

EAST BETHEL ECONOMIC DEVELOPMENT AUTHORITY MEETING
February 22, 2016

The Economic Development Authority (EDA) met for a regular meeting at 7:00 PM at City Hall.

MEMBERS PRESENT: Dan Butler, Chair Doug Welter Julie Lux
Steve Voss Brian Bezanson Brian Mundle

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

1. Call to Order Mr. Butler called the meeting to order at 7:00 pm.

2. Adopt Agenda **Mr. Butler moved and Mr. Welter seconded to amend the agenda by moving item 5.0 CST Location Review before item 4.0 Work Plan/Strategic Plan Review to accommodate audience members wishing to speak on item 5.0. Motion carried.**

3. Approve 1/25/16 Minutes **Mr. Bezanson moved and Mr. Welter seconded to approve the January 25, 2016 minutes as presented. Motion carried.**

5. CST Location Review Dave and Sherry Landes, 1747 237th Ave NE live east of the proposed location. Mr. Landes stated he is opposed to CST moving into this location and believes it will be a death nail to his property value. He was unaware of the property being rezoned to light industrial back in 2008 during the writing of the Comp Plan. Mr. Landes asked that in the future two considerations be considered when contemplating rezoning 1) that light industrial be clearly defined and 2) that consideration be given to long-time residents.

Nelson Wyatt, 23939 Hwy 65 NE lives north of the location. Mr. Wyatt stated his property is zoned agricultural. Mr. Wyatt was contacted by CST to purchase additional land from him, however, he is not interested in selling his land.

Mr. Davis stated that meetings are being held to collect input and comments prior to presentation to the City Council. No formal public hearing will be held, as no variance is being requested. Mr. and Mrs. Landes and Mr. Wyatt were encouraged to attend both the Planning meeting on 2/23 and the City Council work meeting on 2/24.

Background Information – As previously discussed, businesses that have recently inquired as to locating in the City are those that are primarily distribution/service facilities that require substantial amounts of outdoor storage space and are attracted to the lower land costs in East Bethel as compared to the more developed areas of the Twin Cities Metro region. Due to these factors, these types of business have been and will be attracted to the City for the near future.

CST, a producer and distributor of wood mulch and packager and distributor of water softener salt, has selected East Bethel as its preference for a relocation of their facility located in Elk River and Rogers. They are proposing to construct approximately 30,000-40,000 SF of office, warehouse and dyeing and bagging space on the Mike Wyatt property at 237th and Hwy 65. They need 40 acres, generate 30+ truck trips per day and have 52 employees. The majority of the acreage would be used for mulch stockpiles and storage of packaged mulch and salt. They would not process trees into mulch, but would receive mulch material to dye on site. There are no zoning issues with this site, however, land use, visual impact and environmental issues need to be addressed should this proceed.

CST's proposed business use as a production, distribution and warehouse facility is consistent with the zoning for the site at 237th Ave. and Hwy. 65. However, City Code Appendix A, Zoning, Section 4, Article 12, requires a site plan review prior to the issuance of any building permits to ensure safe, functional and attractive development. This plan will be submitted to the Planning Commission and the City Council for approval should CST purchase the site and apply for building permits. CST is seeking an indication from the City as to both the receptiveness of their operation and the requirements that may be imposed as part of a site review plan approval.

The proposed business would provide the benefits to the City as outlined in Attachment 2.

Questions and concerns relating to the relocation of CST to East Bethel include, but are not limited to the following:

- From a City perspective the amount of land we have available for industrial sites is limited. We have one contiguous zone on the east side of Hwy. 65 between 237th and 245th Ave that contains 308 acres of developable land. There are approximately 25 other parcels ranging in size between 1.5 to 18 acres of undeveloped light industrial zoned property throughout the remainder of the Corridor. With only this amount of industrially zoned land, it is essential that we attempt to maximize the number of jobs per acre to achieve our growth goals. CST's proposal would generate approximately 1 to 1.25 jobs per acre. Normally, it is reasonable to expect 5 to 10 jobs per acre from manufacturing activities. CST's proposal to initially purchase 40 acres and potentially acquire an additional 20 acres would constitute 20% of the available property within the area that serves as the City's Industrial Park area;
- Visual Impact upon the immediate neighborhood and the consequences that this influence may have on the future location of other light industrial facilities in the area between 237th and 245th Ave. on the east side of Hwy. 65 needs to be discussed and evaluated.
- Environmental Issues including, but not limited to, groundwater drawdown, treatment of dying effluent, stormwater runoff, noise, odors, and control of site debris are matters that still have not been thoroughly addressed.
- Traffic Issues relating to truck impact on 237th Ave, entrance locations and potential stacking issues, peak traffic concerns, need for by-pass lanes or need

for right in right outs will require additional information.

