

EAST BETHEL ECONOMIC DEVELOPMENT AUTHORITY (EDA) MEETING
August 21, 2023

MEMBERS PRESENT: Vice President Tom Schulzetenberg, Mayor Kevin Lewis, Catherine Lancrain, Brian Bezanson, Suzanne Erkel.

MEMBERS ABSENT: July Lux and Council Member Brian Mundle.

ALSO PRESENT: Jack Davis, City Administrator

1.0 – Call to Order

Vice President Schulzetenberg 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. Schulzetenberg asked any discussion? To the motion, all in favor say aye. **All in favor.** Schulzetenberg asked any opposed? That motion passes. **Motion passes unanimously.**

3.0 – Approval of Meeting Minutes

Bezanson moved and Erkel seconded to approve the July 17, 2023, meeting minutes as written. Schulzetenberg asked any discussion? To the motion, all in favor say aye. **All in favor.** Schulzetenberg asked any opposed? That motion passes. **Motion passes unanimously.**

4.0 – BR&E Program Update Discussion

Davis presented staff's report indicating 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 the current BR&E Program and requested their participation going forward with the BR&E update. 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 with this program. Representatives from the Chamber have indicated they will attend our August 21, 2023 meeting.

Davis indicated 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 attract and service new development.
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 noted 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. Should the EDA move forward on the BR&E update, the costs will be determined by the strategy selected for the

Davis requested the EDA discuss the need and the approach for a BR&E update with the Chamber of Commerce Members to poll their level of interest and participation in the update.

Paul Johnson, Aggressive Hydraulics, and a Chamber of Commerce member, stated he had participated originally as a volunteer in 2016. He noted as both a resident and business owner within the community, he liked the process of what they did in 2016. He indicated in 2016, they had teams of two volunteers who went to the businesses within the City. He stated there was a questionnaire and everybody received the same questions and all of that information were tallied once all of the interviews were completed.

He noted some businesses did not want to participate, but he did not remember how many did not participate. He believed follow-up would be appreciated.

Mr. Johnson believed they should revisit the questions and have questions with respect to follow-up that were more personalized.

Mr. Johnson stated he thought it would be advantageous for them to break down some communication, misinformation, and paradigms on the role that businesses have within the community along with some metrics that show what are the impacts of businesses that move into the City in terms of their contribution to the tax revenue.

Mr. Johnson indicated he would be happy to contact the Chamber President to get more of a consensus, and what they were willing to do to help.

Davis asked him if Mr. Johnson had any recommendations over what they did the last time. He asked if they need to have a more scaled down approach. He noted the City had some of the data they might not need to get again, but there was some that would need to be updated. He believed the major focus on this going forward was to focus on the existing businesses, and they were looking for input on how they go about it and whether they used the same model, or if it needed to be modified. Mr. Johnson responded he attributed their successes to being able to retain their employees, which allowed them to retain their customers. He indicated their marketing was important also and word of mouth was their best tool. He believed this should be scaled down and he did not think they needed 30 plus people to do it.

Davis stated he was thinking of scaling it down in terms of separating the businesses into different categories and select some target businesses. Then, they could put the word out and if some business wanted to participate, they could. He indicated they could concentrate it by breaking it down into two segments – the businesses with physical locations and then those that have IUPs, such as home-based businesses. Mr. Johnson stated he liked that approach. He noted previously when this was done, they spent a lot of time playing telephone tag and answering questions on the phone than they did on the actual interviews.

Bezanson stated one of the things he felt was advantageous was having someone in the straight service industry, such as the insurance business. He wanted more diversity in the teams with their backgrounds. He stated previously they tended to concentrate their interviews on a certain type of business. Mr. Johnson stated having diversity in the teams was a good idea.

Davis asked if it would be beneficial to have an annual continuation where a selected few each year would be done. Mr. Johnson believed that was a great idea. He noted maintaining something was more efficient than “dusting it off” and started all over again. He indicated this was a nice way to maintain communication on a regular basis.

Davis stated it was critical this was done with the Chamber as he believed businesses would rather be interviewed by other business owners than with City staff or Councilmembers, and the Chamber’s role in this was critical and essential in making it succeed. Mr. Johnson agreed and noted this would be a buffer between staff and elected officials.

