

City of Moorhead
Economic Development Authority
Meeting Minutes
November 28, 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 28, 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	Present
Board Member:	Ray Grefsheim	Present
4th Ward Council Member:	Mark Hintermeyer	Present
Board Member:	Kay Parries	Present
Board Member:	Robert Remark	<i>Absent</i>
Board Member:	Jon Riewer	Present
Board Member:	Jim Steen	Present
Board Member:	James Taylor	Present
Board Member:	Mark Wallert	Present

Others Present:

Harlyn Ault, Finance Director	Scott Hutchins, Director of Community Services
Chuck Chadwick, Moorhead Business Association	Bruce Johnson, REMAX Realty 1
Pete Doll, Development Services Manager	Amy Thorpe, Community Services Planner
Mike Gunter, Kvamme Real Estate	Wanda Wagner, Assistant Finance Director
Chris Hagen, Flint Communications	Lisa Vatnsdal, Neighborhood Services Manager

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

2. **[Agenda Amendments](#)**

Minutes: None.

3. **[Approve Minutes](#)**

A **[October 24, 2011](#)**

B **[November 14, 2011](#)**

Motion to Approve made by Les Bakke and seconded by Werner Golling

Approval of Minutes from October 24, 2011, and November 14, 2011.

Motion Passed: For: 9; Against: 0; Abstain: 0; Absent: 2

4. **[Citizens Addressing the Board](#)**

Minutes: None.

5. **[Commissioner Reports/Updates](#)**

Minutes: None.

6. Recommend Final 2012 EDA Budget and Levy - Hutchins

Minutes: Hutchins stated the proposed 2012 EDA Levy and Budget is the same as has been discussed over the last several months. He stated the proposed 2012 levy remains at \$245,000 and budget of \$345,000, the additional \$100,000 coming from anticipated reserves at the end of 2011 in the EDA Tax Levy Fund. He stated that this proposed levy would go to the City Council to be acted upon with their other budget and levy considerations.

Hintermeyer stated that when the preliminary budget came before the City Council in August or September, there were two "no votes." (Stueland and Lemke) He also stated that council members had a question where the \$100,000 carryover came from. Hutchins stated that for various reasons, this money was unspent from previous year(s) and remained in the EDA Tax Levy Fund and was not part of the \$900,000 +/- cash balance.

Hintermeyer stated according to the city attorney, the City Council could vote yes or no but did not have the authority to direct individual line items within the EDA's budget. Is that accurate? Hutchins stated that was true.

Hintermeyer asked for further clarification an accounting scenario where the City's levy was increased by \$100,000 and the EDA's levy was reduced by the same and how that came about.

Harlyn Ault, Finance Director, stated that when the original city budget was prepared, staff looked at both the City's levy and the EDA's levy and tried to find a way to keep taxes for the resident at the same rate – 0% increase. Staff adjusted the city's levy to a point where it would have increased the home owner's property taxes by \$13 and to offset that, reduced the EDA's levy approximately \$160,000 which resulted in a \$13 decrease, the net effect to the homeowner being zero but that did not happen and the EDA Levy stayed at \$245,000.

The 2012 EDA Budget was outlined as follows: Land Acquisition (Tire Depot) \$130,000, Gateway Redevelopment \$100,000 (2011 carryover), Marketing \$35,000, Website \$50,000, GMDC Business Liaison \$15,000, West Central Initiative \$15,000.

Hintermeyer asked staff to provide a citation for the EDA's legal authority to levy taxes. Hutchins likely had a communication from the City Attorney and would get that information to the board. **[See Attached]**

Hintermeyer stated that CM Elmer would not be at the December 12 meeting reducing the number of voting members.

Motion to Recommend made by Les Bakke and seconded by James Taylor

Recommend to City Council Approval of 2012 EDA Levy of \$245,000 and Budget of \$345,000 allocated as follows: Land acquisition (Tire Depot) \$130,000, Gateway Redevelopment \$100,000 (from cash reserves of the EDA Tax Levy Fund), Marketing \$35,000, Website \$50,000, GMDC Business Liaison \$15,000, West Central Initiative \$15,000.

Motion Passed: For: 9; Against: 0; Abstain: 0; Absent: 2

7. Positioning Moorhead: Communications and Action Plan Timetable/Budget Options - Vatnsdal / Chris Hagen, Flint Communications

Minutes: Hutchins stated that discussion related to Items 7 and 8 would be combined. He stated that Chris Hagen, Flint Communications, and Lisa Vatnsdal would lead the marketing and communications discussion started at the previous meeting. And later Peter Doll, Development Services Manager, along with Mike Gunter and Bruce Johnson, long standing real estate professionals familiar with Moorhead and the market would discuss the proposed residential tax incentive.

