

City of Moorhead
Economic Development Authority
Meeting Minutes
August 22, 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 August 22, 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	<i>Absent</i>
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:	Gane Skatvold	<i>Absent</i>
Board Member:	Jim Steen	Present
Board Member:	James Taylor	Present
Board Member:	Mark Wallert	Present

Others Present:

Harlyn Ault, Finance Director	Kristie Leshovsky, City Planner
Chuck Chadwick, Business Liaison	Michael Redlinger, City Manager
Pete Doll, Development Services Manager	Amy Thorpe, Community Services Planner
Scott Hutchins, Director of Community Services	Lisa Vatsdal, Neighborhood Services Manager
	Wanda Wagner, Assistant Finance Director

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

2. **Agenda Amendments**

3. **Approve Minutes**

A **[July 25, 2011](#)**

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

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

4. **Citizens Addressing the Board**

5. **[Brief Overview of Proposed 2012 City Budget - Redlinger/Ault](#)**

A Budget Presentation: http://www.cityofmoorhead.com/city_hall/budget.asp

Minutes: Redlinger distributed a printed copy of the budget presentation found at the link provided (above). He stated that the budget process typically begins in June-July each year ending in December. However, due to the State shutdown and following the July Special Legislative

Session, cities are just learning what their LGA amount will be.

Highlights of the presentation included:

- Sources of revenue (LGA, tax levy, Enterprise transfer, other fees) are changing
- Aggressive expenditure management – vacant positions remain open, cost containment by reducing operating budgets
- Bond sale tonight – Moorhead’s credit health remains stable

Themes for 2012

- Changing the model means more aggressive expenditure management. Revenue sources are changing.
- Midrange expenditure and revenue forecasting
- “Win 2015.” There is a window of opportunity. Choices today will set up Moorhead for growth and success in 2015 and beyond, or limit it.
- Challenge of “5”
 - Growth - 5,000+ new residents – more city services required
 - Approximately 5% workforce reduction due mainly to a hiring freeze on vacancies. This practice will continue for some time.
 - Operating budgets remain at 2008 levels
- Forecasting – Net revenues are not sufficient to sustain operation in the long haul. Modest revenue increases (tax levy or MPS transfer) are necessary.
- Debt service obligation compared to operations. LGA allowed investing while keeping the cost of borrowing down. Employees also participate by wage freezes and foregoing compensation programs.
- Challenge in the next 5 years is to define the city’s strategy. Who do we want to be? Make sure Moorhead is in the strongest position possible
- Blended solution of continued expenditure reductions and new revenues
- Decision points
 - 2002 – City Council had the foresight to set Moorhead up for the growth currently realized
 - 2005 - Healthy growth in market valuation in residential and commercial properties.
 - 2012 - Difficult choices to be made. Must continue to invest in the "product" to remain competitive. Decisions made today will be important for the next 5 years.

Redlinger concluded by stating that budget discussions will continue through December. By statute, cities cannot adopt a budget before December 12. Board members did not have any questions.

6. **2012 EDA Budget and Levy - Hutchins (Attachment)**

Minutes: Hutchins referenced prior EDA levy discussions. The action requested of the board is to recommend a 2012 EDA Budget and Levy to the City Council which is on the September 12th agenda. He stated that the budget was as last discussed: Land (acquisition of Tire Depot property) \$130,000, Marketing (\$50,000 Website Update / \$35,000 General), Business Liaison Position (\$15,000), Gateway Redevelopment (\$100,000), and West Central Initiative (\$15,000).

Motion to Recommend to City Council made by Les Bakke and seconded by Brenda Elmer

Recommend Approval of 2012 EDA Budget and Levy of \$245,000

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

7. [Approve Purchase of Tire Depot from Clay County - Doll \(Attachment\)](#)

Minutes: Doll briefed the board regarding the acquisition of Tire Depot.

