

BIG LAKE ECONOMIC DEVELOPMENT AUTHORITY

MEETING MINUTES

MONDAY, MARCH 12, 2007

1. CALL TO ORDER

President Doug Hayes called the meeting to order at 7:00 p.m.

2. ROLL CALL

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

Also present: Community Economic Development Director Jim Thares, City Administrator Scott Johnson, Finance Director Corey Boyer, City Attorney Soren Mattick, City Planner Annie Deckert, Economic Development Assistant Sandy Petrowski, and Economic Development Intern Sam Woods.

3. ADOPT AGENDA

Commissioner Sanford motioned to approve the agenda as presented. Seconded by Commissioner Dickinson, unanimous ayes, motion carried.

4. APPROVE BLEDA MEETING MINUTES FROM FEBRUARY 12, 2007

Commissioner Heitz motioned to approve the February 12, 2007 BLEDA minutes. Seconded by Commissioner Dickinson, unanimous ayes, motion carried.

5. BUSINESS

5A. CREATION OF A COUNTY ECONOMIC DEVELOPMENT AUTHORITY (EDA)

Mr. Brian Bensen, Sherburne County Administrator, was present to discuss the steps that have been taken, the by-laws created, the guiding policy goals necessary to form an Economic Development Authority (EDA) at the County level, and answered questions of the Board. He stated that he was asking for the BLEDA's recommendation to the City Council for support of the County's creation of an EDA via a formal Council resolution of support. Mr. Bensen reported that he has presented the proposal to the EDA's and Council's of the cities of Princeton and Becker, and that both cities have approved resolutions of support; he further stated that the Elk River EDA will be making recommendation to their City Council in favor of support, and that a presentation has not yet been made to the cities of St. Cloud or Clear Lake.

5A. CREATION OF A COUNTY EDA (CONT'D)

Board Members discussed their concerns regarding the current proposal for the establishment of a County EDA; 1) the potential for the use of Big Lake levy dollars by the County in other communities; 2) the levy power in the City for five (5) years, as the BLEDA does not levy for its economic development activities; 3) a 5-year commitment is a concern as it is too long a period; 4) need more information from the County about the proposal, such as the Board's makeup, City representation, and level of funding; 5) taxation (levy) without guaranteed representation; 6) cheaper land in other areas of the County, the County could provide tax dollars from Big Lake to other cities with cheaper land and doubly impact the BLEDA's goals by luring firms away from Big Lake; 7) transportation issues/proposals may be a better use of dollars and 8) the City Attorney has concerns with the language in authorizing the resolution.

It was the consensus of the Board to not recommend that the City Council approve the proposed resolution to authorize the City of Big Lake to participate in the Sherburne County EDA until more information is provided to address the BLEDA's discussed concerns. Staff was directed to compile the concerns stated at this meeting as well as any future concerns/questions that may be presented and relay them to Mr. Benson for the County's consideration.

5B. BIG LAKE INDUSTRIAL PARK EAST

5B-i. Update: Paragon Store Fixtures

Community Economic Development Director Jim Thares reported that construction of the 24,800 sq. ft. expansion project is expected to be completed in March and that staff is continuing to work with Paragon Store Fixtures on completing loan documents and funding processes for a MN-DEED grant.

5B-ii. Update: Sunny Fresh Foods

Mr. Thares informed the Board that the Joint Planning Board and the City Council both recently approved a Conditional Use Permit (CUP) for the impervious surface coverage for the company's expansion project.

5B-iii. Update: Industrial Molded Rubber (IMR)

Mr. Thares stated that staff is continuing to work with IMR on its job creation goals and that MN-DEED has delayed its monitoring visit for grant compliance until some of the current temp agency employees are moved to permanent positions with the firm.

5B-iv. Update: Ataboy Building

Community Economic Development Director Jim Thares reported that there have been several inquiries on this property and that staff will continue to keep the Board apprised of any new information.

5B-v. Industrial Park Expansion Project

Mr. Thares reviewed the counter proposal received from Bruggeman Properties, which was distributed at the meeting, noting that the Industrial Park Expansion Project (IPEP) Committee has not yet had an opportunity to meet to discuss this proposal. He also stated that staff has asked the City Engineer to provide a estimate of all the potential costs for acquiring this property, which is hoped to be received prior to the scheduling of a meeting of the IPEP Committee.

It was the consensus of the Board to direct staff to schedule a meeting of the Industrial Park Expansion Project (IPEP) Committee to review the counter proposal received from Bruggeman Properties and to provide a recommendation to the BLEDA at their next meeting.

