

EAST BETHEL ECONOMIC DEVELOPMENT AUTHORITY (EDA) MEETING
July 17, 2023

MEMBERS PRESENT: President Julie Lux, Vice President Tom Schulzetenberg, Mayor Kevin Lewis, Council Member Brian Mundle, Catherine Lancrain, Brian Bezanson, Suzanne Erkel.

MEMBERS ABSENT: None.

ALSO PRESENT: Jack Davis, City Administrator.

1.0 – Call to Order

President Lux called the regular meeting of the EDA to order at 7:00 pm.

2.0 – Adopt Agenda

Erkel moved and Bezanson seconded to approve the agenda as presented. Lux asked any discussion? To the motion, all in favor say aye. **All in favor.** Lux asked any opposed? Schulzetenberg abstained. That motion passes. **Motion passes 6-0-1.**

3.0 – Approval of Meeting Minutes

Bezanson moved and Erkel seconded to approve the June 20, 2023, meeting minutes as written. Lux asked any discussion? To the motion, all in favor say aye. **All in favor.** Lux asked any opposed? That motion passes. **Motion passes unanimously.**

4.0 – BR&E Program Update Discussion

Davis presented staff's report stating the East Bethel EDA had been discussing the need for and means to update the current BR&E Program. He noted as this plan was adopted in 2016, the plan needed a review and potential update to reflect the new challenges faced by small business in the post pandemic culture and the evolving business climate environment as it exists in 2023.

Davis stated Christine Costello, the Community & Economic Development Representative for Connexus Energy, attended the April 17th EDA Meeting and reviewed the services Connexus provides through their economic development programs and discussed what they might be able to offer in the update of the BR&E Program. He indicated Ms. Costello is in attendance at the meeting tonight.

Davis noted Michael Darger, with University of Minnesota Extension Service and one of the primary authors of the current BR&E Plan, met with the EDA at the May 15, 2023 meeting to provide a review of potential updates and/or direction to the plan.

Davis stated at the May 15th EDA meeting, Mr. Darger offered several options to bring the current plan in line with the changes that have occurred in the business environment since 2016 including: The traditional BR&E approach which would follow the outline of the current plan; A hybrid approach to the BR&E with data updates as required and a revised method of business visitations; and a variation of the BR&E which would rely on electronic surveys and as yet to be determined the process of data evaluation and reporting.

Davis indicated staff met with the East Bethel Chamber of Commerce at their May 11, 2023 meeting and updated the Chamber on the EDA's initiative to revisit our current BR&E Program and requested their participation going forward with the BR&E update. He stated staff has had two follow up meetings with the Chamber along with email communications to determine their interest in partnering in the update. Their involvement is critical to moving forward on any direction of this program.

Davis noted the summary of the discussion from last meeting was an acknowledgement of and the need for:

1. We are a now different city than at the time of original BR&E, with a utility system that has emerged from its infancy to one that is now self-sustaining relative to operational costs and has become our most valuable asset in terms of being able to service new development.
 - a. The following new businesses have located in East Bethel since 2016:
 - Cedar Creek Senior Living
 - 2nd Generation Chimneys
 - Advance Construction
 - Holiday
 - Kwik Trip
 - Pan-0-Gold
 - Cambia/Nexus
 - Gopher State Storage
 - Bright Beginnings Child Care
 - Pats Small engines
 - A-Blast
 - Satellite Experts
 - Dollar General – 2 locations
 - b. The following expansions have occurred in East Bethel since 2011
 - Aggressive Hydraulics
 - Oak Ridge Auto Body
 - Central Trailer
 - Wasche Commercial Finishes
 - Designing Earth
 - Boat World
 - Sota Storage
 - Gopher State Storage
 - U-Pull-R Parts
 - Emagine Theater
 - c. The following major businesses have changed owners since 2016:
 - Northway Sports
 - Village Green - Cedarwood
 - Moonshine Whiskey
 - Teddy Bear Day Care - Compass Child Care
 - Truck Body Specialists – Nussco Leasing
2. Evaluation of what survey data sets exist that are still current and can be used for an update;
3. What survey data sets do we have that need updating; and
4. Where do we start and what is our goal.

Davis stated the cost of the traditional BR&E 2016 work was \$12,000. Connexus provided \$5,000 toward the project and the balance of the costs was funded from the EDA budget. He noted costs for other options are to be determined.

