

**INVER GROVE HEIGHTS ECONOMIC DEVELOPMENT AUTHORITY REGULAR MEETING
MONDAY, MAY 13, 2019 – 8150 BARBARA AVENUE**

1 & 2 CALL TO ORDER/ROLL CALL The Economic Development Authority (EDA) of Inver Grove Heights met on Monday, May 13, 2019, in the City Hall Council Chambers. President Piekarski-Krech called the meeting to order at 5:30 p.m. Present were Economic Development Authority Members Bartholomew, Dietrich, Perry, and Tourville; Executive Director Rand, City Administrator Lynch, Park and Recreation Director Carlson, Police Chief Chiodo, and Secretary Fox.

3. CONSENT AGENDA

A & B. Minutes and Claims

Motion by Tourville, second by Dietrich, to approve the minutes from the February 11, 2019 Regular Economic Development Authority Meeting and disbursements from February 12, 2019 to May 13, 2019.

Ayes: 5

Nays: 0 Motion carried

4. REGULAR AGENDA

A. Presentation on Municipal Development Financial Tools

Executive Director Rand introduced Jason Aarsvold from Ehlers Financial.

Jason Aarsvold, Ehlers Financial, advised that his colleague, Jessica Cook, was also available tonight to answer any questions. Mr. Aarsvold summarized economic development planning and available tools. He advised that because there are limited resources, it is important to have a plan and be intentional about economic development efforts. Informing staff about the conditions under which an EDA or City Council would want to use some of these tools and what you would like to see built in the community provides a foundation for success, helps prioritize what you want to do as a community, and moves the City in the desired direction instead of wasting time, energy, and resources on something that does not do that. Having these conversations ahead of time makes the City ready to react to an opportunity when it presents itself. State statute governs how the City may provide business assistance and requires that a business subsidy policy be adopted. Implementing a developer fee policy is a way of weeding out the people that are serious from those that are not. If someone is serious about working with the City on a partnership, they should be willing to formally apply and give you a fee to help pay for the necessary legal and financial review. Having a more formalized application process is helpful for both staff and the development community. Mr. Aarsvold discussed available tools, including TIF, tax abatement, HRA/EDA levies, fee waivers and reductions, funding partners (i.e. DEED, Federal funds, CDBG, etc.), and the relaxation of codes or regulations without compromising the integrity of the intent behind your regulations. These tools are not a free giveaway, but rather a way of promoting an objective that results in a net benefit to the City. Developers requesting public financing are doing so because they have a barrier they cannot overcome (i.e. contaminated site, blighted buildings, low market rents, high fees). The goal of public financing can be to try to remove those barriers and reduce the costs to the point where the project is feasible. If things are not happening in your city, it could be because there is a fundamental barrier that exists that you can help remove to make sure that those things occur in the future. Mr. Aarsvold showed a comparison of fees between several metro cities, showing that the fees for IGH's Northwest Area were higher than the others listed. Unfortunately, developers tend to gravitate towards areas where projects can be built for less. Cities can protect their local resources and determine whether developers really need the assistance by reviewing the developer's pro forma and ensuring that their project costs, revenue

INVER GROVE HEIGHTS ECONOMIC DEVELOPMENT AUTHORITY MEETING – May 13, 2019

and financing assumptions are reasonable and fit within the current market. Lastly Mr. Aarsvold showed what this looked like in practice by explaining a redevelopment project in Robbinsdale that was recently built using public assistance and met local community needs.

Boardmember Bartholomew asked for clarification on developer fee policy.

Mr. Aarsvold stated generally the City would determine an application fee (typically \$1,500-\$3,000). This fee would cover the costs associated with reviewing the proposed projects' financial pro forma to determine whether the project warrants public participation and applies when a developer is requesting public assistance.

Boardmember Bartholomew stated he would like to see how the City's sewer and water connection fees compare to the cities west and south of Inver Grove Heights.

Mr. Aarsvold replied that he would be willing to provide that information.