5B-vi. Industrial Projects at Big Lake Marketplace

Community Economic Development Director Jim Thares reported on the two (2) industrial projects proposed at Big Lake Marketplace as well as a planned 429 road construction project that will complete the industrial tonnage roads in this area and which will affect several property owners, noting that it was the intention to keep vehicle traffic on 197th Street and route it to 172nd Street. Mr. Thares also reviewed the plans for two (2) industrial projects proposed for this area: 1) Vision Bus project (preliminary plan has been submitted and the company may request financial assistance); and 2) Benchmark Logistics' project (preliminary plan for a value-added high-tech distribution center). Mr. Phil Rondeau, of CentraSota Commercial, was present to discuss the Benchmark Logistics preliminary plan and answer questions of the Board.

Commissioner Heitz stated his concern with the Vision Bus plans which include an entrance/exit at the proposed project site to a roadway without a signalized intersection. Finance Director Corey Boyer stated that the developer has paid escrows which are being held for anticipated items such as signalization. Mr. Rondeau stated that it was his understanding that the escrowed funds for signalization at 172nd and 168th Streets, with the 172nd intersection to be addressed first; but that the City/staff might want to discuss with MnDOT the idea that 168th might be better served if a light was installed at its intersection before 172nd. Commissioner Dickinson stated that he believed that MnDOT would not support signalization for 168th without a traffic count for the intersection and that MnDOT already has completed a traffic count for the 172nd/Highway 10 intersection.

5B-vii. Prospects Report

Community Economic Development Director Thares briefly reviewed the new prospects listed on the March 2nd report and answered questions of the Board.

5B-viii. Approve Transfer of TIF Funds

Finance Director Corey Boyer discussed the City's current investment in the Eagle/Fern Street Redevelopment area as well as the projected gap which would remain once the land is sold to a developer and which would need to be made up over time from increased taxes generated from Tax Increment Financing (TIF) District 1-4. He further reported that the Downtown Redevelopment Committee recently met to discuss the options with the finances of the redevelopment area and to also consider various timelines associated with the project.

As there is one remaining property to be acquired as part of this redevelopment area which is not included in the discussed investment costs, it was reported that staff and members of the Downtown Redevelopment Committee have recommended a transfer of \$300,000 from TIF District 1 into TIF District 1-4 to help fund the acquisition of the remaining property and provide the opportunity for the Eagle/Fern Street Redevelopment area.

Mr. Boyer also stated that TIF District 2-1 in the Big Lake Industrial Park is still facing a deficit situation and that increment is available from TIF District 2-2 and TIF District 2-3 to pool with District 2-1 to help cover the deficit.

Commissioner Dickinson motioned to transfer of \$5,255.77 from TIF District 2-2 to TIF District 2-1 and \$1,856.88 from TIF District 2-3 to TIF District 2-1. Seconded by Commissioner Heitz, unanimous ayes, motion carried.

Commissioner Dickinson moved the transfer of \$300,000 from TIF District 1 to TIF District 1-4. Seconded by Commissioner Gast, unanimous ayes, motion carried.

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

City Administrator Scott Johnson provided a brief report, including: 1) work has begun on the east vestibule area; and 2) staff has received a letter of intent (distributed at meeting) from Dr. Donald Sealock for the purchase of Unit 6 (10,500 sq. ft.) of the Center; which would be contingent on the finalization of the leases between Dr. Sealock and the two tenants (Big Lake Floral and Fugi's Pizza). The Board and staff discussed the proposed per sq. ft offer (\$69.27 sq. ft.) and optional scenarios for a counter offer in an amount to include adequate funds to ensure recovery of the refurbishing costs that will be incurred.

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

It was the consensus of the Board to authorize staff to prepare and present a counter offer to Dr. Sealock for an amount of \$75.00 per sq. ft. as discussed and with the removal of the contingency of a laundromat lease.

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

City Planner Annie Deckert reported that the BR&E Leadership Team and Task Force recently met for a Visitation Volunteer Training session that was conducted by the U of M Extension Service and that visits with local firms by the Visitation Teams would be scheduled/completed by the end of March. Staff is also beginning to receive back surveys that were sent out to approximately sixty (60) firms.

5E. EDA BUDGET

Finance Director Corey Boyer reviewed the budget information provided in the packet and answered questions of the Board.

5F. NORTHSTAR TRANSIT ORIENTED (TOD) DEVELOPMENT COMMITTEE

City Planner Annie Deckert reviewed Planner Ned Noel's March 8th memorandum on forming a Northstar Rail Transit Oriented Development (TOD) Committee which would serve as a research/education committee to oversee planning activities for this project. The TOD Committee would be comprised of two (2) representatives each from three of the City's Boards (City Council, BLEDA, and Planning Commission), and one (1) representative each from the School Board, the Chamber of Commerce, and a local bank.

