

EAST BETHEL ECONOMIC DEVELOPMENT AUTHORITY (EDA) MEETING
November 20, 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

Bezanson moved and Erkel 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? That motion passes. **Motion passes unanimously.**

3.0 – Approval of Meeting Minutes

Mundle moved and Bezanson seconded to approve the October 16, 2023, meeting minutes as amended. Lux asked any discussion?

Mundle noted on page three of the Minutes, line 14, delete Mundle volunteered the Councilmembers to be on the team and replace with Mundle volunteered to be on the team as a member of the Council.

To the motion, all in favor say aye. **All in favor.** Lux asked any opposed? That motion passes.

Motion passes unanimously.

4.0 – ACRED Update and Fixed Wireless Broad Band Report

Davis presented staff's report stating Gregory Frahm-Gilles, the Director for Anoka County Regional Economic Development (ACRED), will provide an overview of ACRED's activities to the Authority. Greg will also provide an update on the status of the county's fixed wireless program and the potential for use of these funds to address East Bethel's needs for assistance to underserved or areas in the City with no service.

Davis indicated Mr. Frahm-Gilles will also review the Agreement Extending and Amending the MOU for Anoka County Regional Economic Development and answer any questions regarding this request.

Davis requested the EDA recommend to City Council that the EDA endorses the approval of the Agreement Extending and Amending the MOU for Anoka County Regional Economic Development as exhibited in Attachment 1 to the Commissioner's packet.

Gregory Frahm-Gilles, Director Anoka County Regional Economic Development (ACRED), presented a PowerPoint presentation summarizing his background and what the ACRED's three main objectives were (regionalism, community perception, and readiness).

Mr. Frahm-Gilles stated they also had a pre-development grant program to help some pre-development activities such as wetland delineation, soil borings, ALTA surveys, etc. He noted they wanted to put a focus on manufacturing industries.

Mr. Frahm-Gilles noted rental vacancy rates were still high post Covid with vacancies everywhere. However Class A space was still highly competitive. He indicated businesses were downsizing their space as employees were working from home. He highlighted some recent redevelopment projects in the County.

Mr. Frahm-Gilles summarized some of the programs the ACRED had available for businesses.

Erkel asked what the Minnesota DEED was. Mr. Frahm-Gilles responded it was the Department of Employment and Economic Development, which was a statewide economic development business support organization that worked on growing the industry within the area.

Mr. Frahm-Gilles stated from a workforce perspective, Anoka County was getting significantly older, which was a big consideration on how do they keep positions filled when there were increased retirements. He indicated a big concern was could they attract the workers needed for the businesses that were in Anoka County. He discussed the housing stock and how it was tied to the workforce. He indicated in order to be able to get a mortgage with 20 percent down for the medium house today, you need more than double the amount of household income to be able to qualify pre versus post Covid. He indicated the cost of housing was significantly outpacing the increase in wages over the last few years. He stated this was definitely a big challenge for the workforce and for businesses to be able to grow and expand.

Davis noted 30 to 40 years ago spec buildings was the trend. He asked if Mr. Frahm-Gilles saw that as a trend that was coming back in order to attract industry. Mr. Frahm-Gilles responded that the challenge right now was with interest rates and construction costs as well as the lead time for some things. He indicated it did not “pencil out” financially in order to put up a small building and that was why they were seeing the investment by the major national companies that had access to the equity investment with 100,000 square foot at a minimum. He indicated a lot of businesses were sitting on the sidelines right now.

Schulzetenberg asked how did they cost share per capita with the various municipalities and what things was Anoka County doing to highlight and promote the individual municipalities. Mr. Frahm-Gilles responded his time split did not specifically match the cost share because a number of municipalities had their own community development/economic development staff so his relationship with those municipalities was different than those that did not have that type of staff. He indicated he did not feel that it was necessarily appropriate for the benefit of the region to put most resources in the place that had the most resources. He stated they tried to look at this from a regional perspective and focus on the aspect of community. He noted some of it came back to the individual autonomy of municipalities and dictating their own future and how that matches up with the economic opportunity that was out there. He stated it was him trying to be in the best position to support the municipalities for where they were at and what they needed.