Davis requested the EDA continue the discussion of the BR&E update as to its goal and the availability of resources needed to complete the project and implement its recommendations.

Lux stated she had reached out to Christine Costello to give her heads up on what the discussion would be like at this meeting. She believed Ms. Costello's input would be invaluable since she had gone through this process twice with a slightly different methodology.

Christine Costello, the Community & Economic Development Representative for Connexus Energy, stated her previous experience was in local Government in the City of Cottage Grove for six years as their Economic Development Director and then their Community Development Director. She indicated she had initiated Cottage Grove's VRD process. She noted Cottage Grove had done the original survey with the University of Minnesota Extension and then continued to follow up every two years, which they did on their own. She noted they had paired down the questionnaire and one year they focused on industrial, then the next time they focused on commercial.

Ms. Costello stated it was up to the City's EDA and the City of East Bethel as to how they wanted to proceed. She noted she was happy to participate in the interview process also.

Mundle asked in Ms. Costello's past experience, were home businesses included. Ms. Costello responded they did not include home based businesses as they were hard to track, and they did not require a permit. She noted it was too difficult to go into somebody's home, so they stayed away from home businesses.

Mundle noted East Bethel did permit home businesses, so he believed it would be fairly easy to track them. He asked Ms. Costello if she believed it would be worth it for the City to send out an email with the survey to the home businesses to see if they received any responses. Ms. Costello responded that would be an option. She stated the EDA needed to decide where they wanted to be for this and whether they wanted a cross section of the businesses, or if they wanted to do industry specific.

Davis stated if they want to do this, he believed it should be separate. He believed they currently have approximately 60 Interim Use Permits, but they probably have 300 or 400 home-based businesses. He indicated it might be a good idea to send the ones they do have on record a letter letting them know they could contact the City if they needed any assistance for expansion or anything else in the operation of their business.

Lux stated it was important to have communication and connection with the businesses. She indicated if they could do this in a non-traditional way, rather than going through the University of Minnesota, and if they can get enough volunteers, they can let the businesses be heard. She noted they first needed to figure out what the scope was, what the questions would be, who was on the team, and what was the timing.

Schulzetenberg asked Ms. Costello when they would do this in-house every other year, what were the staff needs and time requirements on the staff. Ms. Costello responded it was heavy staff involvement, and oftentimes, they would have a summer intern help with the calling, follow-up, etc. She indicated first though they would send out a letter from the Mayor explaining what the City was doing and asking if they would be willing to participate. She noted if they had the businesses email, they would also send out an email to them. She stated they also had volunteers along with their local Chamber of Commerce who were willing to help.

Lux stated she understood Ms. Costello was willing to share their second questionnaire also. Ms. Costello responded she had sent to Davis the survey they did for 2018 and 2020, as well as a sample template of the letter they sent from their Mayor, along with some of the results they received from the interviews as well as what they compiled, etc.

Erkel inquired if the responses were hard copies or done with a survey company, such as Survey Monkey. Ms. Costello responded they were done by hard copies. She noted they would send the survey in advance so the business could get a feel for what type of questions they were asking.

Bezanson asked how many businesses did they typically visit every other year. Ms. Costello responded the first time it was a large group of 40 plus, then from there it dropped down to 20. She indicated the pool would get smaller and smaller.

Lux asked Davis how many were on the list currently. Davis responded there were 120. He noted the list was compiled in 2018, so there were some on the list that were no longer in business, or had moved, but it was a good base to start with along with the Chamber's directory.

Erkel believed hard copies were the way to go. She also believed it would be possible to do this in a group environment for some of the Chamber people, especially those who were volunteers, at the Chamber breakfast events.

Bezanson agreed the Chamber breakfasts would be where they could recruit some volunteers.

Erkel inquired how the City reached out to the businesses previously. Davis responded he did not remember, but they probably used multiple ways such as the newsletter, written letters, the website, and Channel 10.

Erkel noted there was also an option to have Zoom calls after hours, which was not as readily available last time. Lux agreed that added a whole new dimension.

Erkel stated while they could continue to interview businesses, they also had a lot of data they had gathered previously and she believed it would all be similar.

Davis asked Ms. Costello if they had used the University of Minnesota, or did they do everything in house. Ms. Costello responded the first time they used the University of Minnesota, but then after that they did it in-house.

