



**City of Lake Elmo
Planning Commission Meeting
Minutes of November 10, 2014**

Chairman Williams called to order the meeting of the Lake Elmo Planning Commission at 7:00 p.m.

COMMISSIONERS PRESENT: Williams, Dodson, Kreimer, Larson, Lundgren, Dorschner and Haggard.

COMMISSIONERS ABSENT: None

STAFF PRESENT: City Administrator Zuleger and City Planner Johnson

Approve Agenda:

The agenda was accepted as presented.

Approve Minutes:

October 13, 2014:

The planning commission discussed multiple changes.

M/S/P: Haggard/Lundgren move to approve the minutes of September 13th as amended; ***Vote: 7-0, motion carried unanimously.***

October 27, 2014:

M/S/P: Williams/Dodson move to approve the minutes of September 27th as amended; ***Vote: 7-0, motion carried unanimously.***

Business Items: Downtown Redevelopment Plan

Johnson began his presentation. Zuleger clarified the purpose behind the economic development district and noted that the EDA has not made any final decisions with regards to tax increment financing.

Johnson provided information describing how the redevelopment plan is consistent with the goals of the City's Comprehensive Plan.

Zuleger presented the roster of the Economic Development Authority, describing all the members and all of their backgrounds. He noted that the EDA has focused on downtown redevelopment, as they have concluded that the I-94 Corridor will develop based on market conditions without any public incentives or involvement. The EDA falls under state statute 469. With regards to downtown, many of the properties meet the state standard for substandard or "blight". There are many vacant lots, as well as vacant space within buildings. The current status of downtown leads to a redevelopment TIF, if any were to be used.

Zuleger moved on to describe the checks and balances that are in place for the Economic Development Authority. The Planning Commission reviews all land use recommendations for consistency with the Comprehensive Plan. The City Council has authority over all spending decisions.

Zuleger then described how Tax Increment Financing works. At this time, TIF would only be used for infrastructure projects such as streets, sewer, water, stormwater, etc. He presented an example of the downtown area and necessary stormwater improvements, noting how TIF could be leveraged to help pay for the improvements.

Dodson asked about the potential negatives if the additional value is not realized. Zuleger noted that he does not recommend using TIF without a large project in hand.

Lundgren asked about the impact to the school district. Zuleger stated that the school district gets paid on the base amount, but not the incremental amount. Lundgren asked if Zuleger was part of EDA. He said he was not part of the EDA, only there as staff. The EDA has met 6 times. Beckie Gumatz attends regularly, with Finance Director Bendel in attendance on a few occasions.

Williams asked why the City would not just issue general obligation bonds to pay for the improvements. Zuleger noted that cities get 10 additional years to pay the debt service with a redevelopment TIF.

Dorschner stated that if there is more walkability, it would be more desirable for businesses. The City may need to set the stage to attract more businesses to invest in downtown.

Lundgren requested that the minutes of the Economic Development Authority be sent to the Planning Commission. Staff will get the minutes and meeting agendas of the EDA up on the website.

Williams noted that he does not feel that the plan only applies to the mixed use area and feels it is ambiguous in regards to the residential.

Zuleger clarified that the TIF district would be a subset of the Redevelopment Plan.

Lundgren noted that she feels she needs more information. She recommends tabling the item.

Dodson was confused about the "project #1 is". Zuleger stated that project number one is to study how we want to do things. If we want to use TIF or bonds, etc. Project #1 is a gather requirements project.

Dorschner asked for clarification. Zuleger stated that the Planning Commission is being asked to look at the land use of the plan.

A number of Planning Commission members disagreed with this assessment.

Haggard noted that she is concerned that the project plan does not reference the roles of the City Council or Planning Commission. She feels that they should have been given more information as the EDA was being formed and should have been provided the applicable state statutes.

Williams suggested that the written opinion of the Planning Commission come back before the body before it is presented to the City Council and EDA.

Dorschner noted that he would like everyone to place greater trust in the financial and business background of the people on the EDA to recruit quality businesses.

Williams suggested going through the document to identify areas of question or concern about the plan.

Haggard noted that TIF is frequently cited. Williams agreed that it should be removed until TIF is determined.

Dodson asked for greater clarity on the objectives. Zuleger highlighted the stated objectives. He suggested that the scope needs to be further clarified. "The City is going to study X, Y and Z"

Haggard asked about the difference between a redevelopment plan and an economic development district. Zuleger explained that the language is from state statute.

Williams requested that all references to TIF be removed until it is being proposed for a project.

There was a discussion about business recruitment and the expertise of the EDA.

Haggard asked about how marginal properties are designated or identified. Zuleger explained that the state has standards related to vacancy or disrepair.

Haggard noted concern about the paragraph that makes it sound like the EDA has full authority. Zuleger stated that anything the EDA does, the City Council has to approve.

Williams feels that the words industry and manufacturing is inconsistent with the Comprehensive Plan. It is not allowed in I94, so certainly should not be allowed in Village. Williams would like this wording replaced with Commerce. Williams pointed out that there is not chronic unemployment in the Village area either. He also doesn't like the word "housing" as it is too general. Commission agreed to make it multi-family housing.

Williams dislikes the term highest and best use. He feels it is very subjective. Johnson noted it is a legal term. Williams noted concern that the study is a blank check. Dodson agreed that the 1st project should be studying what tools are best for the city for redevelopment before adoption of the redevelopment.

Larson spoke in support of the EDA functions and TIF. He noted that it is a tool to provide and focus the resources in solving impediments to redevelopment downtown.

The "but for" clause was discussed. It is the philosophy of TIF. "But for" TIF, the property would not develop.

Williams noted that he feels that the city does not know the development potential of the downtown yet. Perhaps we are putting the cart before the horse. Dodson noted that it may be good to have the tool at disposal when a project presents itself.

Zuleger stated that based on the studies done by U of M and other outside agencies, without TIF we might not be able to attract the businesses without some sort of incentive.

Takeaways for Zuleger are that the language of the plan needs to be cleaned up to better reflect the Village Land Use Plan, 2) the Planning Commission needs to become more familiar with the EDA and their purpose. Zuleger recommends a joint meeting with the EDA.

Williams asked if it would be too restrictive to limit the use of TIF to only bigger projects. Zuleger noted that the planning commission can recommend to the EDA and City Council that the City not use TIF speculatively.

Dodson asked Zuleger when he would like to have the project plan complete. Zuleger noted that he would like to have economic development tools in place before construction for the streets and storm sewer in 2015/16.

Williams asked why the EDA is better in this regard than the City Council? Zuleger listed three reasons. 1) It is a calling card for commerce, 2) It allows for multiple financing mechanisms and 3) It has the ability to buy/sell/condemn property in problem areas. Johnson added the ability to recruit people with economic development expertise is an advantage.

M/S/P: Williams/Dodson, move to postpone consideration of the document until the Planning Commission receives an updated version of the redevelopment plan, Vote: 7-0.

Updates and Concerns

Council Updates

1. Reviewed rural area analysis.

Staff Updates

With Holidays, please let staff know if you won't be attending the next meetings. There will only be one meeting in December.

Commission Concerns –

Discussion about the temporary signage at the smoke shop. Now they have the truck and should not be allowed. Johnson stated that it is an ongoing problem and the Staff is working on it.

Meeting adjourned at 9:25 pm

Respectfully submitted,

Joan Ziertman
Planning Program Assistant