

City of Moorhead
Economic Development Authority
Meeting Minutes
December 01, 2011 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 December 01, 2011, at 11:45 AM.

Roll call of the members was made as follows:

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

Others Present:

Brian Berg, Zerr Berg Architects	Scott Hutchins, Director of Community Services
Chuck Chadwick, Moorhead Business Association	Amy Thorpe, Community Services Planner
Pete Doll, Development Services Manager	Captain Mealy, Salvation Army

1. [Call meeting to Order / Roll Call](#)

2. [Agenda Amendments](#)

3. [Approve Minutes - None](#)

4. [Citizens Addressing the Board](#)

Minutes: Les Stenerson, Moorhead Business Association President, spoke in regards to the request of the Salvation Army to purchase City-Owned Land. He stated that the Moorhead Business Association was in support of this project and would recommend the Board's approval of the sale of 40 feet of City-owned land to the Salvation Army to facilitate parking and traffic flow. He stated that this project would improve the appearance of the 1st Avenue North Corridor.

5. [Commissioners' Reports](#)

Minutes: Hintermeyer reported that Moorhead received approval from the federal government of the City's request to reinstall the two ramps located at the intersection of I-94 and SE Main. He stated that this will have a positive economic impact for the area and alleviate safety concerns related to truck traffic crossing railroad crossings.

6. [Request of Salvation Army \(1503 1st Ave N\) to Purchase City-Owned Land - Doll / Brian Berg, Zerr Berg Architects](#)

Minutes: Hutchins stated that staff had met with the Salvation Army to discuss their request to purchase City-owned land to expand and enhance their property. He stated that the main concerns of the city were parking, egress and ingress, and environmental matters. He stated that the goal was to provide for the needs of the Salvation Army while preserving the ability

to market the larger Aggregate site. He asked Doll to provide an update to the board followed by Brian Berg, architect for the Salvation Army.

Doll stated that he agreed that it would be to the best interest of both properties to provide adequate shared access for circular traffic flow to the properties. He stated that the Salvation Army needs three things to make their property function. 1) Property to the rear of their building to address drainage and truck deliveries; 2) parking along the east side of their building; and 3) adequate drive lane to access that parking. Tract A is residual railroad property and the portion located behind Kovash Marine has already been sold to Kovash. He stated that Tract A should be sold to the Salvation Army as well as the property for parking on the east side of the building to take care of their parking need.

Doll stated the access lane is the tricky part. He stated that the Salvation Army would like to own all of the 24 feet required for a drive lane. Doll noted one options was to split ownership down the middle with each property having equal ownership, maintenance responsibility, and control. He recommended that a purchase agreement be drafted to sell the property after the clean-up of the contaminated soils on the Aggregate site is complete. He stated that the Aggregate site is highly contaminated with several "hot spots" which would require soils to be removed to the water table. He stated that the removal process of these contaminated areas, if close enough to the Salvation Army property, may cause that property to be unstable requiring pile-ons and additional cost. He stated that the city could commit to sell the property but not until the environmental due diligence is complete.

Doll also suggested the continued use of the gravel surface for parking and construction of the parking lot and drive lane is held off until the Aggregate site redevelops.

Caption Mealy, Salvation Army, provided the board with a brief history of the operation of the Moorhead store. He stated that the move to Fargo did not provide needed revenues for funding the programs sponsored by the Salvation Army. He stated that the Moorhead property is owned by the Salvation Army resulting in less overhead costs which is why the Salvation Army would like to move their store back to Moorhead but will need to improve the facility to do so.

Brian Berg, Zerr Berg Architects, went through the details of the proposed project. He pointed out an error in the drawing representing Tract A (5,120 SF) stating that the tract goes to the property line behind Kovash Marine and includes 7,700 square feet.

Berg stated that the Salvation Army would be agreeable to a shared access easement as long as the easement protects the entire twenty-four foot right of way and allows for 2-way traffic in front of those parking spaces. He stated that he sees the logic with waiting until the future cleanup is complete. He stated the most important thing is to protect the access drive. If a purchase agreement was drafted in such a way that the Salvation Army would have full access to the parking spaces to the west and use the spaces to the east, which could be discussed. He also said that as long as the City is OK with parking on gravel and the Salvation Army making improvements to the site, fixing a dip in the gravel left by the demolition of Aggregate, which may be discussed as well. He stated that it is important to have a curb and sidewalk along to building to keep cars from parking all the way up to the building and allowing pedestrians to get to the outdoor seating area.

Berg stated that the Salvation Army anticipates having a Phase I completed on the property. Doll stated that there is a spot on the Aggregate site, close to the proposed access easement, which will require remediation. He stated that the City would take care of that area during the redevelopment process with increments from the TIF and after the City is in compliance with the RAP/DRAP, they would turn the property over to the Salvation Army. He stated that this approach would save the Salvation Army headaches and money.