Erkel asked if Mr. Johnson knew of any issues that had transpired in the last 6 years that they could add to the study. Mr. Johnson responded that thing that was important was the traffic patterns. He noted six years ago there were no roundabouts or “J” turns. He indicated new infrastructure and new business opportunities on the east side of the highway were also important. He stated broadband was also important.

Davis stated he would like to give a presentation to the Chamber breakfast in October and roll it out after that.

Erkel stated one of the important statistics they could try and come up with was the businesses economic output, how much they were providing to the City, their revenues, and how that correlated. Davis noted business paid various taxes in the City, as well as making an impact on the housing market, etc.

Davis stated depending on the participation rate, they might need to scale this down somewhat to make it more manageable as well as doing this based on target industries while still letting people know this was out there, so if they don't get selected they have the option to call and get an interview set up. He believed it was important to get communication out with the businesses to let them know they are extremely important, they are wanted in the community, and they wanted to see them prosper.

5.0 – Capstone/Viking Meadows Revised Concept Plan

Davis presented staff's report indicating the City has received a revised Concept Plan for the redevelopment of the Viking Meadows Golf. The original Concept Plan was presented to the Planning Commission at their June 27, 2023 meeting and the City Council on July 24th, 2023. That project proposed a Planned Unit Development of 350 homes and was discussed at the July 17, 2023 EDA meeting.

Davis noted as a result of comments received from the City Council, Parks Commission, Planning Commission and the EDA, Capstone has presented a revised concept plan as exhibited in Attachment 2 to the EDA's packet. This plan, to address comments from the City, has incorporated the following changes:

- Will follow the zoning designations that currently overlay the site and remove their initial request that the project be considered as a Planned Unit Development;
- Reduced the proposed number of single-family units from 350 to 252;
- Increased the dedicated Park acreage from 1-acre to 8-acres and use the park dedication fees of \$378,000 for use in developing the 1-acre nature play park space;
- Eliminate the inclusion of the 30-acre parcel outside the MUSA boundary as part of this plan.

Davis stated the following is the breakdown of the housing units proposed for the phases of the project:

1. In the Mixed-Use Zoning portion of the area, Capstone is proposing building single family homes that are aligned with R-2 standards outlined in the code;
 - a. 106 Liberty Single-Family Homes on 50' Lots
 - b. 105 Classic Single-Family Homes on 70' Lots
2. In the R-1 Zoning area, Capstone is proposing building single family homes that are aligned with the R-1 standard outlined in the code;
 - a. 41 Classic Single-Family Homes on 80' Lots

Davis noted the new concept corresponds to the feedback received from public and the council during discussions that have occurred over the last month.

Davis stated the net density as proposed in this revision is down to slightly over 2 units per gross acre. Not including the Open Space, Wetlands and Park space, the net density is still under the 3 unit per acre goal of Comprehensive Plan.

Davis indicated upon formal approval of the concept plan from the Planning Commission and City Council, Capstone will have a traffic study prepared through an independent third party for evaluation by the City.

Davis stated the revised project plan would generate a conservative estimate of \$280,100 in annual city property tax revenues at build out in 2028. The city will also collect \$1,431,360 in City SAC and WAC fees over the life of the project (2024 -2028). This amount would pay off the approximately 70% of the principal balance of the METC Reserve Capacity Loan. In addition, the increased housing units would

improve the demographics in the local market area which are needed to attract basic retail, food, and grocery services to the city.

Davis requested the EDA to provide any additional comments or concerns regarding this proposed project to City Council.

Bezanson inquired about the City sewer and water. Davis responded this would all be City sewer and water.

Lancrain asked if the new water tower would hold this plus the other project. Davis responded the water tower was operating at 10 percent capacity right now, so there would be plenty of capacity in the existing utility system to serve the build out of this entire area. He stated capacity was not an issue.

Schulzetenberg stated that other than the reduced density, he did not see much improvement in the plan. He noted the traffic study was not complete. Davis indicated there was reduced density and there was still a huge financial impact on the City's part. However, the developer wanted to make sure there was buy in with this concept before they did the traffic study. He noted this was just a formal recommendation from the Commission to give the developer assurance that in order to do the traffic study, they were going to have to spend quite a bit of money and they could start going ahead with the preliminary plat. However, the developer knew they had to meet some of these requirements and have everyone on board with it, which would give them a better chance of getting it approved.