- Value of the Relocation regarding the number of new jobs, potential for expansion on the site, number of employees that work from the facility, tax revenues and tax valuation of site improvements need to be included in the benefit analysis of the relocation from the City standpoint.

Aerial views of CST's site in Elk River were viewed.

This property's tax classification is agricultural non-homestead.

CST anticipates 50 employees at the East Bethel site, and are hoping to expand the outside staff by four and administrative staff by six. CST plans to purchase an additional 20 acres in the future. Salt is stored and handled inside buildings. Truck drivers usually take the trucks home after work, leaving about 14 parked onsite overnight. CST has proposed berms along 237th and Hwy 65, however, environmental issues still need to be addressed.

Mr. Davis talked about how selective the City can be of incoming businesses and the need to consider employee per acreage and benefits to the City. The City and CST have discussed other location sites in East Bethel for CST, however, all other sites would need rezoning and did not meet CST's requirements.

Mr. Bezanson noted that it appears bordering landowners are not willing to sell additional land to CST.

Mr. Voss had competing thoughts being the City wants to encourage development and needs to foster future development, however, when land use comes in will it foster other light industrial use and is this the best use of this land.

Mr. Davis noted that this use is in line with City requirements for light industrial. Community opinion will be a part of CST's decision. He was unsure if this item would come before the EDA again.

The EDA asked that due diligence be done with regard to visual, environmental, and traffic issues, and to address how CST's water use will affect aquifers in the area. Mr. Voss added that the City Council does have the right to request an Environmental Assessment Worksheet (EAW) if needed.

Mr. Butler moved and Mr. Bezanson seconded to refrain from making a recommendation to the City Council, due to lack of information. Mr. Voss abstained. Motion carried.

Ms. Winter outlined the procedural timeline, with the next step being a Site Plan presented at the March City Council meeting.

4. Work Plan/Strategic Plan Review The Business Retention and Recruitment Plan is a document that outlines a broad strategy to address efforts to recruit and retain business. This plan is a product of the discussions the EDA has conducted since July 2015.

There are 7 major components of the plan. These categories are not prioritized as their implementation will be, to a certain degree, concurrent and each piece is a part of and dependent on the components as a whole to achieve their goal. The plan elements include:

- Creation of a Business Friendly Image and Reputation
- Comprehensive Plan
- Financing
- Marketing
- Business Recruitment,
- Business Retention and Expansion
- Business Assistance.

Discussion and any revision or additions to the draft plan are anticipated to produce a final document for adoption at the March 21, 2016 meeting.

As requested at the last meeting, three word slogans were shared, “Grow with Us”, “Positive Progressive Growth”, “See What Develops”, and “Solid Sustainable Solutions”.

Mr. Welter noted the mission statement is well written and a good start. He has no changes to the plan. The next step should be to decide which action steps to start with and to decide who will be responsible for the steps.

Ms. Lux suggested addressing reasonable residential development. As for V. Business Recruitment, she believes dependable broadband is necessary for business recruitment. Can Wi-Fi be provided by MidContinent?

Mr. Voss suggested the plan be reviewed on an annual basis and agreed with Mr. Welter that the mission statement is very good.

Mr. Davis will incorporate the suggested change i.e. broadband and will bring a revised plan to the March 21 meeting for approval. At that time, the EDA is asked to prioritize the next steps to be taken. Mr. Davis will also check to see if MidContinent can provide Wi-Fi off fiber optic lines.

6.0 MnCAR Expo

MnCAR (Minnesota Commercial Association of Realtors) annually hosts an event where the commercial real estate community comes together to network and hear about the current real estate ventures and issues. Last year the keynote panel included representatives of the Minnesota Vikings, the Super Bowl Committee, and Ryan Companies. There were over 580 people that attended the event and there were 100 exhibitors, including the Cities/Countries of:

- Coon Rapids
- Cold Spring
- Chisago County HRA-EDA
- Burnsville

- Lakeville
- Norwood-Young America
- St Cloud EDA

The cost to exhibit at the EXPO is \$1,000 and as an exhibitor the City would receive the following:

- 8' x 10' display booth at event, with an anticipated attendance of commercial real estate professionals from across Minnesota.
- Recognition in all event print and e-mail promotional materials, including media advertising, distributed to 9,000+ commercial real estate industry professionals.
- Company name recognition on MNCAR website, August - October 2016. Website receives 3,000+ unique visitors monthly.
- Recognition at event on exhibitor banner and expo program.
- Two complimentary event tickets.