- The City abated a large pile of tire shreds from the former Tire Depot property which were hauled to the Clay County Landfill where they will use them in their next land fill cell.
- The City assessed the property for the cost of the abatement, the cost of which was approximately \$100,000. Clay County, recognizing that the City had a substantial investment into the property, had an informal agreement with staff that if the property became available, the City would be able to acquire the property for the cost of special assessments
- Special assessments and interest are approximately \$103,000
- A metal “special use” building on the property would likely need to be demolished because there would be little use for another user
- There is hard surfacing which may be beneficial
- Site has been tested for contamination and there is a small amount of ground soil contamination from tires melting which will need to be cleaned up
- The property can be purchased, remediated, and put back into use without much, if any loss of revenue. It will likely be a wash but would return the property into productive use quickly.

Board members asked if there was any group or organization who has expressed an interest in the property. Doll stated the property owners adjacent to this property to the north have expressed an interest. He also stated there was a shortage of light industrial property within the city and he didn't think it would be difficult to find a user for the property.

Motion to Approve made by Les Bakke and seconded by Jon Riewer

Approve Acquisition of Tire Depot from Clay County

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

8. [Incentives Subcommittee Recommendation - Parries/Riewer/Golling \(Attachment\)](#)

A [Property Tax Exemption Policies](#)

Minutes: Hutchins stated that the Incentives Subcommittee and the EDA Board had already reviewed and discussed updates to the property tax exemption policies. He stated that the updated polices were ready to take to the City Council for approval when staff became aware of new information which they thought should be examined further. With direction from the Incentives Subcommittee, staff redrafted the policies related to property tax exemption.

A technical overview of the Commercial-Industrial Property Tax Exemption Policy was provided by Doll:

- Schedule I (City-wide Commercial-Industrial “Development” Project) provides a standard exemption, as in the past, with achievement of tax base and job goals
- Schedule II (City-wide Commercial-Industrial “Redevelopment” Project) provides additional exemption for redevelopment projects, which has higher costs associated with the redevelopment
- Schedule III (Commercial-Industrial “Tax Increment Redevelopment” Project) provides for redevelopment projects located with a TIF district and must achieve a project value greater or equal to \$1.5 million to qualify

Hutchins stated that the changes came about after thorough review of the larger development projects in Fargo Renaissance area and conversation with Fargo staff. He stated that the new foundation and approach were reflective and competitive with programs found in Fargo. He added that although creating a map was not practical, conversations with staff should guide the developer to know if they qualify for extra redevelopment or TIF incentives. He also stated that an application was being developed which would help the guide the applicant in determining their potential exemption qualification and would be brought before the board for review.

Incentive Subcommittee added:

- At a minimum, the goal was to match incentives that Fargo currently offered
- Strive for be more incentives for redevelopment.
- Remain competitive with Fargo.

Motion to Recommend to City Council made by Jon Riewer and seconded by Kay Parries

Approval of Property Tax Exemption Policies as included in packet materials

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

B [Gateway Overlay District](#)

Minutes: Hutchins stated that this review of the Gateway Overlay District was to determine whether or not the building standards within the district had particularly negative effects on development, causing development not to occur in key areas. He stated Kristie Leshovksy, city planner, reviewed standards found in communities in the metro area. He stated that all of the communities have districts covering the key corridors of their community like Moorhead's.

Leshovsky provided a brief overview of what an overlay district is and does. She stated that her memo provided a history of how the gateway overlay district came to be in Moorhead as well as a summary of standards in neighboring communities. She stated that although the standards were similar to other area communities, improvements to the ordinance could be made. One possible change may be to differentiate multifamily development and provide addition options for multifamily development by providing additional architectural options and to take a look at impervious surface regulations.

Hutchins added that it appeared that an overlay district is appropriate and well within the standards of regulatory policies for this and other cities in our area. He stated that are those specific areas which we could enhance what we have, likely providing more options for multifamily development which would be reviewed by the Planning Commission first, and then go before the City Council.