Davis indicated there was a reduction in density of about 30 percent, and there was a little bit more open space, which translated into some bigger lot sizes over what they had originally proposed. He indicated this would still all be single family homes. He believed the developer was very receptive to the comments that they received from the City Council, the Planning Commission, and the EDA in making these proposed changes.

Erkel asked who was responsible for the sewer and water installation. Davis responded the developer would put in all the water and sewer as well as the sewer and water access charge. He stated the City would not pay for this and once it was inspected then it would be turned over to the City for operation and maintenance.

Lancrain inquired about an HOA. Davis responded there was an HOA, but it did not cover the sewer and water. He noted the HOA would cover basic maintenance of the green space.

Bezanson inquired about the accesses. Davis pointed out what the access would be located on the map. He indicated there would be a "special kind of gate" in one area that would allow emergency vehicles to enter, but it would prevent people from taking shortcuts through there. He stated emergency services would have keys to the gate.

6.0 – Osborne Development Utility Extension

Davis presented staff's report stating the owner of a 9 +/- acre parcel at the intersection of Hwy 65 and 181st Ave is interested in developing this property as a commercial site. The site is not served by water and sewer. The City services terminate approximately 1,400' north of the site. Extension of utilities to serve this area are part of the Facilities Plan that was incorporated in the Comprehensive Plan and is inside the Metropolitan Utilities Service Area (MUSA).

Davis stated this site would be an ideal location for food, personal and retail service businesses.

Davis noted staff discussed this item with City Council at the August 14, 2023 Council Meeting and was directed to continue discussions with the owner and provide a recommendation relating to a potential funding agreement that would allow recovery of costs associated with the project for the developer.

Davis indicated the estimated costs to serve this site would be \$500,000. Upsizing the water and sewer lines to serve properties adjacent to and at the end of the extension would add approximately \$150,000 to the project cost.

Davis indicated the use of city water and sewer funds could be used to cover any city obligations and upfront costs for this project. Our recoverable costs could be secured in part or in whole through assessments and trunk charges with no use of city general funds. These would be our short-term costs to stimulate a needed type of development with no use of city general funds and with a payback of these monies over a period of time.

Davis stated traffic impacts of the development of this site and surrounding properties is yet to be determined. Staff will be discussing potential grant projects with MNDOT that address this issue.

Davis noted for the Osborne Commercial Site it is estimated that annual city property tax revenues would increase from approximately \$1,000 to \$60,000 per year and up to \$280,000 in SAC and WAC fees would be generated at buildout. The area identified on the Location Map as “Future Development Area” could generate approximately \$133,400 in property taxes and \$672,000 in SAC and WAC fees at buildout. The estimates for the residential development are based on densities for the R-1 zoning.

Davis indicated an additional 10+ acre commercial site north of Briarwood Lane would be serviced by the extension and would increase property taxes from \$1,600 to \$70,000+ per year. Additional SAC and WAC fees from this site could range from \$224,000 to \$336,000 at buildout.

Davis stated Council will continue the discussion and consideration as to the City’s commitment level to participate in the service extensions to this property and the upsizing of facilities to serve future growth outside the boundaries of this site.

Erkel asked if any businesses had expressed an interest in this. Davis responded that the site had yet to be marketed..

Schulzetenberg believed this was an ideal location for food or retail. Davis responded the owner wanted a restaurant or something like that there which was wanted more than another Dollar General.

Davis stated the owner wanted something nice to go in first because that would set the tone for the rest of the pattern there.

7.0 – Business Activity Report

Davis presented the business activity report including updates on the Holiday Station project at the intersection of 187th Lane and Highway 63; the Elevage project; and Kwik Trip.

Davis gave an update on Nexus including the Conduit Bond financing and Pilot Agreement.

Davis gave an update on the recent Chamber of Commerce meeting.

Davis gave an update on the Capstone revised concept plan along with other inquiries the City had received.

8.0 – City Council Report

Lewis updated the EDA on recent Council activity.

9.0 – Adjournment

Bezanson moved and Erkel seconded to adjourn at 8:17 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.