

# **BIG LAKE ECONOMIC DEVELOPMENT AUTHORITY**

## **MEETING MINUTES**

**MONDAY, FEBRUARY 12, 2007**

### **1. CALL TO ORDER**

President Doug Hayes called the meeting to order at 7:00 p.m. at the Connections, Etc. facility (440 Eagle Lake Road North).

### **2. ROLL CALL**

Commissioners present: Jim Dickinson, Robert Eddy, Dave Gast, Doug Hayes, Chuck Heitz, Lori Kampa, Norm Leslie, Jim Sanford, and Jim Zwilling.

Also present: Mayor Don Orrock, Community Economic Development Director Jim Thares, City Administrator Scott Johnson, Finance Director Corey Boyer, City Attorney Soren Mattick, City Attorney Craig McDowell, City Planner Annie Deckert, Consultant Building Official Fred Patch, Economic Development Intern Sam Woods, and Economic Development Assistant Sandy Petrowski.

### **3. ADOPT AGENDA**

Commissioner Heitz motioned to approve the agenda with the addition of Item #6A, Single Family Housing Affordability Loan Program Loan Request - Jeremy and Christina Steiner. Seconded by Commissioner Dickinson, unanimous ayes, motion carried.

### **4. APPROVE BLEDA MEETING MINUTES FROM JANUARY 22, 2007**

Commissioner Sanford motioned to approve the January 22, 2007 BLEDA minutes. Seconded by Commissioner Gast, unanimous ayes, motion carried.

### **5. BUSINESS**

#### **5A. EAGLE LAKE ROAD NORTH RESIDENTIAL PROPERTIES**

Community Economic Development Director Jim Thares reported that when staff recently met with Julius and Nancy Adams (owners of 320 Eagle Lake Road North), and Tom and Lori Kampa (owners of 330 Eagle Lake Road North), both the Adams' and the Kampa's informed staff that they could not support the rezoning of their property to commercial because they have concerns about being surrounded by commercial uses and the potential negative impact to the marketability of their property as residential uses. Mr. Thares reminded the Board of the November 2006 BLEDA meeting at which Mr. Kampa asked the BLEDA to consider purchasing their property; Mr. Thares noted that, at that meeting, the BLEDA decided against purchasing the property.

Mr. Thares directed the Board to the information contained in the meeting packet that includes letters from both Tom and Lori Kampa and Julius and Nancy Adams as well as supporting documentation. Mr. Kampa and Mr. Adams were present, along with Mr. Jeff Nagorski, realtor for the Kampa's, to further discuss their concerns.

Mr. Jeff Nagorski stated that he currently has the listing for the property located at 330 Eagle Lake Road North and that the property is being listed at a lower price than the appraised value. Mr. Nagorski further stated that their issue is not with the rezoning but the concerns of potential buyers that the City may be interested in buying the properties; he asked the City to either purchase the properties or provide written documentation which he could distribute to potential buyers, for disclosure purposes, that states that the City does not plan on purchasing the property in the near future.

Commissioner Dickinson stated that the Board supports that the rezoning be done to be consistent with the Comp Plan and that the City does not intend to purchase the properties being discussed by Mr. Nagorski. Mr. Thares reiterated that the City has never been interested in purchasing either of the properties north of the proposed Martin Avenue extension area and they are not interested in owning any other rental properties.

Tom Kampa, 330 Eagle Lake Road North, stated that there has been confusion as to the status of the property that he owns and the adjacent property owned by the Adams' and that he is concerned that his property will eventually be surrounded by commercial properties.

Commissioner Heitz asked Commissioner Eddy, owner of Connections, Etc. (the facility located north of the Adams' and Kampa's properties, if his company has considered purchasing the Adams' and Kampa's properties.

Mr. Eddy stated for the record that he would be speaking for Connections, Etc. and not in the capacity of a BLEDA Commissioner. He further stated that the only potential interest that he would have in the properties in question would be for additional parking space however, he does not believe that terms of price could be reached as their interest would be to purchase the land only and not the structures on the property.

Mr. Adams stated that he was in attendance mainly because of what he had read in previous City Council minutes in which it was stated that their properties would not be affected by the Martin Avenue Extension project. He stated that he believed his property would be affected when the turn lane is constructed and if it is rezoned as commercial then improvements could not be made to the property. Mr. Adams said he was also concerned with being able to sell his property as residential and that selling as residential would have been more feasible if the other properties to the south had not been purchased and the road extension project had not been planned.

Mr. Thares reported that it was the BLEDA's recommendation to rezone all of the subject properties to commercial; however, the Planning Commission recommended rezoning all of the subject properties but excluding the properties owned by Connections, Etc., the Kampa's, and the Adams'. These recommendations will be brought before the City Council for consideration on February 14<sup>th</sup>.

Mr. Nagorski asked the Board to give more direction on the plans for the Kampa and Adams properties.

