

LAKE ELMO EDA MINUTES
August 21, 2014

CITY OF LAKE ELMO
ECONOMIC DEVELOPMENT AUTHORITY MINUTES
August 21, 2014

I. CALL TO ORDER.

Mayor Pearson called the meeting to order at 6:27 P.M.

PRESENT: Mike Pearson, Anne Cohen, John Thompson, John Schiltz, Steve Nelson

Also Present: Tammy Omdal from Northland Securities, Andy Gitzlaff from Washington County, Mark Gaertner, Linda Larson, Ted Bearth, Washington County Commissioner, Lisa Weik, Washington County Commissioner, City Administrator Zuleger, City Planner Johnson, Finance Director Bendel, and Deputy Clerk Gumatz.

II. DOWNTOWN REDEVELOPMENT PROGRESS

City Administrator Dean Zuleger gave an overview of the work that has previously been done by the Village Work Group. There were five main subject areas; drainage, utilities (sewer, water and electric), streetscape, the function of our downtown (what kind of business/economy we want downtown), and economics and financing.

City Administrator Zuleger talked about running sewer up Lake Elmo Ave from I-94 to the Old Village, which got Lake Elmo out from under its Memorandum of Understanding. Since running sewer up Lake Elmo Avenue, there has been a flurry of developers that want to develop in Lake Elmo. City Administrator Zuleger went over a map of where the sewer line will run next.

The second issue discussed was drainage. Drainage has been an issue in the Old Village forever. City Planner Johnson spoke about the conceptual drainage plan for the Old Village. Mr. Johnson also outlined the benefits of the new storm water ponds. The ponds will help with building the new downtown by allowing the City to accrue storm water credits with the Watershed District. City Administrator Zuleger spoke about how the storm water could be funded.

City Planner Johnson also talked about bringing sewer further up Lake Elmo Avenue and Laverne Avenue to Trunk Highway 5. Washington County moved this up in their CIP and this will happen in 2015. This is important because we can now get this done at the same time as when Washington County will be re-doing the street. Mr. Johnson outlined some of the new updates that will be made to Lake Elmo Avenue streetscape as the reconstruction of the road happens.

Mr. Johnson also spoke about the recommendation of burying the overhead utilities while the reconstruction happens. This is recommended to be done now because Lake Elmo likely will not get another opportunity to do so for another 50 years, as it is very costly to do when a road is not being redone. The second reason it is recommended is for aesthetics. Many downtown areas choose to bury overhead utilities. A third reason it is recommended is because there generally is an improvement of service, you don't need to worry about wind events knocking out power. The fourth reason is that the wooden polls, that otherwise hold the wiring, serve as a barrier in some

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cases such as putting in sidewalks. The polls would end up in the middle of the sidewalk area. The estimated cost is around \$350,000 to get this completed. Xcel has told Lake Elmo that this project is very straight-forward and much less costly than others that have recently been done.

City Administrator Zuleger noted that the City is also working with Washington County on getting signal lights at the corner of Highway 5 and Lake Elmo Avenue and that will be happening this fall.

Linda Larson asked if the city owned the right-of-way. City Planner Johnson responded that the city are some needs to acquire some permanent easements for storm sewer but we do have right-of-way and are not concerned about any right-of-way acquisition. City Administrator Zuleger added that we are working with Washington County on right-of-way acquisition.

Linda Larson talked about how she thinks it's great that the city has the opportunity and is doing the streetscape at the same time as having the utilities worked on. It makes the process much easier. John Schiltz spoke about his liking of the project. He talked about how it gives the city some optimism about the future and will hopefully fill the vacant buildings on Lake Elmo Ave.

Anne Cohen asked about street parking. City Planner Nick Johnson responded that the city will be adding parking spots on Laverne Ave., one street over. The old Parks Building is under consideration to be torn down and then a parking lot would go in that space. The current estimate for parking, without the municipal parking lot, will be a net gain in parking spots.

Steve Nelson asked if there are other small towns that have gone through this process and how many have been successful. City Administrator Zuleger responded that it will be our plan to apply to become a Minnesota Main Street Community which will allow us to pick up some grant money. There is also a possibility of getting some other grant monies.

There was discussion about a study that Lake Elmo has done that will help us to figure out what Lake Elmo can be, or how to find our niche in the market.