With respect to what Anoka County does to highlight and promote individual municipalities, Mr. Frahm-Gilles noted that they leaned on the individual municipalities staff to create an economic development profile, which was recently done for East Bethel. He stated they also promote the municipalities at various expos, etc.

Erkel stated if the fertility rate was down and people were not having as many children any longer, and there was not enough housing, along with not enough people for the jobs, which did not make sense to her. Mr. Frahm-Gilles responded there were a few things at play including the County has not had an increase in population, along with people living longer and are being able to stay in their homes longer. He indicated in the past there was a natural turnaround of the housing stock due to aging, but that was not happening now so there was not another wave of starter homes for the next generation to be able to move into. He indicated the other issue was that the average household size over time was getting smaller so they were getting people who lived by themselves or had less children, which made the number of housing units for the same population increasing as people were spreading out more than they had historically. He stated there were less multi-generational homes now than there used to be also with young people looking to move out sooner.

Bezanson agreed and told of observations he had with respect to the construction industry. Mr. Frahm-Gilles stated he was a massive advocate for business retention programs and he believed it was the best way to be able to understand what was going on.

Mr. Frahm-Gilles indicated the number of ways in which they interfaced with the community, including through the Chambers, high schools, tech schools, Anoka County Job Training Center, etc.

Mr. Frahm-Gilles have an update on the fixed wireless. He noted fixed wireless was something they were very interested in and saw it as a public utility and economic development tool which was important for the entire community.

Mundle asked if the grant was approved and was there money still set aside. Mr. Frahm-Gilles responded the grant was not approved, the money had been set aside, but there was no plan in place at the moment. He indicated they have put themselves in a position to execute on a strategy and they want to give themselves the time to make sure it was the right one tuned for 2024 based on that situation and the needs that exist when they are looking to take action.

Erkel asked why was the grant not approved. Mr. Frahm-Gilles responded he did not know but there were a number of fixed wireless applications in the State during that round of broadband funding and none of the fixed wireless requests were approved.

Lancrain believed part of this was that the landscape changed rapidly, so she believed it made sense that the County isn't just moving to make the changes right now with the marketplace changing so much. She noted they might have not wanted to put money where it did not need to go. Bezanson agreed technology was evolving fast.

Mr. Frahm-Gilles agreed there were a lot of broadband expansion programs that were coming out now and so to execute on the plan they had in early 2022 probably would not make a lot of sense now. He noted they needed to ensure they were being responsible with the funds they had set aside.

Schulzetenberg asked if there would be another grant opportunity coming up. Mr. Frahm-Gilles responded he did not remember the timeline, but there were additional grants.

Davis requested Mr. Frahm-Gilles speak about the request to amend and renew the extension of the MOU for ACREAD. Mr. Frahm-Gilles summarized the history and a brief summary of the request to amend and renew the extension of the MOU.

Davis indicated the EDA had before them a request to recommend consideration of endorsement of the approval of the agreement extending amending the MOU for Anoka County Regional Economic Development. He noted the only changes was that it was extended for a year and everything else remained the same.

Lux asked if each City's participation was based on their number of residents. Mr. Frahm-Gilles responded yes.

Mundle noted the MOU stated final action plan to develop and implement an Economic Action Plan. He asked what was the final action. Mr. Frahm-Gilles responded the MOU was built with a five-year sunset where one of two things would happen – either a new MOU would be created, or the executive committee would create the final action plan. He stated basically there was no final action plan because ideally, they were final and they were going to continue moving forward into the future.

Lewis asked if East Bethel was currently represented on the committee. Mr. Frahm-Gilles responded that Berg was on the committee.