Commissioner Dickinson stated that the Board is not interested in purchasing the properties at this time. President Hayes reiterated that the City is not interested in purchasing the property at this time or doing anything with it but that they would forward any prospects to the sellers.

## **5B. BIG LAKE INDUSTRIAL PARK EAST**

### **5B-i. Update: Paragon Store Fixtures/Sunny Fresh Foods/Ataboy/Weicht Building**

Paragon Store Fixtures Expansion: Mr. Thares reported that staff is working with Paragon on finalizing MN-DEED loan documents and that it is anticipated that the 24,800 sq. ft. expansion will be ready for occupancy by early March.

Sunny Fresh Foods: no new information was available.

ATABOY: It was reported that staff is still addressing inquiries from prospects.

John Weicht Partners Building: Mr. Thares reported that Mr. Weicht informed staff that Viper Motorcycle would be advertising to sublease approximately 16,000 sq. ft. of the 36,000 sq. ft. space that they are leasing.

### **5B-ii. Industrial Park Expansion Project**

Mr. Thares reviewed the letter sent to Bruggeman Properties regarding the City's/Township's \$45,000 counter offer, which had been approved by the members of the Industrial Park Expansion Committee. It was further reported that no response had been received from Bruggeman Properties to-date but that the next step could possibly be to schedule a meeting with representatives from Bruggeman Properties to discuss the counter offer further.

Commissioner Heitz recommended that the City/Township remain firm on their \$45,000 counter offer. Commissioner Sanford stated that, from a Township perspective, it is felt that the potential for expansion into the proposed area is good but that there are several issues that should be addressed (i.e., necessity for more of a road structure, wetland within the parcel limiting the number of usable acres).

Mr. Thares reported that the City Engineer is reviewing the counter offer letter/map and will provide input to staff. He also stated that if Bruggeman Property representatives are interested in a meeting, then staff would work to schedule a meeting in order to provide a response to the joint City/Township counter offer for this property.

### **5B-iii. Prospects Report**

Community Economic Development Director Jim Thares briefly reviewed the report; no action required or taken.

### **5C. UPDATE: BIG LAKE PLAZA/LAKE SHOPPING CENTER**

East Entrance/Foyer Remodel Project: Mr. Thares reported that in January, the City Council approved the foyer remodel project at a cost not to exceed \$28,500 and that Project Director Fred Patch has been working to coordinate the final quotes and to arrange the date for the construction to begin; noting that the Sentence-to-Serve program will be utilized to do some of the work.

Fugi's Pizza Lease: Mr. Thares reported that staff has been working with the attorneys on finalizing the lease and that final revisions, including renewal options, had been received earlier in the day. Commissioner Heitz asked if the lease is binding on any new owners of the space. The City Attorney clarified that the lease is binding on prospective purchasers and that the purchase agreement would have a copy of the lease agreement as an exhibit.

Potential Laundromat: Mr. Thares stated that a prospect is definitely interested in potentially locating a laundry facilities in a vacant space at the Center and that staff is suggesting that the BLEDA consider working with the prospect to reduce the significant up-front costs (i.e., reduce or spread out SAC/WAC fees; allow credits received from the previous facility that was located on a parcel to be transferred to the BLEDA and to then use the credits towards negotiations with prospects to assist in reducing their up-front costs, etc.). Finance Director stated that a SAC Policy was adopted within the last two years that can be used for reference in situations like this.

Potential Purchase of East End of Shopping Center (Unit #6): Mr. Thares reported that staff has been in contact with one prospect who is interested in moving ahead with the potential purchase of Unit #6; if this prospect does not move ahead as planned, staff has other prospects to contact. City Attorney Soren Mattick discussed the importance of establishing a policy on the allocation of SAC credits (i.e. allocate to property or hold for future use).

Commissioner Heitz motioned to request the City to transfer the credits to the BLEDA and have the BLEDA develop a policy on its allocation of EDA holdings. Seconded by Commissioner Eddy, unanimous ayes, motion carried.

#### **5D. BUSINESS RETENTION & EXPANSION (BR&E) FUNDING PROGRAM**

City Planner Annie Deckert briefly reviewed her February 8<sup>th</sup> memorandum, stating that a Task Force Orientation meeting had been held to review the BR & E program, key meeting dates, and information regarding the firm site visits. Also, a visitation Volunteer Training meeting will be held on February 22<sup>nd</sup> and firm visits will be held in March.

#### **5E. EDA BUDGET**

Finance Director Corey Boyer briefly reviewed the budget and answered questions of the Board. Commissioner Heitz requested that another sheet be provided in future budgets to track TIF activity; Mr. Boyer noted that staff will work to provide the additional information in the future.

#### **5F. PROJECTS STATUS REPORT**

Community Economic Development Director Jim Thares reviewed the January 2007 report and answered questions of the Board. No action required or taken.

