

City of Moorhead
Economic Development Authority
Meeting Minutes
September 24, 2012 at 11:45 AM
1st Floor, Council Chambers, Moorhead City Hall

Pursuant to due call and notice thereof, a regular meeting of the Economic Development Authority was held in the 1st Floor, Council Chambers, Moorhead City Hall, on September 24, 2012, at 11:45 AM.

Roll call of the members was made as follows:

Board Member:	Les Bakke	Present
3rd Ward Council Member:	Brenda Elmer	Present
Board Member:	Jeff Frider	Present
4th Ward Council Member:	Steve Gehrtz	Present
Board Member:	Werner Golling	Present
Board Member:	Ray Grefsheim	<i>Absent</i>
Board Member:	Robert Remark	Present
Board Member:	Jon Riewer	<i>Absent</i>
Board Member:	Jim Steen	<i>Absent</i>
Board Member:	James Taylor	Present
Board Member:	Mark Wallert	Present

Others Present:

Peter Doll, Development Services Manager	Paul Hyde, Real Estate Recycling
Brock Franke, Franke Trucking	Raime Lavelle, Real Estate Recycling
Scott Hutchins, Director of Community Services	Amy Thorpe, Community Services Planner

1. Call meeting to Order / Roll Call

2. Agenda Amendments

Minutes: Add to the end of the agenda, consideration of participation in Coalition of Greater Minnesota Cities Economic Development Partnership Program

3. Approve Minutes

A [August 27, 2012](#)

Motion to Approve made by Jeff Frider and seconded by Brenda Elmer

Motion to Approve Minutes from August 27, 2012

Motion Passed: For: 8; Against: 0; Abstain: 0; Absent: 3

4. [Citizens Addressing the Board](#)

Minutes: None.

5. [Commissioners' Reports](#)

Minutes: Commissioner Elmer reported that she, Council Member Gehrtz and others have met with the City Manager to discuss staffing options for a primary business point person for economic development. This is a priority of the City Council and will be discussed at a future meeting, whether at a council meeting or EDA. Time is of the essence. Different people have differing ideas how it should be structured and the City Manager is organizing the effort.

Hutchins stated that a component of the overall staffing discussion is support for existing

staff and existing activities in the CSD Department.

Elmer stated that one idea from the developers summit was to have one "point person" who's primary focus was to move development along, integrated into what we have already.

Frider stated that the City Manager asked to speak with the Moorhead Business Association to gather input on their thought regarding this position. After discussion with the membership, they met with Mr. Redlinger and stated they thought the best approach was for a new personality and skill set to compliment and round out current skills of staff.

Bakke announcement of upcoming candidate's forums at the Hjemkomst Center.

6. [Resolution Appointing City Finance Director, Wanda Wagner, as Treasurer of the Moorhead EDA](#)

Motion to Approve made by Brenda Elmer and seconded by Les Bakke

Motion to Approve City Finance Director, Wanda Wagner, as Treasurer of the Moorhead EDA

Motion Passed: For: 8; Against: 0; Abstain: 0; Absent: 3

7. [Director's Report](#)

Minutes: Hutchins reported on discussion held September 19 with the economic development leaders from the other border cities (East Grand Forks, Dilworth, and Breckenridge). Meeting topics included the importance of disparity reduction credit and making sure that program continues. Also discussed was the financial impacts and disparity of restaurants doing business in a state with "tip credit" (North Dakota) and those without (Minnesota). He reported to this group that funding had been approved for a study to analyze this disparity and look for a possible solution. Hutchins invited cities to participate financially in the support for the legislative contracts held with Flaherty and Hood, and Fredrikson and Byron for lobbying for Border City Programs / Legislation.

8. **Action or Update Regarding Multiple Real Estate Transactions**

A Action

i [Recommend Approval of the Sale of City Owned Property located at 2301 25 St S \(formerly Tire Depot\) to Franke Trucking for the Expansion of their Business](#)

Minutes: Doll provided a brief history of the Tire Depot site and conditions of sale. The recommendation was to approve the sale of the property for economic development to Franke Trucking.

Commissions requested clarification of the following:

- Abatement of the tire shreds which was assessed to the property was paid off with the proceeds from the County's sale of the property to the City.

Motion to Approve made by Steve Gehrtz and seconded by James Taylor

Motion to Recommend to City Council Approval of the Sale of City Owned Property located at 2301 25 St S (formerly Tire Depot) to Franke Trucking

Motion Passed: For: 8; Against: 0; Abstain: 0; Absent: 3

ii [Recommend Entering into an Interim Agreement with Real Estate Recycling \(aka Honey Badger Acquisitions Inc.\) for the Redevelopment of a 5-Acre City-Owned Site located on 1st Avenue North \(formerly Aggregate Industries et al\)](#)

Minutes: Hutchins provided a brief introduction of Real Estate Recycling and their request for an

“interim agreement” which guarantees that the City during a specific period will neither offer the property for sale nor negotiate a sale with another party.