Erkel stated she did not receive a full copy of the MOU in her packet and she did not know what was in it. She indicated she did not know anything about it, except from what she heard at this meeting and it sounded like everything was outdated and they were going to start everything all new. She suggested

they wait for the next MOU and do an entirely new one. Mr. Frahm-Gilles responded if they needed to delay action to a future meeting, they had the time to do so. He noted the Memorandum of Understanding was a short document and he summarized what the MOU had in it.

Erkel asked how much did this cost the City and what was the City getting out of this. Davis responded the City was being represented at the County level to a multitude of firms. He indicated for \$600 the City was getting a great value and service.

Erkel stated promoting and marketing the City was a good thing and she was asking because she did not have the MOU to read. Mr. Frahm-Gilles noted he was in regular conversations with Davis and Berg to discuss business opportunities and exploring opportunities to bring a business to the community that otherwise would have just “skated on by” without anybody’s knowledge.

Lancrain stated in reading over the document, they don’t really get to the meat of what was going on for the City and she was feeling kind of lost, but she agreed this was a good resource for the City, but it was not reflected in the document. She suggested they might want to set it up for a longer term so it didn’t need to be evaluated all of the time. Mr. Frahm-Gilles responded it was their hope that they would get to the point of locking this in for a longer period of time and they felt it was important to have the updated housing study to the updated strategic plan to be able to have a real understanding of what the needs are today to ensure that the MOU properly reflected the new information. He noted they were giving themselves a little bit of breathing room to come back and then have a more robust conversation next year to be able to lock in for a longer period of time with the updated strategic plan.

Schulzetenberg stated he had nothing against the ACRED. He indicated he liked the previous executive director and he was looking forward to things that were going to happen in the community, but it seemed like the job that was supposed to be done in the past five years did not get done. He indicated he was looking at the timeline and thinking how was he supposed to know that was actually going to get done in the next calendar year. He stated he was having some hesitation about this. He noted he liked the potential benefits that the City could see from this and it was a very modest investment, but that was his observation. Mr. Frahm-Gilles responded he understood. He indicated the ACRED idea came to fruition in 2018 with the finalized MOU in January, 2019 and then 12 months later Covid hit, which put a “big hiccup” into this. He stated the 2017 study no longer reflected the needs and reality of today either, so now they had to shift into a version that they know what the relationship and opportunities were as well as get direct feedback from the cities and they want to ensure they have a guiding document that reflects that.

Lewis asked Mr. Frahm-Gilles if he had heard the expression, “There’s nothing more permanent than a temporary government program.” He noted that saying was not completely without merit. He stated to give Mr. Frahm-Gilles a foreshadowing, he imagined one of the questions he would get from the Councilmembers would be why had it not produced whatever results in five years. He acknowledged that Covid existed. He noted Mr. Frahm-Gilles was aware of the upcoming change with the City Administrator for the City, and while he didn’t know Mr. Look very well, but he anticipated Mr. Look’s questions would be similar. Mr. Frahm-Gilles responded he respected and appreciated the sentiment on the thoughts. He noted there were a lot of objectives outlined in the 2017 plan including creating the ACRED brand, the website, promotional materials, hosting events, hiring staff positions, creating a partnership with all of the municipalities, etc. which have all been done. He stated at this point the plan was either done or it was not applicable.

Lewis noted the EDA was discussing the City’s own business, recruitment, and expansion at tonight’s meeting and the same thing was true that the data was getting old, so it was time to get more data. He indicated it becomes a “dog chasing its tail kind of situation.” He indicated he was giving the heads up to Mr. Frahm-Gilles to be mindful that that might be the kind of mentality of the people Mr. Frahm-Gilles would be dealing with.

Lux asked if this should be tabled for now to get the full copy of the MOU so everyone could read it and then have another discussion to vote on it.

Lewis stated if Mr. Frahm-Gilles was going to give a presentation to the City Council to keep what he said in mind, for whatever it was worth.

Erkel asked why didn't they want the existing MOU to expire and just come back with an entirely new one. Mr. Frahm-Gilles responded because the information would help guide the strategic plan which took the input from all 21 municipalities and that would not be completed until end of the second quarter 2024. He noted the feedback from the cities would help lock in and better understand the ACRED restructured in order to be successful in what the City was expected of them. He indicated they would not have that information by January.