B. Discussion on Disposition of City Property for Economic Development Purposes

Executive Director Rand discussed her intentions for the possible disposition of two City-owned properties to see if it met with EDA approval before moving forward. The first property is a 5+ acre parcel on the northwest corner of 70th Street and Babcock Trail. The property is zoned P, Public/Institutional but is guided MDR, Medium Density Residential. She spoke with at least one developer recently, and apparently a few others expressed interest last Fall, in developing housing on this parcel. She would like to move forward and issue a Request For Proposal. Before doing this; however, the City must get a professional appraisal and conduct a Phase I Environmental Assessment. She would also work with Public Works to determine the utility arrangements for that property. Rand stated her understanding is that her spending authority as Executive Director is \$5,000. If the prep work for developing the RFP is more, she plans to bring it back to the EDA for authorization. In terms of process, she would suggest that the EDA President and another Boardmember sit down with her to evaluate future RFP responses received. They would then bring a recommendation back to the EDA for sale of that property which would include agreements that would hold the buyer to certain development expectations. Rand asked if this met with EDA approval.

Boardmember Bartholomew had no objection to advertising and getting an appraisal, but he strongly encouraged Rand to contact the developers that had previously expressed interest prior to spending any money. Executive Director Rand replied that would be her intent.

Boardmember Tourville suggested they keep City Council in the loop but did not have objections to going ahead with the RFP. Boardmember Dietrich praised Rand for being proactive and respectful of the City's money.

Executive Director Rand thanked the EDA for their direction to move forward on the 70th and Babcock property. She requested discussion regarding another City-owned property at 8195 Babcock Trail. The comprehensive plan guides this parcel as commercial, however, a developer has expressed interest in developing this as dense housing. City staff agrees that dense housing might make sense. She asked for input from the EDA as she would like to work to issue an RFP for this site as well before end of year.

Boardmember Bartholomew asked if this property was in the Northwest Area.

President Piekarski Krech replied in the affirmative.

INVER GROVE HEIGHTS ECONOMIC DEVELOPMENT AUTHORITY MEETING – May 13, 2019

Boardmember Bartholomew noted that the fees would then be high.

President Piekarski Krech questioned whether the property was still viable today as a commercial piece. She believed there was a potential development proposal for the land west of this property and questioned if they should be looking at the entire piece.

Executive Director Rand thanked the EDA for their input, stating she would continue to research this.

Boardmember Tourville suggested Rand vet potential developer proposals and then advise Boardmembers of her findings. They could then discuss the possibility of changing this to dense housing.

Boardmember Bartholomew stated in his opinion both high density housing and commercial would work well on this property.

C. Update on Progress Plus

Jennifer Gale, Progress Plus, summarized last quarter's activities. She reminded the EDA that Progress Plus can list City properties for sale on their website free of charge through the City's membership. Progress Plus, along with the Chamber, completed the 2019-2020 community map. A box of maps was dropped off at City Hall and they are also available through the Chamber office. Staff reached out to *That Cooking School* to make sure they were promoting them in the correct way. Although it is a cooking school, they focus on team building and leadership. Ms. Gale advised that *Unity One* is closing the doors on their Inver Grove Heights location due to lack of traffic. She noted that she has received positive feedback from businesses on the new Interim Chief Building Official. *Point North Networks* advised they had a great experience when moving to their Inver Grove Heights location. Progress Plus added two new boardmembers this year; *21st Century Bank* and *Lonny Thomas Law*, who specializes in real estate and business law. Mr. Thomas will be assisting Progress Plus with the creation of an opening a business packet. The packet will include four main categories, including working with a business plan, marketing and making community connections, funding, and navigating the approval process. South St. Paul Councilmember Tom Seaberg joined the Board this year.

D. Executive Director's Report

Executive Director Rand summarized her activities, noting that in the future she foresees having a written report along the lines of a monthly or quarterly community development report that will be distributed to the EDA/City Councilmembers. During the three weeks she has been on the job she has focused on meeting both staff and partners (i.e. Progress Plus, Chamber of Commerce, CDA, DEED, etc.), and met with CHS representatives. She welcomed any suggestions for future meetings within the business/development community. Currently the Community Development Department is short staffed, and she is working on filling those vacancies, as well as making process improvements. She hopes to meet with each Boardmember individually to get input regarding development priorities.

Boardmember Bartholomew requested that the Ehlers report be sent to EDA members electronically.

Executive Director Rand agreed to do so.

5. NEXT MEETING: August 12, 2019.

6. ADJOURNMENT: Motion by Tourville, second by Perry, to adjourn. The meeting was adjourned by unanimous vote at 6:25 p.m.