

City of Moorhead
Economic Development Authority
Meeting Minutes
July 23, 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 July 23, 2012, at 11:45 AM.

Roll call of the members was made as follows:

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

Others Present:

Scott Hutchins, Director of Community Services
Tom McSparron, West Central Initiative

Amy Thorpe, Community Services Planner

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

2. Agenda Amendments

3. [Approve Minutes](#)

A [May 29, 2012](#)

B [June 25, 2012](#)

Motion to Approve made by Steve Gehrtz and seconded by Jim Steen
Approve Minutes from May 29 and June 25.

Motion None: For: 7; Against: 0; Abstain: 0; Absent: 4

4. Citizens Addressing the Board - *Reserved for citizens wishing to speak on matters not listed on agenda.*

5. [Commissioners' Reports](#)

6. [Receive Report from West Central Initiative Foundation - Tom McSparron, Donor Services Officer](#)

Minutes: Tom McSparron, West Central Initiative, provided a summary of activities which happened throughout the past year which was WCI's 25th Anniversary. He thanked Moorhead for their past partnership and financial support and requested that support continue. He reminded the board that the donation is matched dollar for dollar by the McKnight Foundation.

7. Discuss Next Steps in Connection with 1st Avenue North RFP

Minutes: Hutchins provided an update on the 1st Ave N RFP which had been released in early June and due July 13. He stated that the project was complicated and that on the condensed timeline, the City had not received any response or interest. For consideration and discussion, two options were presented: 1) proceed with the extended RFQ-RFP process; or 2) list the property for sale with a commercial realtor.

Gehrtz asked about a "dual track," listing the property for sale with a commercial realtor with stipulations/restrictions for the type of development and continue with the RFQ-RFP process? Hutchins stated that he didn't know to what extent restrictions could be placed on the listing but he would visit with staff and the City Attorney to determine how much latitude the City has. He stated that to the fundamental concept of the RFP is that to those spend the time to submit a proposal, there is an assurance that the property would not be sold out from under them. He briefly referred to the timeline provided in the packet and noted that the goal was to apply for DEED's Contamination Cleanup Grant in the spring of 2013. Gehrtz commented he wants some control of what goes in there and assurance that is sold development will follow. He prefers speed over a lengthy process. Hutchins stated that the City can and has enforced performance standards with a "Right of Reverter" or something similar.

Wallert stated that he thought the major advantage to the City and the businesses along 1st Ave. N., was to have greater input and opportunity to mold and assist whoever may want to develop this property if the RFP-RFQ process were followed. Hutchins responded that those were the objectives but that today commissioners were interested in pursuing some sort of "hybrid" of the two paths.

Elmer agreed that a hybrid was necessary. She also asked if there had been any inquiries formally or otherwise showing interest in the property? Hutchins stated that it has been relatively quiet. He stated that he didn't know what the market's obstacles were to responding to the RFP but timing could have been one issue.

Frider stated that the RFQ-RFP process is time consuming and that listing the property is a good idea. He suggested that zoning may be the City's strongest tool to move the development in the direction they want. He stated that MU-3 allows some residential and if we want to control that, we would not be able to go in after the fact and stop a permitted use from being on the property. He wants to be sensitive to the neighborhood. He suggested that it needed to be rezoned. He also suggested that staff prepare a "fact sheet" for interested parties outlining the requirements, offer a competitive sales price, and cooperate with realtor to offset some marketing cost.

Gehrtz feels that realtors are more suited to sell the property. If the property is rezoned, it should be done before the property is listed so as not to cause confusion to the process.

Hutchins agreed that realtors are the first line for those looking for property. In the case of downtown, prime real estate on a major corridor, with significant contamination issues, the RFQ-RFP was marketed to developers who had the skill to redevelop to property who in turn worked with their own realtor to fill the spaces. That is what was anticipated for the Aggregate site as well. In regards to rezoning, he stated that he understands desire to retain a strong commercial-retail character along the corridor. The question is how do we do that? Modify zoning? Owner placing restrictions and limits on use. A listing agent may or not be comfortable with the limitations placed on the sale. Staff will have a conversation with the current listing agents to gain insight on how the real estate community would view these limitations.

8. Recommend Modification to Moorhead's Approved Marketing & Communications Plan by adding "Strategy #3b - Commercial Development Plan" and Use of 2012 EDA Budget Reserves

Minutes: Hutchins provided background as found in the packet report on page 18. He stated that the

recommendation is to move forward with the Communications Plan for commercial property: 1) Develop the micro-site, and 2) provide customer analytics. Propose a budget adjustment of \$40,000 using 2012 EDA Reserves as outlined:

- \$30,000 Commercial Marketing and Communications Plan (\$20,000 micro-site; \$10,000 other activities)
- \$10,000 Nielsen/Claritas and/or ESRI Inc. trade area and customer analytics

He referred to the letter received from Mary Bujold, Maxfield Research, and noted that the \$10,000 for trade and customer analysis budgeted amount is likely more than sufficient. Need to go back to the owners and real estate profession to ask what data would be need.

