

City of Moorhead
Economic Development Authority
Meeting Minutes
November 14, 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 November 14, 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	Present
Board Member:	Werner Golling	Present
Board Member:	Ray Grefsheim	Present
4th Ward Council Member:	Mark Hintermeyer	Present
Board Member:	Kay Parries	Present
Board Member:	Robert Remark	Present
Board Member:	Jon Riewer	Present
Board Member:	Jim Steen	Present
Board Member:	James Taylor	<i>Absent</i>
Board Member:	Mark Wallert	Present

Others Present:

Harlyn Ault, Finance Director	Konrad Olson, Konrad Olson Commercial Real Estate
Chuck Chadwick, Moorhead Business Association	Michael Redlinger, City Manager
Pete Doll, Development Services Manager	Amy Thorpe, Community Services Planner
Chris Hagen, Flint Communications	Wanda Wagner, Assistant Finance Director
Scott Hutchins, Director of Community Services	Lisa Vatnsdal, Neighborhood Services Manager
Kevin McKinnon, GFMEDC President	

1. Call meeting to Order/Roll Call

2. Agenda Amendments

Minutes: Hintermeyer requested a new business item be added after item 10.

3. Approve Minutes – None

4. Citizens Addressing the Board – None

5. Perspectives on Development: Assets, Expectations and Strategies - Kevin McKinnon-GFMEDC President, Konrad Olson-Konrad Olson Commercial Real Estate, Peter Doll, Development Services Manager

Minutes: Hutchins welcomed and introduced Kevin McKinnon and Konrad Olson. He stated that the board had requested to hear from the real estate community for their perspectives on development in the FM market area and specifically what Moorhead is doing and could be doing to promote development. He stated that there was also updated information regarding industrial land which will be part of this discussion:

- Is it appropriate for Cities or Development Authorities to own property for industrial purposes
- If it is appropriate, how much land is the right amount to meet the needs of the community
- How do you manage that asset / resource

Doll provided a brief overview of the detailed report found in the packet regarding city-owned industrial property. He stated the report included the history, land lease arrangements, financial analysis, and a list of major business proposal resulting from owning the land. He stated there are three major points and are as follows:

1. The land has been and continues to be a performing asset of the City. Development of city-owned land in MCCARA has created many jobs and increased tax base.
2. The rate of return on the city-owned parcels has been stable and well-performing. The land has been leased for agricultural purposes at market rates. He stated that there was an agreement with the prior land owners that the City would lease back the land at market rate. This relationship has continued for 15 years and has created a stable relationship which insures the property is properly managed.
3. There is a competitive need to own industrial land. Moorhead competes with Fargo and West Fargo for jobs and tax base. North Dakota has the competitive advantage. Moorhead's incentives are based on the forgiveness of local tax. Having land in a good location, serviced, and available at a competitive price or free, if necessary, is likely the most important economic development tool available at this time.

Question: Do the current tenants pay taxes on the land leased? Doll stated that State of Minnesota law exempts land held for economic development purposes from property taxes.

Hutchins asked Doll to comment the recent "haying" lease around the serviced area of the industrial park. Doll stated that once a property is serviced and becomes too small, it cannot be used for a standard ag lease. When the five large MCCARA lots were serviced, the soils were mixed and are no longer suitable for a standard agricultural lease. He stated that a person came forward who wanted to grow alfalfa and a 2-year, no rent lease was established. He said that after the initial 2-year lease, an affordable lease will be set up for any property that remains unsold, saving the City the cost to mow and spray for weeds.

McKinnon addressed the board and stated that the philosophy of the EDC has been to work regionally. He stated that each community has individual needs and the goal has been to determine how the EDA can address those needs. He stated it is important to have competent staffs and integration of those people. He stated he has seen increased prospects and have brought a few of those prospects to the Moorhead industrial park. He stated that from a preparedness standpoint, the city-owned industrial land is a valuable asset. He stated there were projects that Moorhead would not have been considered for if that land had not been available. He stated that moving forward it is important to understand the commercial and regional aspect but also to think about a long-term guiding program.

Riewer asked what Moorhead could do to better compete with Fargo and West Fargo. McKinnon stated that not all prospects are coming to look at us, the region, or the state of Minnesota. He stated that it is important to understand the regional makeup, understand the prospects, identify assets which are already in place, and understand how industry will use those assets. He stated that Moorhead needs to identify what it is looking for and how the use fits.

Hintermeyer asked McKinnon if he knew how long it would be before the economy turned around? When does Moorhead need to step back and say we need to change the course because we are not achieving our expectations? McKinnon state that there has been a recent surge in manufacturing and support for that will remain a critical need.