City Administrator Zuleger spoke about how we have our fundamentals down now and things can start happening sooner. We are getting sewer, we have a drainage plan, and the street is being redone in 2015 to allow us to do the streetscape design sooner. Mr. Zuleger also gave a ballpark figure to complete this project of around \$5 million for the infrastructure. City Planner Nick Johnson added that the streetscape design is estimated to cost about \$500,000.

III. DOWNTOWN AREA DRAFT DEVELOPMENT PLAN

Tammy Omdal from Northland Securities spoke about the Downtown Area Draft Development Plan. This is the first step of the redevelopment of downtown. The Downtown Area Draft Development Plan will specify an area in which the redevelopment will take place, and where the EDA will, in the future, look to establish TIF district(s). The second step is for the EDA to establish an Economic Development District. While the borders of the Redevelopment Project Area are the same as the Economic Development District, with the establishment of the Economic Development District, the EDA will be able to exercise some of its powers that do not exist in just a Redevelopment Project

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Area. The Redevelopment project area establishes a geographic area where the EDA can exercise certain powers.

The next step for the EDA is to approve Resolution No. 2014-002, requesting the City Council call a public hearing. Then the Planning Commission will then need to pass a resolution finding that this plan is consistent with the development of the city as a whole. Once that is done, two things could happen. Either there is a project that comes along, or the EDA could establish a redevelopment TIF district before there is a developer ready with a project.

John Thompson asked if both the Redevelopment Project Area and the Economic Development District are eligible to become TIF districts. Tammy Omdal stated that she recommends having the TIF district be within the Redevelopment Project Area. Ms. Omdal also stated that there is no real benefit to the city to have the Economic Development District become a TIF district. John Thompson followed up by asking how long it would take to set up a TIF district. Tammy Omdal responded that it depends. If the city chooses to establish a TIF district before having a developer it would probably be at least 90 days. John Thompson also asked about setting up a TIF district after talking with a developer as opposed to setting one up before having a developer. Tammy Omdal responded that that scenario is plausible and then it would be up to the city on how to finance the district. Unless there is a developer, it would be the existing customer's responsibility to pay for the development.

Steve Nelson asked if the new streetscape and utility improvements would be enough to entice new business. John Thompson responded that he believes that it will. City Administrator Zuleger also stated that we believe all the new homes going up around downtown will help as well.

Dean Zuleger presented a map of what staff believes the redevelopment area should look like.

Mayor Pearson asked about the homes in the SW part of the district. City Administrator Zuleger responded that there is a possibility of re-configuring the map a little and taking some of the single-family homes out of the district.

Steve Nelson asked how many housing units are around the perimeter. City Administrator Zuleger responded that there are at most, 1000, but probably closer to 880-900. Steve Nelson asked how quickly they would be put up. City Administrator Zuleger responded that it's about a 6-7 year absorption, and over on the NW side it's more of a 10-12 year absorption. City Administrator Zuleger spoke about getting the Kwik Trip WACs and SACs in. That will help with the utility debt.

John Shiltz asked how many homes would be put in on the SE corner around the Redevelopment District. City Administrator Zuleger responded that it will probably be about 400-500.

Linda Larson asked if there was a duration where the Redevelopment District/TIF district would sunset. Tammy Omdal clarified that tonight the EDA is establishing a Redevelopment Project Area and a Redevelopment Plan, which has nothing to do with TIF. Once a TIF district is established, the longest district allowed under Minnesota State Statute is 26 years. Linda Larson followed up by asking what the average time was. Tammy Omdal responded that it depends, but she believes what Lake Elmo is looking at is the 26 year district.

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City Administrator Zuleger asked what the EDA thought of the proposed map. Anne Cohen stated that she was concerned with the small residential area that is included because some citizens have an issue with being included in the district. There was discussion about why someone may be opposed to being included in a TIF/Economic Development district.

Dean asked Tammy Omdal what an appropriate action would be for tonight. Tammy Omdal responded that approving the Resolution is the next step. Following that, staff will present the City Council with the Resolution calling for a public hearing, Council will set the date for the Public Hearing, notice the Public Hearing, and then hold the Public Hearing. After the Council holds the Public Hearing, the EDA will pass another Resolution to adopt the Redevelopment Plan. Council needs to adopt the Redevelopment Plan, as well as the EDA.

City Administrator Zuleger clarified that the Redevelopment Plan is just laying out the area that the EDA thinks it wants to redevelop.

Steve Nelson asked if there were any repercussions to taking care of the statutory requirements now and not doing anything yet. Tammy Omdal responded no. This just helps to get the momentum going and set the table.