Additional costs for electricity or high speed internet at a booth are: Electric - \$80, high speed internet - \$100, wireless connection - \$25.

It is anticipated that the 2016 event will take place on November 9th at the Minneapolis Depot.

This event is an opportunity to promote the City, network with commercial and regional real estate developers, and inform the real estate and development community that East Bethel is open for business. This type of exposure will be invaluable in assisting the expansion our marketing campaigns.

Coon Rapids representatives have attended this expo for many years and suggested providing something interactive in the booth to entice people to stop. Ms. Winter suggested if the EDA moves forward with having a booth, it will need to move forward with marketing materials and developing a “tag line”.

Mr. Bezanson moved and Mr. Voss seconded to recommend to City Council to participate in the 2016 MnCAR Expo and that fees up to \$2,500 be approved for registration, booth space and preparation of promotional materials for this event. Funds for this activity are included in the 2016 EDA budget and are appropriate.

Mr. Butler would like additional tickets purchased to cover those who want to attend, thus City staff will need to know who will be attending and manning the booth prior to submitting an application. Ms. Lux will purchase her own ticket, as she gets personal benefit from attending the expo. Mr. Butler asked if the marketing costs are included in the \$2,500 and should the EDA request \$3,500 to cover all costs? It was suggested a sub-committee be formed to decide on promotional materials and what is needed in the booth, then additional funds can be requested if needed.

Motion carried. Ms. Winter will check on the availability of a corner booth.

7. Business Incubator

Information item and no action is required at this time.

Business incubators are an assistance program designed to provide services to certain developing and new business through an array of business support resources and services by providing physical space, capital, coaching, common services, and networking connections.

Business incubation programs are often sponsored by private companies or municipal entities and public institutions, such as colleges and universities. Their goal is to help create and grow new businesses by providing them with necessary support and financial and technical services. There are approximately 900 business incubators nationwide, according to the National Business Incubation Association.

In Minnesota, two of the most successful examples of business incubator programs are the Owatonna Incubator, Inc. and the program at the University of Minnesota, Duluth. In both these cases the physical building is part of a Small Business Development Center office or satellite office. SBDC offices are federally funded and work with small businesses. The nearest SBDC center to East Bethel is at the University of St. Thomas.

Two articles with differing views on business incubators were provided to members.

8. Chamber of Commerce Report

No report.

Board of Directors meeting on 2/23 at 8:00 am at Aggressive Hydraulics
 Meeting on 2/23 at 1:10 pm at Route 65
 Regular meeting on 3/10 at East Bethel Senior Center for an update on BR & E

9. BR & E Update

Mr. Welter reported that 15 replies have been received for attendance at the Thursday meeting. He will contact committee members to encourage attendance.

10. March EDA Agenda /City Council Report

Mr. Davis asked that, in addition to revisiting the Strategic Plan and the budget discussion for MN Care, members submit agenda items to staff for the March meeting.

Mr. Mundle reported that the City Council extended the ice arena contract with Gibson Management Corporation and that the arena operated in the black for 2015.

Ronald Stanley is retiring from the Fire Department after 30 years of service.

The Sauter Commercial Park 2nd Addition concept plan has been approved.

A conditional use permit (CUP) was approved for the Barn Goddesses. Ponds of Hidden Prairie will be an event venue barn-type building. There are future plans to build cabins for attendee use only.

The two Road Commission seats have been filled.

The City Council work meeting on 2/24 will have an EPA presentation, and will address the CST relocation, and Farm Animal Ordinance review based on a miniature horse request.

Mr. Davis noted that there will be an update review of the AV equipment in Council chambers

There is an open position on the EDA.

11. Adjourn Mr. Welter moved and Mr. Bezanson seconded to adjourn at 8:44 pm. Motion carried.

Respectfully submitted,

Gail Gessner, Recording Secretary
Submitted 2/23/16