Elmer stated that she has heard from citizens that 700 acres is a lot of land to be publically owned and they wonder when time is tight, why would you not sell some of that land? McKinnon stated he cannot make a recommendation how much land is the perfect amount to hold. He stated that it is important that the asset be there and it is an attractive incentive. Olson said to review the historical absorption of the property to determine hold much land should be held. He encouraged continued work to determine Moorhead's strategic goals. Olson added that the elevation of the property has become a positive feature, being the highest property in the area.

Grefsheim asked if we know what the ultimate decision for not choosing Moorhead? Hutchins stated that in a number of cases, the locational allegiance and tie to the community (Fargo) was hard to break for a whole host of reasons. He stated that given the strength of the package Moorhead had on the table, the decision was still to remain in their community. He stated there has been an increased prospecting interest in the last year or so and that Moorhead has provided complete and comprehensive information to those prospects on a timely basis. Olson stated that the State of Minnesota is one limiting factor with stricter regulations and higher taxes. He stated he was recently in a breakout session with corporate executives who were asked to list what they were looking for when relocating a business. One of the "kill points" for these executives was "right to work" state. Once discovering a certain state was "right to work" they were immediately removed from the site selection list. So you must offer incentives based locally to create a draw to the community.

Doll stated that Olson often represents buyers and asked if they view Moorhead's large tract of industrial land as a positive, negative, or neutral? Olson stated that buyers do not see it as a negative but that Moorhead is in the shadow of Fargo and North Dakota. He stated he always asks the company if would consider Moorhead and tries to provide all of the information and facts to the company before they make a decision.

Elmer asked city staff to describe how they will develop a refined vision for the property and more aggressively marketing land. Hutchins stated that would be part of ongoing conversation with McKinnon to determine type of business sector looking for tracts of land such as this with availability of services and ease of transportation. And to continue to refine incentives available through programs such as Border City Legislation, which has provided the framework for many of the programs in use. Partners such as Coalition of Greater Minnesota Cities work to bring economic vitality to greater Minnesota and may present opportunities. Once a sector is determined, you would brand and aggressively market and create a unique communication strategy.

Hintermeyer suggested setting a timeline to determine the best fit for the property or most likely prospect. Hutchins stated soon after the first of the year, provide the board with framework / timeframe / cost.

Steen asked what Moorhead could do to attract big box stores or restaurants. Olson stated that building a residential base is important and that retail relies on rooftops. He stated that the primary market in this area is Fargo and businesses will locate there first and expand to a secondary market such as Moorhead.

Wallert stated that when people talk about the Moorhead EDA, you hear words like "traditional" and "not business friendly" and wondered how to turn that around. Olson stated he and his colleagues have had nothing but great cooperation from community development staff in Moorhead. He stated that it is sometimes things that are out of your control and reiterated that you can't fix the State of Minnesota. McKinnon agreed, stating that the EDC couldn't do what they do alone but require partnerships and everyone working together. He stated that the foundation has been laid. He sees the EDC's role to bring the parties together for discussion. Putting your community's best foot forward is the ultimate goal. He stated that has had favorable experiences with staff but unfortunately have not turned those projects into reality.

Wallert stated that is what he believed and acknowledged the willingness of the EDC to reach out and work with communities.

6. [Positioning Moorhead: Draft Communications and Action Plan - Lisa Vatsdal-Neighborhood Services Manager, Chris Hagen-Flint Communications](#)

Minutes: Hutchins stated that at a recent meeting, the board authorized moving forward with a Communication Strategy and Plan and a draft of that plan was before them today.

Vatsdal introduced Chris Hagen of Flint Communications. She stated Chris is a Moorhead resident and the City has worked with Ms. Hagen on past projects. She stated that the EDA's

budget of \$35,000 in combination with resources from the Neighborhood Services budget, would provide a combined budget of approximately \$60,000 for marketing efforts. She stated that the Maxfield Research Housing Market Study is not in final form, staff has reviewed portions of the study, and a many of the recommendations in the Marketing and Communications Plan was based on that research.

Chris Hagen introduced the overall objectives of the plan and stated that the plan was a targeted to new “rooftops,” new residents who become consumers of services throughout the community. Key messages to homebuyers include community, great schools, parks and a neighborhood feel. That Moorhead is your hometown within the metro. What does a Moorhead address promise to deliver? She provided an overview of the marketing action / communication plan as included in the packet. She state that much has changed since community marketing began 12 years ago especially in the area of media and the way people expect to get that information. She stated that the website was the logical choice for serving as a community portal as well as continuing its role as a city business site.