Hintermeyer stated that the original approval of the ordinance ended in the mayor breaking a tie vote (4-4) which was after a long debate and discussion. He felt that Moorhead's overlay district was more strenuous and costly. He cited an example he was given that to build a Home Depot in an overlay district and non-overly district would be approximately \$300,000. He stated that he did not care whether Home Depot built in an overlay district or not, he just wanted a Home Depot. He stated there should not be additional standards within a certain area but that all standards should be reviewed and should be consistent throughout the city. You cannot tell what development didn't happen but would Buffalo Wild Wings look any different without overlay? When the ordinance was passed, the additional costs were justified because of the visibility of the corridors but today the economy is much different. He stated that he would like to see a comparison of what it would cost to build the same store in Fargo,

West Fargo, and Moorhead overlay districts. Argues that the underlying standards should be the community standards for development and let businesses develop where they want without being fussy about additional regulations.

Elmer agreed that times are different and wondered what efforts staff could make to solicit input from business to find out what prevented them from landing in Moorhead?

Bakke asked if staff looked into the accuracy of the \$300,000 cost discrepancy to locate a Home Depot and that maybe the number was not accurate. Hutchins stated that he was involved in the negotiations and believed that site development, and not requirements of the overlay district, were the reasons the project did not move forward. He stated that he could have a conversation with the other party to gain additional insight. He stated that he did not recall in conversations with businesses that the gateway issue rising to the top with the exception of the ByteSpeed expansion which was resolved. He stated that most businesses would go far beyond the minimum standards of the community but also guards against the other side of the coin. Developers also place standards within their development to insure a certain level is achieved. He stated that the Planning Commission would review this matter but that he could bring updates to the EDA.

Riewer stated that the subcommittee's recommendations for no change came from a rule of 90-10. That 90% of businesses are beyond the standard and there's 10% that need to have something prescriptive. He stated that it is the Planning Commission's duty to review. The regulation should not promote additional hardship that overlay districts in surrounding communities do not call for.

Hintermeyer stated that originally Moorhead's standards were not compatible with Fargo and West Fargo and seemed to have genuine cost differences. He wondered if it was so critical to have the standards apply to some corridors, are we not shirking responsibility to the other corridors, why would not the same standards apply? Felt there was no consistency. He stated that he hopes the EDA would play an advisory role to the Planning Commission giving a business prospective. He stated he supports the "tweaks" made to the current ordinance but still struggles with justifying the additional cost.

Leshovsky noted that there are options for property owners, contractors, and builders to be granted a variance in design standards by the Planning Commission.

Wallert stated that he had conversations with citizens informed about overlay districts and they felt it is important to the appearance and they like the fact that there are these districts. Contrasting to that view, there are some who think the standards are burdensome and these are usually smaller, newer businesses. He stated that there needs to be a balance between keeping the standards and being as business friendly as possible.

Riewer stated there need for some prescriptive approach, that it can't be wide open. He said he struggles with one case study. Would be interested how Moorhead compares in a multiple case study.

9. [Review and Comment on Proposed Revision to Moorhead's Liquor Ordinance - Leshovsky \(Attachment\)](#)

Minutes: Hutchins stated this item was referred to the EDA by the City Council. He stated that state law had restricted a city's liquor sales within 1,500 feet of a state university which prompted universities around the state to request an exception. He stated that locally, as MSUM had acquired property for various reasons such as additional parking, the 1,500 foot buffer was pushed to the main business district. The city requested the state amend the buffer from

1,500 feet to 300 feet to avoid conflict with the City's major commercial corridors. The Minnesota State Senate and House debated and eliminated the law altogether. He stated that the City's own liquor control ordinance has a control of 300 feet from a private college or place of worship. He stated that the question before them was the ordinance is still relevant?

Leshovsky provided an overview as is found in the packet report. She summarized that at tonight's City Council meeting two options will be presented: 1) To more clearly define the current language, and 2) Delete 300 foot buffer.