Vatnsdal stated that the second draft included estimated costs to the marketing and

communications plan. She stated that these costs were higher than originally anticipated and suggested that those costs be covered by the EDA "reserve" account. She also stated that the plan had considerable media / web site additions which depended upon the completion of the City's general website update. She stated that full website update would not be completed in time for the implement this plan, but that a "micro site" could be created for this purpose and could be completed within the timeline but would also bring additional costs. Chris Hagen, Flint Communications, added that a "microsite" was often for a singular purpose and would be used once the full website update was complete so it would not be a waste of money. She stated that Flint researched various advertising ideas brought forward such as leasing digital billboard space, bus wraps, and movie theatre ads, but that the cost was very high and would exhaust their limited budget very quickly.

Bakke asked if she knew who would host the "micro site" and what program would be used to create the site. Hutchins stated discussions have been with the City's IT Department and that this and other details will be reviewed at a later time when proposals are requested.

Hintermeyer stated that recognizing rental costs for an electronic billboard, what would be the cost of purchase one? He stated the city would own and use the billboard but could also lease advertising to others as well. Hagen stated that there was a discussion to convert the billboard currently owned by the City to an electronic billboard but due to its location on Interstate 94, the speed of traffic going past, and the cost, that idea would not be good option. Hintermeyer reiterated that he is looking to get "feel good" messages to the resident who would then encourage others to move to the community. Vatnsdal stated there could be technologies such as "QR Codes" built into the City's current communications such as the "Insights" to direct residents to those messages.

Grefsheim asked how residents will be directed to the "micro site." Hagen stated other paid mediums, such as pop-up ads when using an internet search engine, will direct residents to the site. She stated that this type of advertising is also cost-effective because you are only charge for the ads that people actually click on to view.

Motion to Approve made by Les Bakke and seconded by Kay Parries

Motion to Approve Communications Plan Activities, timelines, and budget adjustment of \$30,105 from the EDA "reserves" fund. Said budget adjustment allocates \$15,105 for marketing and \$15,000 for a "micro site."

Motion Passed: For: 9; Against: 0; Abstain: 0; Absent: 2

8. Options for Residential Property Tax Incentive - Hutchins / Doll

Minutes: Doll began by stating that all residential property is taxable under Minnesota law. He stated that residential housing is taxed at a lower rate but because of this, it is more difficult to exempt residential property.

He also explained the difference between an exemption and abatement. An exemption is a forgiveness of the tax and abatement is a rebate of tax paid. He stated that with abatement, the property owner is still required to pay the full tax and receives a check at the end of the year for the amount of abatement.

Doll explained in detail the three options contained in the report found on page 25 of the packet materials. The three options discussed were: 1) Extension of Current Special Flood Law; 2) Property Tax Abatements for Economic Development; and 3) Border City Development Zone. He stated that upon review, staff would recommend the first option for extending or converting the special law from a state paid abatement to a permanent border city exemption. He stated that because it is a known product in the market, reduces property taxes the most, directly reduces monthly payments for the resident, is relatively easy to administer and works on a city-wide basis it would be the best option. He stated that it required legislative action but there was a chance it could be passed and would likely be retroactive to the first of the year.

Hutchins added that any the request to the legislature to continue the “flood” abatement would not include state funding of the abatement.

Hintermeyer requested that the abatement be for 3 years rather than 2 to compete with Fargo. He went on to state that the third option (Border City Development Zone) would not likely receive council support because of the “zone” issue. He stated that the second option, although not as favorable, would be better than having nothing. He thinks the homeowner would be happy to get a check back at the end of the year. Hutchins responded that there could be a "dual path" pursued and bringing forward a multi-jurisdictional as well as a “city-only” abatement.

Bruce Johnson responded by stating that West Fargo approves their local abatement without even thinking about it. He stated there are so many Fargo Realtors to compete with, who guide their clients to stay in Fargo by making comments like “Moorhead doesn't even have a property tax exemption.” He stated that he very much likes the idea of 3-year property tax abatement.

Mike Gunter stated that in his experience, he didn't think that receiving a tax abatement was a decision maker. He stated that break on special assessments would be more appealing than a general property tax abatement. He also stated that “city image” was very important and liked the idea of a billboard that tells all the good stuff that is going on. He stated that his last “Moorhead buyers” worked in Fargo but chose to buy a house in Moorhead because the inventory was greater.

Wallert asked Bruce Johnson for his ideas to appeal to new residents. Johnson reiterated the importance of the two-year property tax incentive and that it was instrumental in his last Moorhead sale. He stated that marketing of any incentive could and should be better.

Hintermeyer stated that he would love to have the resources to buy down specials but didn't know where funding for that would come from. He also suggested offering an incentive for "remodeling" an older home. Hutchins stated that the State of Minnesota had a program called "This Old House” but that it went away about 5 years ago. Hintermeyer reiterated the urgency of this matter.