Brian Berg stated that it is important for the functionality of the Salvation Army's business to have adequate space for shipping and receiving. Trucks must be able to access the back lot and loading ramp which is why it's important to obtain the property behind Kovash Marine. Next Berg described proposed upgrades to the facility and façade which included upgraded

insulation, remodeled interior to include a coffee shop, retain and warehousing space, outside seating, green space, mechanical system, electrical service. He stated that building renovations are estimated at \$250-300,000. He stated that the shed roof between the buildings will be removed. He stated that the space they lease in Fargo is nearly finished. They hope to be in the space by late spring - early summer. Captain asked board members to consider this request and get going as fast as possible.

Discussion:

Riewer stated that this provides the perfect opportunity to set the stage for any number of projects in the future. This is a destination and something any city would want and thanked the Salvation Army for coming back to Moorhead with this strategy. His main concern was that the Salvation Army not run into access problems once they have made this investment into their property. Doll stated the access easement needs to cover the entire twenty-four feet but didn't care if the Salvation Army owns all of the land the easement would cover or if ownership would be shared. Doll added that he is confident that the cleanup of the Aggregate property would not run into their building but didn't want to lose forty feet of buffer. Permission to the park on the gravel has been given and could be given in writing. Riewer stated that the purchase agreement be written as "open ended" as possible with the City finishing the environmental cleanup.

Bakke asked if Pat Kovash was aware of the Salvation Army's plan to purchase Tract A, behind their property. Doll stated that Pat Kovash was not willing to purchase the Tract A property because of an existing easement. Caption Mealy did speak to Kovash recently and will continue to allow both parties access.

Hintermeyer asked Doll if laying pavement over the contaminated area would contain the contamination. Hutchins responded stating that standards in the industry have evolved. He stated that the MPCA would much rather manage the soils in place and put a parking lot over it than excavate it. There may be some contaminate that would require excavation depending upon the development plan. Doll stated that only the nastiest soils are excavated and other contaminants are left to naturally break down. He stated that the when the soil breaks down, it gives off a vapor which needs to be vented. He believes that passive ventilation will be required for the buildings and parking lots in this area.

Hintermeyer asked for more details on the contaminated "hot spot" areas of the Aggregate site. He stated that there had been a number of borings done and the City should already know where the contamination is. Doll stated the City must get through the RAP and DRAP and to obtain the closure letter. Whoever buys this property would want closure so they can obtain a standard mortgage.

Hintermeyer asked Berg if they were in agreement with the City's proposal. Berg stated that the Salvation Army doesn't want to invest \$300,000 into the building and find out there is a problem with ground contamination that they cannot deal with. He stated that he sees the logic of entering into a purchase agreement but it is not as clean for the Salvation Army as owning the property.

Hintermeyer asked Berg to clarify if they wanted to purchase the property and take responsibility for the contamination cleanup or wait until after the City finished the cleanup. Berg stated that as long as the interest of the Salvation Army is protected, they would prefer to wait until the City completed the cleanup of the property.

Hutchins interjected that the idea of a purchase agreement came up since the EDA met on Monday (3 days prior). The purchase agreement would be drafted to insure that the drive isle would be used by both properties and provisions for that would be in the agreement as well. There would also be shared maintenance responsibility, such as for snow removal. He reflected that what he heard the parties stating was to move forward with the project, ask the attorney to draft a purchase agreement with common egress/ingress along the drive. It could be a full 40 foot purchase. The City could move forward with environmental work which may take some time to complete but would not restrict the Salvation Army's ability to make

improvements and use the property as they want.

Steen stated that he supports the sale of the entire 40 feet of property to the Salvation Army and wants to see this move forward expediently. He asked if this portion of the property would be cleaned up first and now. Doll stated that development drives the cleanup because mitigation is determined by where buildings are to be placed. He stated that the MPCA will not give a closure letter for a piece of bare land. Hutchins stated that contamination cleanup was a huge issue for the City. He stated they would need to check with the environmental consultant to see if this is possible without negatively impacting the balance of the property.

Hintermeyer asked if it was possible to sell the property with the understanding that the City would do the clean-up? He stated that with the current economy, a redevelopment project on the Aggregate site could be a number of years out. Hutchins stated that might work but the City would need to consult with Peer Engineering to make that determination.

Motion to Approve made by Les Bakke and seconded by Mark Hintermeyer

Recommend approval of the sale of 40 feet of City-owned property to the east of the Salvation Army's (1503 1st Ave N) easterly property line. Staff is directed to negotiate and draft a purchase agreement with provisions to address mutual egress/ingress and environmental concerns.

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

7. Information / Update

Minutes: Hutchins stated that the Capitol Investment's Committee was meeting later this afternoon at MSUM to discuss flood mitigation and improvements to the soccer facilities at the Southside Regional Park (100-acre park).

Next week, City Manager Redlinger and Hutchins will travel to St. Paul to meet with Morrie Lanning and Department of Employment and Economic Development about a significant economic development tool used in the State of North Dakota and whether this could be done in Minnesota.

8. Adjourn

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*