Bakke inquired why the two other private colleges were not included in the analysis. Leshovsky stated that Minnesota School of Business and Rasmussen College were zoned in a commercial district and the buffer requirement would not apply to them because the current language is specific to those institutions located in an institutional zoning district. Bakke stated that he is in favor of eliminating the buffer requirement as he has visited the other state universities which have liquor establishments located very near or even across the street from the campuses. He thought that restrictions on K-12 and places of worship continued to be appropriate. Wallert agreed that he did not see how the 300 foot buffer was useful but would continue the buffer for K-12 and places of worship.

Hintermeyer stated that he felt the standard should be consistent and either you allow it or you don't. He feels that allowing waivers smacks of favoritism.

Elmer asked what type of feedback staff received from the institutions. Hutchins stated that the institutions were fine with the reduction of the buffer from 1,500 to 300 feet when staff brought the issue to the state legislators but stated staff hadn't had a conversation since that time. He stated that zoning around the campuses would restrict liquor establishments from encroaching on campus.

Hintermeyer stated he would be in favor of removing the boundary for K-12 schools as well if not doing so may restrict a grocery store which also sells wine to locate in the large lots north of Reinertsen Elementary in south Moorhead.

Board members discussed the issue further and motioned to remove all buffers from colleges and universities, places of worship, and K-12 schools.

Motion to Recommend to City Council made by Mark Hintermeyer and seconded by Les Bakke
Remove 300 foot buffer restricting the sale of liquor for colleges and universities, places of worship, and K-12 schools.
Motion Passed: For: 8; Against: 0; Abstain: 0; Absent: 3

10. [Marketing - Vatnsdal \(Attachment\)](#)

Minutes: Vatnsdal provided a brief review of the City's current and past community marketing. She stated that the result of the Home Buyers Survey was included in the packet. She stated the Maxfield Research Study will add to that volume of information, providing more information about what industry professionals and students have to say which helps development target message for those audiences. She added that her report also included how such research was used in the past to develop message and policies. Once the Maxfield study is received, staff would look to the EDA to give more input on how the approach would be structured.

Hintermeyer stated that with limited resources of roughly \$35,000, should your message target home buyers or business development? He stated that the first priority should be business development since EDA is taxing authority for economic development. He stated that he is worried that too much money has been tied up on studies and while important, feels

that staff could come up with a few ideas for the board's review. He stated that billboards are expensive but want to compete in media market in every way we can.

Vatnsdal stated that research does come into play, it's already been financed, and are to the point of making decisions based on that research. Assistance is needed to access sophisticated media buying and the way people access information which is all part of the work the firm.

Parries stated that many corporate businesses will not come to a place until there is a certain population. She stated that you need people to get businesses and you cannot market to business only. She stated the website needs to be above par because that's where people are looking for their first information about Moorhead. A billboard will not bring a family or business to Moorhead.

Bakke requested that the info be presented to Moorhead Public Service Commission. He stated that you probably would not see recruiting for Moorhead because we live here. Vatnsdal stated that in previous years, television ads had a regional reach but the majority of the advertising is local. Hutchins added that respondents are excited about a lot of things about Moorhead such as parks and trails, schools, neighborhoods, bike trails, etc. He stated that nearly half of those surveyed had had moved to Moorhead from south Fargo. It is important to have this information and pinpoint why this was so and which in turn helps in developing marketing materials. Balance is good. It is family, population, and households which grow the schools and community to support existing business and grow new business. He added that Greater Fargo Moorhead Economic Development Corporation continues to partner with Moorhead for regional or national marketing of primary sector business.

Hintermeyer asked that in response to DEED requests, is there anything needed to more effectively target responses for those requests. Hutchins reiterated the need to upgrade the City's website. He stated that there is a new site selector website, MNPROspector, that makes available to developers an inventory of land. He also stated that staff has refined and improved the template used to respond to request for proposals from DEED. He offered to send the template used to the board.

11. [Information / Update](#)

12. [Adjourn](#)

Minutes: Meeting Adjourned at 1:17 p.m.

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