Riewer inquired if there would be any collaborating opportunities in the market place to extend the marketing budget. Chris Hagen, Flint Communications, stated that there are a number of items built into the plan to address this. Bruce stated that it would be appropriate once an incentive was ready to present at the monthly all-city realtor meeting and begin to educate realtors.

Parries asked the Realtor panel where they find their customers and what medium are they looking at? Mike Gunter responded emphatically....the internet. He stated that he did a survey at one of his last open houses and the overwhelming majority had found the open house on the internet. He added that your typical first-time home buyer “20-somethings” do not receive a print newspaper anymore.

Bruce Johnson reminded everyone that the old Moorhead perceptions are still out there and that it's not just a local issue. He stated he has client that won't look because of the budget troubles the State of Minnesota.

Vatnsdal added that the wave of the future may not be a billboard which is static location but a “mobile billboard” on your smart phone finding its target audience no matter where they are.

Mike Gunter reiterated that image and city appearance was more important than focusing on property tax abatement. Answer questions like why Moorhead? Why Minnesota? Minnesota likes people more than business. Hintermeyer asked why can't we be both – do both – market both? Need to actively pursue all options to grow Moorhead.

Chair Wallert asked the board for their motion.

Motion to Approve made by Mark Hintermeyer and seconded by Ray Grefsheim

Motion to Approve pursuing Option 1: an extension of the current special "flood law" for a specified period or making the abatement permanent. And also continue research or pursue option 2: property tax abatements for economic development.

Motion Passed: For: 9; Against: 0; Abstain: 0; Absent: 2

9. 1st Avenue North Update – Doll

A Property Sale: Salvation Army Store, 1503 1st Ave N

Minutes: Doll stated that demolition of the Aggregate property was completed following acquisition and environmental due diligence. He also stated that the RFQ for selecting a Realtor for 11th Street – Elevator Properties is out to the four identified firms. He said that once responses are received, the subcommittee will be contacted to review the proposals, likely in early January.

Doll stated that recently the Salvation Army came to the City with a request to purchase City-owned property to the east of their parcel. He stated that the Salvation Army wanted to move their retail operations back to Moorhead but in order to do that, would need to make improvements to the property. He stated that the Salvation Army wanted the property to be self-sufficient with adequate access and parking. He stated that staff understands that desire and also wants the property to be functional.

[Parries left meeting at 1:17]

Hutchins invited Chuck Chadwick, who is a current board member of the Salvation Army, to join the discussion. He stated that the staff considered selling a lesser amount of property and make sure there is appropriate shared ingress and egress. Chadwick stated that in order to make the necessary improvements, there was a need for additional property.

Hintermeyer asked if the lessor option would be acceptable to the Salvation Army? Chadwick stated that the first option (to purchase the westerly 39' of Aggregate property) was the preferred option. Hintermeyer asked if the improvements included updates to the facade and stated this would have a positive effect on the surrounding properties. Chadwick indicated that it would include those improvements.

[Golling left meeting at 1:41]

Taylor asked if the sale would a negative impact when marketing the Aggregate site. Doll indicated that it could have both positive and negative effects. Doll also mentioned the possibility of exploring an "option to purchase" with the Salvation Army

Chadwick reminded the Board that they were just talking about a positive Moorhead image and having the Salvation Army in the community is a positive.

Motion to Approve made by Mark Hintermeyer and seconded by Jon Riewer

Approval of Salvation Army to purchase 15 feet of City-owned land with a purchase option on an additional 24 feet at a future date.

Motion Passed: For: 7; Against: 0; Abstain: 0; Absent: 4

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

Motion to Table item until staff can speak with representatives of the Salvation Army and they can be present at a future EDA meeting, to be scheduled as soon as possible.

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

B [Property Acquisition: Carport, 901 1st Ave N](#)

Minutes: Doll stated that he had spoken with one of the property owners who indicated they would be willing to sell the property for \$234,000 which is the amount owed. He recommended that the selection committee discuss the “linear park” concept with the Realtors during the RFQ process and if acquisition and transformation of the parcel would bring a highly desirable tenant(s) to the corridor, it should be pursued. He stated that there may be the potential to enter into a one-year, low-cost Purchase Option if the concept is viewed as a strong positive.

The Board agreed to continue discussion of the concept and pursue the idea with the selection committee and Realtors.

10. [Appoint EDA Member to MCCARA Development Review Board](#)

Minutes: Wallert asked for a member of the board to volunteer to serve on the MCCARA Development Review Board. Steen volunteered and was appointed by Chair Wallert to serve on this board.

11. [Information / Update](#)

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