Gehertz suggested reducing the overall budget to \$30,000 because of the estimate received by Bujold.

Frider requested that staff could provide the board a comparison of taxable sales for Moorhead and similar sized cities? One without the border city. He disagrees that the tip credit is the only reason keeping restaurants from expanding in Moorhead but that it's the potential revenue, or lack thereof, as well. He suggested a long term solution would be to start a "Buy Moorhead" campaign. He thinks that the rooftops are here but business is not convinced that residents are spending their money in Moorhead.

Wallert suggested the board approve the budget as presented to allow for the development of information, give staff the power to do what they need to do and get the information out as soon as possible.

Frider requested that staff be sure the information can be share with the public before a package is purchased.

Motion to Approve made by Brenda Elmer and seconded by Robert Remark

Recommend to the City Council Modification to Moorhead's Approved Marketing & Communications Plan by adding "Strategy #3b - Commercial Development Plan" and Recommendation to Approve a Budget Adjustment from 2012 EDA Reserves for an amount not to exceed \$40,000.

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

9. "Next Generation" Border Cities Program - Recommend Use of 2012 EDA Budget Reserves for Professional Services

Minutes: Hutchins request to set aside \$10,000 from 2012 EDA reserves for a third party, audit firm, to analyze and examine business operations of several restaurants operations having similar facilities in Moorhead and Fargo and provide a report which can be used for legislative advocacy. He stated that they may find that there are other ways to reduce the cost for restaurants to do business in Moorhead such as an income tax credit. Finding other solution and paths to make it more advantageous to do business in Moorhead. A CPA/Audit firm may be able to conceptualize some of these ideas for us.

Frider asked what was being done to bring the other Border Cities. He stated that the MBA has made an attempt to get the other communities involved to bring additional leverage to St. Paul but they were disappointed that the other cities were not as interested in helping to move these things forward. Hutchins stated that during the legislative sessions, there are informal conversations keeping the border city communities and individuals updated on what is going on in the sessions. He will contact them and ask for their input.

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

Motion to Recommend to City Council Use of 2012 EDA Budget Reserves for Professional Services to study "Next Generation" Border Cities Program, not to exceed \$10,000.

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

10. [Discuss Moorhead's Property Tax Abatement Program](#)

Minutes: Hutchins provided the board an update from a recent meeting with the Moorhead School District and Clay County. He stated there is interest and support by both parties. Clay County suggested other cities in the county may want to participate as well. There will be information gathered by the key finance people. He stated that this matter will be brought before the Clay County Commission and School Board in August and City staff will participate in those meetings. Key discussion topics will be:

- duration of the exemption
- abatement at 100% of improvement value or capped
- abatement retroactive to Jan 1, 2012 or beginning Jan 1, 2013

Discussion followed and commissions generally agreed that:

- Cap should be \$250,000
- Incentive package should include as many incentives as possible such as a MPS utility incentive, a family pass to swimming pool, 6 rounds of golf during a restrictive time, and a free school activity pass
- Abatement should be retroactive, effective Jan. 1, 2012.
- Cautioned against slowing development while waiting for the abatement.

Hutchins stated that marketing is key and the other jurisdictions asked for bullets or talking points before meeting with their respective boards in August.

11. **Information / Update**

A [Proposed 2013 EDA Budget/Levy Information \(as provided in June packet\)](#)

B [City Attorney Opinion Regarding Eligible Uses of City's EDA Levy](#)

Minutes: Hutchins noted the City Attorney's response found on Page 53-54 regarding eligible uses of the EDA Levy and found activities found in your proposed budget are eligible uses.

C [MN Property Tax Working Group - Disparity Reduction Credit Update](#)

D [Other](#)

Minutes: Gehrtz requested that realtors listing the 11th Street properties provide the board with a monthly update on activities.

Regarding discussion framework – page 20 – suggested that the “business liaison” could work with realtors as a point of contact. Hutchins stated that senior staff is capable of doing these high level marketing activities, which is distinguished from other communications efforts. There is also staff capable of being the point of contact and departments are co-located. For staff to provide those services which they are capable and well equipped to do, is to backfill the staff. They need support. For business development, the City would be well served by providing marketing and communications materials which was just approved.

Elmer requested that staff pull together options and concepts and add to agenda next time.

12. Adjourn

Minutes: Adjourned at 1:06 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