Davis believed the EDA would probably follow the same method and look at this on a more frequent basis. He noted they just needed to figure out where they were going with this, getting the survey questions done, and getting organized.

Bezanson asked if Davis had copies of the paper interviews from the last time. Davis responded he would get them from Doug Welter as he did not have them, but they might be somewhere around the Town Hall.

Bezanson noted most of the interviews done previously were within his industry. He recommended if a business had already been interviewed, that their answers get reviewed so when they are re-interviewed, they have that previous information.

Lux stated she did not think it was the data points that were so important, because they already knew they would probably end up being labor and broadband, but there might be some other things that came up. She noted it was the process and talking to people to really hear the individual comments.

Ms. Costello stated if they wanted statistical information, they could reach out to Tim O'Neill's labor analyst, who could pull a lot of different data for them. She noted he was a good resource for general data.

Davis stated Erkel had a good idea of kicking this off at the Chamber breakfast meeting in October. He indicated that would give them a couple more meetings to come up with something to propose to them. He noted he would be in touch with Ms. Costello if she had any edits, modifications, and/or suggestions for improvements and bring this back for discussion.

Schulzetenberg stated that was a good plan and he was not opposed to the idea of doing the next study on their own, but he wanted to make sure they were clear sighted about what this was going to take. He stated they needed a strong plan with deadlines, commitments, etc. before the Chamber breakfast.

Mundle agreed they needed a plan and suggested they had some leadership positions to head this up and start brainstorming. He stated if they had a commitment from a couple of people, they could then go to the Chamber.

Bezanson agreed and believed they had to have an outline. Mundle suggested if they can get a leadership team together, that could be one of things they did.

Lux indicated those were good first steps. She asked Ms. Costello if they had any process documents when they went through this. Ms. Costello responded she would check to see if she had those, and she would be glad to share whatever she had.

Lux stated any information Ms. Costello could give them would be appreciated so they didn't have to recreate the wheel on this and could get some kind of a framework they could adapt to their own use. Ms. Costello stated she was also happy to reach out to the contacts she had on this.

Davis stated they would appreciate anything Ms. Costello had that she could provide to them as a guide and a starting point. Ms. Costello noted it was tedious in terms of getting the businesses together as they were busy operating their own businesses, but the information received was valuable for the City so they know what direction they wanted to go and focus on from an economic development standpoint.

Davis stated at the next meeting, they will have a more defined outline to start discussing how they want to proceed on this and then tweak that and try to get something more formal in September with a goal of having something some type of a presentation before the October Chamber meeting.

Lux noted if they could outline the process and use their networks to talk to people who could be leaders that might be good also.

Mundle asked who led the last time and suggested someone touch base with them.

Lux stated they also needed to figure out what the questions would be; what is the scope of the businesses; who do they reach out to, etc. She indicated if they were able to get that information, it might be helpful to staff.

Erkel stated at the October Chamber meeting, she believed they should have a sign-up sheet to pass out for people who were willing to participate in how many hours a day, or what their timeframe availability would be.

Lux believed they should have those conversations before the meeting also so people anticipate they are going to be asked to help. Bezanson agreed they needed a heads up.

Davis stated staff will work with the Chamber to get that done.

Erkel asked Davis how the recent Chamber board meeting went. Davis responded the Chamber was very interested in continuing the program and they supported it. He stated it was their intent to partner with the City to make something happen. He noted staff would be going back to the Chamber board meeting to inform them of what had happened so far and work on obtaining some commitments and names of people.

Lux noted the EDA might need some kind of a work session between now and October.

5.0 – Capstone/Viking Meadows Concept Plan

Davis presented staff's report stating a concept plan for a 350 single-family home residential community for the Viking Meadows Golf Course property was presented to the Planning Commission as a Mixed-Use PUD for their review on June 27, 2023. The concept proposal was presented by Capstone Homes, Ramsey, MN.

Davis noted the site is located at 1788 Viking Blvd NE and covers approximately 160 acres, of which 115 acres are developable.

Davis indicated the proposed development spans three zoning classifications - Mixed Use (MXU), Single Family Residential (R – 1) and Rural Residential (RR) Districts. Over 71 percent of the proposed development is located in the MXU, 11 percent is in a Single-Family Zone and 17 percent in the Rural Residential Zone. Each zone has different density capacities:

MXU – 12 to 30 units per acre

R-1, 2.25 to 4 units per acre

RR - Two acres, with a density not to exceed one unit per two and one-half acres.