Hintermeyer wants to see "positive Moorhead" messages on an electronic billboard for people to see while they are waiting for trains or getting an ice cream cone at Dairy Queen. Suggested the purchase of an electronic billboard at a strategic location. Access people where they are. He also suggested running “commercials” before movies in Fargo movie theatres to attract potential residents.

Elmer stated she liked the use of technology and “search based” internet advertising. She asked if staff had researched using college students marketing classes to stretch the marketing budget. What can you do in Moorhead for \$5 or less? YouTube. Hagen stated that strategy number 2, page 4 of the addresses this with polls, questions of the day, and contests. Vatnsdal added there are also good public relations strategies, feeding good news stories to the media.

Hutchins stated staff would work with Hagen to complete the next steps. Hintermeyer stated timing is an issue and we need to get this moving.

Motion to Approve made by Mark Hintermeyer and seconded by Brenda Elmer
Approval of Draft Communications and Action Plan

Motion Passed: For: 10; Against: 0; Abstain: 0; Absent: 1

7. [Approve Recommendation of Incentives Subcommittee Regarding 2012 Border City Enterprise Zone Fund - EDA Commissioners Golling, Parries, Riewer](#)

Minutes: Golling highlighted keys areas of the report. He stated that in an effort to keep a balance in the fund and continue the program another year, the credit level had been reduced from 10% to 5% for the 2011 program year. He stated that committee pondered whether to continue the program at the same level one more year, suspend the program, or modify the program in some way to continue another year. He stated that the vast majority of the businesses receiving credits received less than \$2,500. He stated that the committee, in an effort to allow a credit for all businesses, would recommend reducing the program cap for 2012 from \$25,000 to \$2,500, affecting the fewest number of businesses and stretching the funds for another year.

Motion to Approve made by Mark Hintermeyer and seconded by Les Bakke
Motion to Reduce the Program Cap from \$25,000 to \$2,500 for the 2012 Border City Enterprise Zone Tax Credit Program.

Motion Passed: For: 10; Against: 0; Abstain: 0; Absent: 1

8. [Approve Recommendation of Moorhead's 2012 State Legislative Advocacy Agenda/Agreements - Hutchins](#)

Minutes: Hutchins stated the proposal before them was to continue legislative advocacy services with Flaherty & Hood and Fredrikson & Byron. He stated the two priorities of advocacy include

bonding for additional flood mitigation projects and continued protection of the Disparity Reduction Program. He stated the cost remained the same as the previous three years and are programmed into the 2012 budget which will be considered by the City Council in the next few weeks.

Elmer requested that the boards, EDA and City Council, be kept in the loop of the happenings at the legislature. Hutchins stated that any updates or reports will be shared with the City Manager who will distribute to the Council.

Motion to Approve made by Jon Riewer and seconded by Werner Golling

Motion to Approve Recommendation to the City Council of Moorhead's 2012 State Legislative Advocacy Agenda/Agreements.

Motion Passed: For: 10; Against: 0; Abstain: 0; Absent: 1

9. EDA Approval Contingent Upon MCCARA Development Review Board - Doll

A Request of RDO Equipment to Install Fence

Minutes: Doll stated that the request was for a standard, chain link fence around the perimeter of the property and is not an issue except that the MCCARA covenants require approval of the installation of fences.

Motion to Approve made by Jim Steen and seconded by Les Bakke

Motion to Approve Request of RDO Equipment to Install Fence contingent upon positive recommendation of the MCCARA Development Review Board.

Motion Passed: For: 10; Against: 0; Abstain: 0; Absent: 1

10. Appoint EDA Member to MCCARA Development Review Board

Minutes: Chair Wallert asked for a volunteer to serve on the MCCARA Development Review Board but no volunteers came forward. The matter will be continued at the next meeting.

10a. Commissioner Reports

Minutes: Hintermeyer requested a permanent agenda item be added to allow commissioners to search out topics or issues and bring them to the Board for discussion. The item will be titled "Commissioner Reports."

Hintermeyer requested that the property tax abatement now in place for residential homes be continued. He reiterated the message heard earlier from Konrad Olson and Chris Hagen, residential growth was necessary to bring businesses to Moorhead. And that residential property tax abatement was necessary in order to complete with North Dakota for growth.

11. Information / Update

Minutes: Board members requested a meeting be scheduled for November 28, 2011, to move these issues forward.

12. 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