Lewis stated that was the one that involved the consultants going out and talking to everybody. Mr. Frahm-Gilles stated all of those meeting were scheduled for the first quarter of 2024. He indicated from January through March, the consultant would be meeting with all of the municipalities.

Lewis requested they do not just let the MOU die at the end of 2024, and then after the strategic plan was done, then compose the new MOU. Mr. Frahm-Gilles responded his position was as a County employee, and so payroll was covered by the County, but the operating budget for everything that he did was through the cost share agreement, which East Bethel share was \$600. He indicated some of those dollars went to pay for their registration to the main car expo.

Lewis stated he could write a check if Mr. Frahm-Gilles wanted him to cover it.

Mr. Frahm-Gilles stated it was the programming and everything outside of payroll, the programming of what they did throughout the year was reliant on those on the cost share agreement. He indicated in that circumstance if that was applied to all 21 municipalities, then they would not have any money to do anything.

Davis asked Mr. Frahm-Gilles what was his timeline for requesting the amendment and extension to the MOU. Mr. Frahm-Gilles responded they would like to have action by early January.

Davis asked if this went to mid-January, would that be okay. Mr. Frahm-Gilles responded it would.

Lewis stated Mr. Frahm-Gilles also needed that money to pay the consultants. Mr. Frahm-Gilles responded that was funded separately.

Bezanson stated he had seen \$600 be spent in municipalities for things that had no value. He noted in order for them to get the "most bang out of our buck," they have to be invested in this with their own work. He indicated they had to gather the data so that Mr. Frahm-Gilles could help out if it turned out there was something that he could do. Mr. Frahm-Gilles believed that sentiment had merit to it. He indicated he felt confident that the work he was doing in what the County was providing benefit to East Bethel and the businesses of East Bethel. He indicated it was not just his work with the City's Community Development Director, but it was the businesses that were reaching out to him and are using the open business program for the free consulting services. He noted it was the entrepreneurs that had the idea that were trying to be able to get something off the ground, so there was a lot of activity that occurred outside of any individual staff position. He stated there was value.

Mr. Frahm-Gilles stated the statement of maximizing the value, he believed was appropriate in either situation. He indicated it was a tremendous value that the City was getting for \$600, no matter what happened. He noted there were municipalities that don't actively participate, but because of the economic activity that was happening in the region, there was benefit occurring by having the collective part of it, regardless of whether a particular staff person was engaged or not.

Erkel stated I'll make a motion to table. Schulzetenberg stated I'll second. 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.**

5.0 – Micro Border and Border Broadband Grant

Davis presented staff's report stating City staff has been informed that Midco is interested in submitting a Border-to-Border Grant that includes an extension in East Bethel on 222nd St. This project has been previously discussed with Midco and the EDA and would include approximately 24 homes in this neighborhood. Andrew Curley with Midco will be in contact with the city to discuss the broadband grant partnership and opportunity.

Davis indicated this was an informational item only.

Erkel asked how many neighborhoods did they have that were underserved. Davis responded those were the two primary ones and it really depended on the way the FCC divided and defined underserved. He noted these were the two with this highest concentration and the FCC definition was if there is one dwelling within those Census Blocks, it had service and it was counted as being served adequately. He noted they had 10 houses that don't have good service, but there is one that does so the FCC qualified that as having adequate service. He indicated in those neighborhoods in particular, there was almost nobody that had any service that was dependable or any speed in terms of download and upload. He stated that was another challenge with working with these things was to find those areas that were concentrated to qualify. He indicated this was one that would qualify. He stated this was why he believed the fixed wireless was a good opportunity.