Davis stated the review of a Concept Plan is used to provide feedback to the developer from Staff, Commissions, Authorities and City Council.

Davis stated the major categories of the project were:

Access – Ingress and egress to the development will be accessed from Viking Blvd. NE and Sandhill Parkway. 189th Avenue will most likely be used only for emergency service vehicle access and not open to through traffic.

Open Space - Capstone has proposed over 71 acres of open space within the 160 acres (89 buildable acres) of the development, which includes a public park space, walking trails, ponds, wetlands, and landscape buffers that will be integrated to be as contiguous as possible and as natural spaces to break up the housing areas into smaller segments.

Streets – Streets and cul-de-sacs, along with utilities would be constructed in compliance with City Code Section 66 – 164 which requires that streets shall provide for future connections to adjoining un-subdivided land.

Housing - The plan consists of a neighborhood of 350 new single-family homes in two lot sizes with a combination of single level, multi-level, or two-story floor plans.

City Services - As a majority of the development is within the Metropolitan Urban Service Area (MUSA), the single-family homes will be connected to the city water and sewer system within this section of the development. MET Council has confirmed that a MUSA boundary adjustment would require an amendment to the city's comprehensive plan to extend utility service to the parcel outside this area.

Density – The plan proposes a density at 3.04 dwelling units per acre which is within the 2040 Comprehensive Plan density range and the target average of 3 dwelling units per acre in the MUSA.

Environmental Assessment Worksheet (EAW) – The proposal will require an EAW which includes, but not limited to, a detailed evaluation of Land Use, Natural Resources, Water Use, Geological Conditions, Traffic, Air Emissions, Historical or Archaeological Resources and Impacts on infrastructure, including a traffic study.

Davis noted at their June 27, 2023 meeting, the Planning Commission held a Public Hearing on the Concept Proposal and ten residents presented their concerns with the project. Their comments primarily focused on the potential impacts relating to: Rural feel and character of the City and housing density; and traffic concerns at the Viking Blvd/internal street intersections and on 189th Avenue and its intersection with Greenbrook Drive (County Road 68).

Davis indicated the City Council will review and offer comments on the plan at their July 24, 2023 Meeting and the Concept Plan will be placed on the Parks Commission August 8, 2023 agenda for review and comment.

Davis stated this project would generate a conservative estimate of \$389,000 in annual city property tax revenues at build out in 2029. This estimate was based on an average of \$350,000 for estimated market value for each of the 350 units with a tax classification rate of 0.01 and the 2023 city tax rate of 31.76% (this estimate does not take into account any appreciation in market value of the homes through the projected 5-year buildout of the project). The City would also collect \$1,960,000 in City SAC and WAC fees over the life of the project (2024 -2029). This amount would pay off the majority of the METC Reserve Capacity Loan. In addition, the increased housing units would improve the demographics and income in the local market area which are needed to attract basic retail, food, and grocery services to the City.

Davis requested the EDA discuss the proposed concept plan and provide comments to City Council on the proposal and plan.

Lux stated she was interested in what the traffic study was going to show and if something were approved, it would be contingent on the EAW passing along with the traffic study, but acknowledged she was not sure how that process worked.

Mundle believed those factors would have to be presented, but it was also kind of a catch 22 where they had to develop the preliminary plat first and that cost a significant amount of money.

Davis stated at some point in the future the traffic study would be very important. He noted this was being proposed to be built out incrementally in a five-year plan, but in the end it will be cumulative. He believed Anoka County Highway Department would have one of the bigger determinations in what had to be done to accommodate the traffic and how it was handled.

Lancrain stated this development as well as the Elevage development, to her that created a traffic issue and there was nothing in this development that added extra roads, so where would the traffic go.

Erkel stated she saw traffic circles coming.

Davis stated that would need to be determined by the traffic study, which would make projections on what they anticipate the volume would be, daily trip averages, times, and frequencies of peak loads, etc. He indicated they had to wait on the traffic study said and then the developer would be required to address those and it would be up to the developer to decide how to proceed with the project.