Paul Hyde, Real Estate Recycling, provided a brief history of RER’s “niche” development projects. He stated that the real estate will drive the project. He state that he and Raime Lavelle met with Mary Bujold, Maxfield Research. Explained the project would be built in phases and would include student amenities such as a quiet study area and work out room. Hyde noted transportation to and from the colleges was an issue that needed to be addressed but are looking at the option of providing a shuttle service. Also noted were the positive attributes of the site including visibility and high traffic counts. His development team includes Jim Dayton, architect, and Opus, contractor. There will be significant investment made in investigating the site and requests an exclusive right to purchase the property during the time of investigation.

Hutchins stated that a significant project such as this one (\$10 million) was needed to address the cleanup of the site.

Commissioners commented or requested clarification of the following:

- Excited that the project would be designed to attract college students.
- Contacted area businesses and they are supportive of the mixed use concept
- Hyde stated that this project will not have any effect on the Main Ave SE project.
- City will continue to investigate ways to address public transit
- Discussed “Salvation Army” easements. Hyde stated that the project stands on its own and would not need an easement. Commissioner wanted to be sure that the project takes into consideration easements needed by future owners of the Salvation Army
- Confirmed four parcels included in interim agreement was 1515, 1619, 1625, 1725 1st Ave N known as the former Aggregate & Hedgemaster sites
- Pleased that commercial is one-third of the total project
- Staff affirmed that no other parties have shown interest in the site

Motion to Approve made by Steve Gehrtz and seconded by Brenda Elmer

Motion to Recommend Approval to City Council for Entering into an Interim Agreement with Real Estate Recycling (aka Honey Badger Acquisitions Inc.) for the Redevelopment of a 5-Acre City-Owned Site located on 1st Avenue North (formerly Aggregate Industries et al)

Motion Passed: For: 8; Against: 0; Abstain: 0; Absent: 3

B Update

- i [PetroServe USA Expansion](#)
- ii [34th & I-94 Growth Area - National Big Box Retailer](#)

Minutes: Hutchins announced that a big box retailer was interested in a site next to Menards and hoped to break ground in the spring.

9. [Modification of the City's Commercial and Industrial Property Tax Exemption Policy to Include Full Service Restaurant Redevelopment Projects](#)

Minutes: Hutchins stated that staff met with the Realtors representing the former Bennigan's restaurant and owners of the Applebee’s franchises in the metro area. Applebee’s is interested in the site and out of those conversations come the idea to modify the existing tax exemption policies to provide an additional incentive for full service restaurant which have significant costs to expand, remodel or rebrand an existing space.

Doll stated that city’s incentives were redone in Fall 2011 focusing on the forgiveness of local taxes due to a shortage in state funding for Border City programs. The city also

changed their view on competition, acknowledging that Fargo and West Fargo is Moorhead's competition, not the business next door. Past incentive had language focused on the desire for more full service restaurants. Sales tax credits of \$50,000 for new equipment and building supplies was historically provided. The cost of renovating an existing building (or "rebranding") is expensive and the investment will not show as "new building value." In an effort to provide this amount of incentive locally, a new exemption schedule was created essentially doubling the length of the exemption. A building which is substantial enough to hold a full service restaurant already has substantial tax base which is not exempted.

Commissioners requested clarification of the following:

- This is a property tax exemption not and abatement which is allowed by the border city laws but is not dependent on a state allocation
- Are goals being monitored and how are they monitored
- Will there be further research on "tip credit?" Staff conferenced with Eide Bailly (Fargo) and Stantec (Minneapolis). Need to figure out how to approach the restaurants, what questions to ask. Proposals will be coming soon.

Motion to Approve made by Jeff Frider and seconded by Les Bakke

Motion to Recommend Approval of Modification of the City's Commercial and Industrial Property Tax Exemption Policy to Include Full Service Restaurant Redevelopment Projects

Motion Passed: For: 8; Against: 0; Abstain: 0; Absent: 3

10. Motion to Consider Participation in Coalition of Greater Minnesota Cities Economic Development Partnership Program

Minutes: Agreed to participate at the Silver Level for a cost of \$1,000

Motion to Approve made by Brenda Elmer and seconded by James Taylor

Motion to Approve Participation in CGMC Economic Development Partnership Program at the Silver Level for a cost of \$1,000 from the economic development fund.

Motion Passed: For: 8; Against: 0; Abstain: 0; Absent: 3

11. [Information / Update](#)

A [Reports & Articles](#)

Minutes: Hutchins noted that the new 2-year residential property tax abatement program, "Make Moorhead Home Rebate," is now in place with the City Council, Clay County, and School all acting on their resolutions.

City Council authorized listing seven properties that were retained through the flood mitigation process and put into the market place. Hope to see activity yet this fall.

Also noted that staff would be meeting this week with major FM employer to discuss their supply chain and logistics and what opportunities, if any, to locate these services into the MCCARA Business Park.

12. [Adjourn](#)

Minutes: Meeting adjourned at 12:57.

APPROVED BY:

ATTEST:

Mark Wallert
Chair

Jim Taylor
Secretary

The proceedings of this meeting are digitally recorded and are available for public review.

Respectfully submitted by:
Amy Thorpe, Community Services Planner