Steve Nelson moved to approve EDA Resolution No. 2014-002, a **RESOLUTION RECOMMENDING THE CITY COUNCIL TO CALL FOR A PUBLIC HEARING ON THE PROPOSED ADOPTION OF THE DOWNTOWN REDEVELOPMENT PROJECT AND A REDEVELOPMENT PLAN THEREFOR PROPOSED BY THE ECONOMIC DEVELOPMENT AUTHORITY OF THE CITY OF LAKE ELMO, MINNESOTA.** John Schiltz seconded the motion.

Mayor Pearson asked if the city is still planning on one big redevelopment project. City Administrator Zuleger responded that it could happen either way. When talking about establishing a TIF district, the city would want a user first, but tonight is about establishing the area that the EDA wants to see redeveloped.

MOTION PASSED 5-0.

IV. GATEWAY COMMISSION / COORIDOR ECONOMIC DEVELOPMENT IMPACT

Andy Gitzlaff gave a presentation on the "Gateway Corridor: Bus Rapid Transit and Economic Development." Mr. Gitzlaff gave a background on transit and possibly placing a Bus Rapid Transit stop in Lake Elmo.

The Gateway project goals are about providing more mobility options, cost effectiveness, and economic development. Also, preserve quality of life and protect environmental resources.

Mr. Gitzlaff went over some research and examples of LRT or BRT in other communities. Mr. Gitzlaff also spoke about Transit Oriented Development (TOD).

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Mr. Gitzlaff spoke about the Lake Elmo Property Owner/Developer Input Meeting that took place on August 14th. The key takeaways were:

- transit is seen as an amenity
- residential and office development offer the highest return of transit investment
- retail has spin-off benefits from transit
- transit helps broaden employment base for current employers
- concern about potential access restrictions from Guideway
- do not want Gateway to hold up their development plan

Mr. Gitzlaff touched on where we currently are in the process of this project happening. These projects take years to complete. There is currently an Environmental Impact Statement (EIS) being prepared, as well as the Local Preferred Alternative taking place. Mr. Gitzlaff also went over what happens next. The plan will come back to the Lake Elmo City Council for them to act on in late September.

Steve Nelson asked if it is certain that this BRT line will happen. Andy Gitzlaff answered no. This project is being driven by the cities and counties, and if they decide they don't want it to happen, it's not going to move forward. There is a lot of momentum behind the project right now.

Mayor Pearson spoke about the funding for this project. Right now it is 45 million from the Federal Govt, 35 million from CTIB (Counties Transit Improvement Board), 10 million from the state, 5 million from Washington County and 5 million from Ramsey County.

Will Schroeer from East Metro Strong spoke about what his group does and what their goal is. They are comprised of Washington, Ramsey and Dakota County, as well as some cities in those counties and private businesses in those counties. They are funded by a grant. Building a stronger economy in this east metro area is their main purpose.

Steve Nelson asked Mr. Schroeer if, in other areas of the east metro, the development turned out to be something different than what they thought would happen. Mr. Schroeer responded that most of the development is expected, but some can be unexpected. He also gave some examples of each.

City Administrator Zuleger asked how many stops would be on this BRT line. Andy Gitzlaff answered that there are 11 stops in about 11.5 miles. The BRT would complement the express bus that already exists.

Linda Larson asked if this BRT would just take you into St Paul and you would need to take a connection to get to Minneapolis. Mr. Gitzlaff answered yes. Or you could take the express bus into Minneapolis.

John Thompson asked what kind of timeframe the project has. Andy Gitzlaff answered that construction would start in 2018 and full service would start two or three years after.

Andy Gitzlaff outlined the route that has the most momentum right now.

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Steve Nelson asked what Washington County is looking for from the City in September. Mr. Gitzlaff answered that they want to know if the city supports the Locally Preferred Alternative, the alignment that would go through Lake Elmo. The exact spot for a stop in Lake Elmo is yet to be determined. Mr. Gitzlaff noted that the reason this decision is important is that the Met Council will want to know if this plan has local support.

Mayor Pearson outlined his concerns. They were: Will it create better development? Will this affect the decision that the Met Council made to lower the density numbers? There was discussion about whether or not the BRT would be a good decision for Lake Elmo and whether or not residents of Lake Elmo would use it. Washington County Commissioner Weik also spoke about the BRT line and how it could benefit Lake Elmo.

V. ADJOURN

Meeting adjourned at 9:12 P.M.

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Mike Pearson, President

ATTEST:

John Schiltz, Secretary