Commissioners Leslie and Sanford left the meeting at 8:26 p.m.

#### **5G. PROCEDURES FOR INVESTIGATION AND ABATEMENT OF REGULATED WASTE**

Mr. Thares, Building Official Fred Patch, and City Planner Annie Deckert reviewed the packet information, answered questions of the Board, and recommended that the BLEDA either: 1) direct staff to change the City's demolition procedures to include independent and separate investigation and abatement of regulated waste, prior to demolition of buildings or clearing of sites owned by the BLEDA and/or City of Big Lake; or 2) direct staff to maintain the City's and BLEDA's procedures to include regulated waste investigation in the base bid contract for demolition, and consider abatement of regulated waste only by change order.

Commissioner Dickinson left the meeting at 8:30 p.m.

Commissioner Gast motioned to recommend a change to the City's demolition procedures to include a contingency in all future purchase agreements for real property that will allow the BLEDA/City to conduct a physical inspection and environmental sampling and assessment for regulated waste materials at its own expense, and for the properties currently owned by the BLEDA/City to make no change to the existing procedure to include regulated waste investigation in the base bid demolition contract, and consider abatement of regulated waste only by change order. Seconded by Commissioner Zwilling, unanimous ayes, motion carried.

#### **5H. EAGLE LAKE TO FERN STREET REDEVELOPMENT AREA EAST**

Mr. Thares reported that staff has been concentrating on site control issues and removal/demolition of existing structures in the redevelopment area since the January BLEDA meeting and that two properties (100 Eagle Lake Road North and 300 Eagle Lake Road North) remain to be acquired in order to accommodate the proposed road improvements in this area. Staff will continue to provide information on these properties as it becomes available. For information only; no action required or taken.

#### **5H-i. Demo/Site Clean-up for 140 and 200 Eagle Lake Road North Properties**

City Planner Annie Deckert reported that a total of eight (8) quotes were received for the demolition of buildings and removal/disposal of junk, refuse, and debris from the properties located at 140 Eagle Lake Road North (Parcel #65-401-0060) and 200 Eagle Lake Road North (Parcel #65-401-0040); with the low bid being submitted by Carlson Construction, of Buffalo, Minnesota, in an amount of \$13,480.00.

Commissioner Heitz moved that the BLEDA recommend that the City Council authorize the Mayor and Administrator to enter into a contract and approve the quote from Carlson Companies, Inc. in the amount of \$13,480.00 for the demolition and removal of buildings and disposal of junk, refuse, and debris from 140 Eagle Lake Road North and 200 Eagle Lake Road north, and to accept a change order from the demolition contractor to include an investigation for regulated waste; and, if any is discovered accept the demolition contractor's lowest quote if the abatement cost does not exceed 25% of the base bid quote; but if the cost exceeds 25% of the base bid quote, then work will be held, pending approval by the BLEDA and acceptance by the City Council. Seconded by Commissioner Gast, unanimous ayes, motion carried.

**5H-ii. Update: 210 Eagle Lake Road North**

Mr. Thares reported that the closing on the purchase of the property was held on February 8<sup>th</sup> and that the previous owners, Curtis and Maria Hed, will be leasing the residence from the BLEDA for several months until their new home is built.

**5H-iii. Update: 260 Eagle Lake Road North**

City Planner Deckert reported that requests for bids have been distributed and an advertisement for the removal of the buildings/structures at 260 Eagle Lake Road North will be published for one month. She further stated that staff has been showing the property to prospective bidders and that staff will be flexible with the winning bidder on an extension to the removal date, if necessary.

**5I. HOUSING MARKET ANALYSIS – COMPREHENSIVE HOUSING STUDY**

Community Economic Development Director Jim Thares reported that staff is working on the application for a \$10,000.00 Community Building Grant to the Minnesota Housing Partnership (MHP) to assist with the cost of the analysis and to accept the proposal received from Max Field Research, Inc. for the amount of \$18,500.00, to update the City's Comprehensive Housing Market Study; noting that acceptance of the proposal is contingent upon receiving the MHP grant. No action required or taken by the Board.

**6. OTHER**

Single Family Housing Affordability (SFHAP) Program Loan Request: City Planner Deckert reviewed the application received from Jeremy and Christina Steiner for a \$5,000.00 Single Family Housing Affordability Program loan to assist them in purchasing a home on Truman Drive. She further stated that the Steiners are eligible for the SFHAP based on the program's income guidelines and that they are also utilizing the Community Set-Aside (CSA) Program.

Commissioner Heitz motioned to approve the Single Family Housing Affordability Program (SFHAP) loan application in the amount of \$5,000. Seconded by Commissioner Eddy, unanimous ayes, motion carried.

**7. ADJOURN**

Commissioner Zwilling motioned to adjourn the meeting at 9:10 p.m. Seconded by Commissioner Dickinson, unanimous ayes, meeting adjourned.