It was noted that, as the City has no TOD zoning, it cannot help guide development for best use but that the forming of a Northstar Rail TOD Committee would help to ensure that the community can maximize the value transit service provided. Ms. Deckert stated that, if there were two Commissioners who would be willing to serve on the Committee, staff was requesting that BLEDA appoint those persons to serve on the TOD Committee, noting that the City Council would officially appoint the Committee at their March 28th meeting.

After a brief discussion, it was the consensus of the Board to postpone recommendation on the appointment of two (2) BLEDA Members to the TOD Committee until after it was determined who the Council and Planning Commission would be appointing, as there are BLEDA Members who also serve on the Council or Planning Commission.

5G. DOWNTOWN REDEVELOPMENT (EAGLE LAKE TO FERN STREET)

Community Economic Development Director Jim Thares reviewed his March 1st memorandum, noting that contact has been made or attempted with the affected property owners as well as prospects that may have an interest in a potential redevelopment project in this area.

5G-i: Update: 100 ELRN Property

Finance Director Corey Boyer reviewed his March 9th memorandum on the Highway 10/CR 5 Intersection Improvement Project which will require the City's acquisition of necessary right-of-way (ROW) for the project, including the property located at 100 Eagle Lake Road North. He also reviewed the amount of funds invested to-date for this project.

The City was approved for both State and Federal grants to assist in the funding of this project; however, in order to qualify for the funds for a 2008 project, one of the State's requirements is that City either have signed purchase agreements for the necessary right-of-way properties or have begun condemnation proceedings by April 1, 2007. Due to this stipulation, staff was requesting that the BLEDA consider the project and make a recommendation that the City Council authorize condemnation of the parcels, as indicated on the map provided by the City Engineer. It was noted that it was staff's preference to continue discussions with the affected property owners in an attempt to come to an agreement for the acquisition of the necessary ROW properties; however, due to the imposed funding timeline, staff would need to begin the condemnation process which, according to the City Attorney, could take six months to one year to complete.

Commissioner Dickinson moved to recommend to the City Council that staff proceed with the condemnation process for the purpose of facilitating the proposed road project at the intersection of Eagle Lake Road North and Highway 10. Seconded by Commissioner Heitz, unanimous ayes, motion carried.

Commissioner Dickinson left the meeting at 8:45 p.m.

5G-II: Update: 140 ELRN & 200 ELRN Properties

Planner Deckert reported that, at their February 14th meeting, the City Council awarded the contract for demolition and removal of buildings and disposal of junk, refuse, and debris from these properties and that the company is in the process of obtaining an asbestos report. She further stated that if the cost of the asbestos abatement exceeds 25% of the base bid demolition quote, the work would be held, pending further review and approval by the BLEDA and acceptance of the City Council.

5G-iii: Update: 260 ELRN Property

Ms. Deckert reported that the bid opening for this property was held on February 20th and that the winning submitter from Clearwater has signed the purchase agreement and the deadline for clearing of the site is June 1, 2007.

5H. PROJECTS STATUS REPORT

Mr. Thares reviewed the February 2007 report that was distributed at the meeting and answered questions of the Board.

5I. HOUSING MARKET ANALYSIS – COMPREHENSIVE HOUSING STUDY

Economic Development Intern Sam Woods reported that the \$10,000 grant application which was recently submitted to the Minnesota Housing Partnership for funding which would be used in conjunction with matching funding to contract with a consulting firm which would provide the City with an updated Comprehensive Housing Market Study. For information only; no action required or taken by the Board.

6. OTHER

Community Economic Development Director Jim Thares briefly discussed the documentation provided on the 2005 rate study detailing local water and sanitary sewer systems access charges, which was requested at the February meeting.

Commissioner Heitz suggested that a possible resolution to the issue of the two remaining residential properties in the Martin Avenue extension area (properties owned by the Kampa's and the Adams') might be for staff to contact potential investors/developers to determine if the construction of an apartment complex on the site might be of interest. Mr. Thares stated that staff would forward the idea to potential developers as requested.

Mr. Thares reported that no bids were received for the Dynamics property during the February 22nd auction and that a concept plan to develop the property as industrial may be submitted in the future for review.

7. ADJOURN

Commissioner Heitz motioned to adjourn the meeting at 9:02 p.m. Seconded by Commissioner Gast, unanimous ayes, meeting adjourned.