn't that a position that is short lived. Butler said eventually you would see sewer and water from Blaine to the Countyline. DeRoche said Julie Braastad and I had a conversation. They touched on East Bethel making the mistakes and Ham Lake wasn't going to do that. Bezanson said their development on the north side by Community Pride development. They have both of those parks that have filled up. Lux said there are bank owned lots in the area. She has had the piece listed on Bunker and Hwy 65 listed for 5 years. They will not come in because they don't have sewer and water. Bezanson said it was a couple of East Bethel residents that developed the north corner. They developed Community Pride Bank. They were very content to fill it up with low-density usage.

Butler did send out the draft forecasts for development.

**Goal Setting
2014**

Over the past year the EDA has discussed many different goals based on the Ady Voltedge Report that was completed in March 2012. Many things have been accomplished (please refer to 2013 Highlights in the last EDA packet), but there is still much needed work to do. As a starting point, I would request that we take the Action Plan, Part A from Ady Voltedge and talk specifically about the items highlighted and determine if these are still priorities for us, which are the most critical, etc. We can then build a Work Plan based on the action items.

As a piece of homework, if everyone could go over the highlighted areas and have people note what they would like to see us working on. Or if they would like people to send them into her, or we can work on them.

Moegerle said you and Lux worked on the developer's packet. They vary on the development. Winter said she has one sheet. A new letter went out to get the information on the property owners.

Butler wanted to know how everyone feels on that.

DeRoche said we abolished the website committee. Butler said they were talking about the website and he was asked to give his two cents and said that we should be linking the City website to the chamber website, and businesses that are members of the chamber. We need to update the photographs and pictures. There should be a link to Booster Day Facebook page and minor tweaks. It would bring the website up. Moegerle said that is why she opposed abolishing the website committee. Butler said maybe we have some of the EDA sit down and work on it. There are people out here that have the expertise. DeRoche said we put in to hire the website on the consent agenda. Butler said he would help out with the list and Moegerle said she would also. Butler said he might ask someone from the Chamber to help out. DeRoche said the GRE committee was abolished and the website was abolished. The ordinance committee was abolished too. They normally come up before Council. Rather than going back and forth.

**City Council
Report**

Moegerle said the Parks Commission met in February. She was greatly impressed that they are speaking of East Bethel as a destination. She is hoping that this group will speak of East Bethel as a destination. She was very excited. There are possibilities with the trails. She is not one of the people that read the newspapers. She has heard a lot of derogatory things about the things that have happened in the past two months. As Commission members we need to remember that we answer to the public. When someone asks what is going on, we have a responsibility to put a proper perspective on what is going on. We are looking at all of our options objectively. We need to put away our predispositions. We here in EDA are doing the hard work. She is pleased with the hard work.

Other Reports

Winter said Hy-Vee grocery store is looking at expanding in the Twin Cities market. They are in Faribault, Lakeville, etc. To that effect she made a call to a person in their real estate market.

Butler said we should talk about Booster Days. Is there any report? Lachinski said we are doing a big fundraiser on March 22. We will be inviting people to the ice arena to find out what Booster Day is about. It is from 1-4 p.m. We have a rock wall. We have volleyball nets. It will be on the reader board and the chamber site.

DeRoche said the East Bethel royalty have their spaghetti dinner on February 27th from 5-8 p.m.

Butler asked who coordinates the reader board. Davis said Wendy does, but in her absence Karen does it.

Conner and Lux will not be here on the 17th of March.

Bezanson motioned to change the meeting to March 24th. Lux seconded; all in favor, motion carries unanimously.

Adjourn

Moegerle motioned to adjourn the meeting at 8:30 p.m. Bezanson seconded; all in favor, motion carries unanimously.