Lewis stated what they were raising was very important, which was key for him and it was why he voted against this twice because that was the “most ridiculous traffic study” he had ever saw. He noted they had not taken into account the impact on Crosstown at Viking. He indicated that he would be paying very close attention to the traffic study on this.

Lancrain stated her concern was that most of them moved to the City for the rural presentation of the area and now Elevage was adding 200 plus townhome units, and then they have this right on top of it. She indicated she found it hard to believe what was happening all over with homes right on top of each other. She expressed concern that they were going to fit 350 homes in this space and not be on top of each other.

Lux believed the point of keeping the rural nature, where it was zoned that way, and the commercial corridor was zoned that way for a reason. She noted this actually fit into the Comprehensive Plan, but they did need to be mindful about the traffic.

Lewis stated the Comprehensive Plan was just a plan and they were not locked into it. He indicated the people who lived by this proposed development were not in favor of it because it was so inconsistent with their properties.

Erkel stated the golf course was so beautiful and she believed this was going to take away the whole beauty of that area. She asked why was a golf course turned into a mixed-use area anyway. She

believed the entire area should be Rural or Rural Residential. Mundle responded it was because it was within the three-quarter mile highway corridor.

Davis stated the other thought was that it was at a major intersection with higher development potential than other places in the City, but he could not speak to what the final decision was. He stated that was originally zoned City Center, which was something that was not practical, so when the latest Comprehensive Plan was done, that was changed to mixed-use, but it kept the same zoning requirements within the Ordinance.

Lewis asked if there had been a signed purchase agreement. Davis responded that a signed purchase agreement depended on the Council.

Schulzetenberg asked if this was rural residential, would they need to make an extension for the City sewer and water. Davis responded in order to extend sewer and water into this section, a Comprehensive Plan amendment would need to be made allowing that higher density and from the developer's point of view, two acre lots did not make economic sense.

Bezanson stated he did not think it would make economic sense either. He noted though that East Bethel was not rural anymore and he agreed that was a lot of opposition to this and it would be very interesting as to what the traffic study said. He did not believe this would have any impact on Highway 65 though. He noted the amount of housing and high-density housing going up by Cambridge was "crazy," and all of those cars come down south. He noted the long-range plan the State had for Highway 65 was they were going to attempt to turn it into a high-speed Boulevard with off ramps, etc.

Mundle noted Blaine recently got funding for their entire Highway 65 project, which he believed was anticipated to be finished by 2030.

Bezanson believed they had a lot of challenges here and he also saw a lot of rooftops. He noted for people who wanted a grocery store, this was the kind of thing that brought in that type of business.

Erkel asked if this was going to be an HOA. Davis responded the developer said there would be a minimal HOA with a minimal HOA fee.

Erkel stated she had heard this would share some of the tax burden, but in other developing cities, their taxes do not go down and they keep going up and she did not believe it would help their taxes. Davis acknowledged that development did not guarantee taxes would go down unless a large corporation moved in. He noted what development did was to spread the tax burden out further and probably kept the taxes from going up as fast as it would if they didn't have developments.

Lancrain asked when would they expect to have further information about if the developer was moving ahead. Davis responded that a presentation would be given to the Council on the 24th, and if the developer got a positive review of the concept plan, then they will start their process for going to an environmental assessment. The next step would be their preliminary plat. He indicated the developer had said they would like to be moving dirt sometime around February, 2024.

6.0 – Business Activity Report

Davis presented the Business Activity Report giving updates on the Holiday Station Store project at 187th Lane and Hwy 65; the Elevage Project; the Kwik Trip Construction; Conduit bond financing for Nexus; the June 27 Chamber of Commerce meeting staff attended; Designing Earth Contracting; the Joint Work Meeting with Council and the Planning Commission on June 21; MET Council's comments on the Stone Group's proposal; open application for mining permit/site preparations for a proposed greenhouse/garden center north of 209th Avenue/Highway 65; Strandlund Metes and Bounds Subdivision at 2836 221st Avenue NE; Hidden Prairie Concept Plan Application; and Cedarwood Estates expansion request.

7.0 – City Council Report

Mundle updated the EDA on recent Council activities.

8.0 – Adjournment

Bezanson moved and Erkel seconded to adjourn at 8:18 pm. To the motion, all in favor say aye. **All in favor.** That motion passes. **Motion passes unanimously.**

Submitted by:

Kathy Altman

TimeSaver Off Site Secretarial, Inc.