6.0 – BR&E Program Update Discussion

Davis presented staff's report stating beginning in June 2023 the EDA has discussed the need for a BR&E Program update, discussed a variation of approaches of how to structure the update and re-examine what we have learned from the previous plan. The focus of our October 16, 2023 meeting was to review the survey information and the strategies addressed in, of the 2016 East Bethel Business Retention and Expansion Program. From this discussion, the objectives that resulted from this discussion were and will be to:

- Review those areas in the current report to give us a better to better understand what revisions will be needed to make the 2016 Plan current.
- Develop program responsibilities to present to the Chamber of Commerce that will outline and request specific tasks that will be requested from the Chamber.
As a guideline to develop the 2023 program needs, the following items are recommended as the general outline for moving the 2023-2024 BR&E Program forward:
- Measure what has been done to address the concerns identified in the 2016 Plan.
- Utilize the 2016 BR&E Plan and the 2020 Census and DEED data to revise any outdated information in the previous Plan and use this data as needed to
- Develop the structure of the leadership team to implement the BR&E Program. EDA President Julie Lux is coordinating a meeting with Christine Costello (Connexus) and Gregory Frahm – Gilles (ACRED) to establish the public side of the team. Brian Mundle has also volunteered to be part of this group
- Determine the roles for the City and East Bethel Chamber of Commerce, review this with the Chamber and have them to recruit their members for the interview teams.
- Schedule a meeting with the Chamber Executive Board to coordinate and implement the interview process.
- Prepare a follow up program, defined by needs identified in the interview process, and establish a process to ensure that recommendations are satisfied.

- Develop a process to use the City as a facilitator to identify resources available to help the businesses and to sustain the continuation of this activity.

The EDA, with assistance as required from city staff, ACRED, Connexus and the Chamber of Commerce, is recommended to be the lead to organize and coordinate the development of the 2023 BR&E Program.

Lux stated she had connected with Greg at the car expo and they talked about the BRT and he was wholeheartedly giving his support that he would be a very active involvement in the BRT program. She noted Christine Costello was also committed to be whatever the rules were. She noted they were trying to determine if they have a leadership group and then they got the subcommittees. She stated Ms. Costello set up a meeting on December 5 to talk about what this structure would look like, what was next, and how would they form the subcommittee. She indicated she was trying to gather as much information from different resources. She stated after the December 5 meeting, she could report back and talk about the framework and next steps. She noted she had also spoken with the East Bethel Chamber and received commitment from several members.

Davis stated he believed that was the proper direction to go and the entire process was critical around forming that leadership team and getting the right people involved.

Bezanson stated he had also reached out to some people, including a Chamber member who had a new business in East Bethel who was very interested in going around interviewing. He noted he had also left calls for some other people and was waiting to hear back from them. He stated he would also be reaching out to the vo-tec.

7.0 – Business Activity Report

Davis presented an update on development projects in the City including the Elevate project, Kwik Trip, NEXUS Family Solutions, Capstone Homes, Designing Earth Contracting, inquiries regarding the 7.1-acre City owned property south of and adjacent to Cedar Creek Senior Living on Taylor Street, Strandlund Farm Rural Residential subdivision, Classic Commercial Park 5th Addition Preliminary Plat and Final Plat, and TEAM Drywall, Inc.

8.0 – Other Business

Davis noted the December EDA meeting was scheduled for the 18th. He asked the Commissioners their feelings on holding a meeting in December. The Commissioners chose to push it off until January, unless something important came up that would warrant a full meeting.

Davis stated it was a pleasure to work with the EDA and he wished them the best in the City going forward and in everything they did.

Lux thanked Davis for his support and guidance over the years and indicated she has had a great working relationship with him for the past 12 years and he would be missed.

Mundle thanked Davis for taking the lead on some of the economic development things and the City had a lot to be proud of what he had achieved.

Bezanson wished Davis the best in his new endeavor.

9.0 – City Council Report

Mundle updated the EDA on recent Council activities. He wished everyone a Happy Thanksgiving, Merry Christmas, and Happy New Year.

10.0 – Adjournment

Erkel moved and Schulzetenberg seconded to adjourn at 8:45 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.