



**City of Moorhead
EDA Executive Committee**

**Meeting Agenda
February 03, 2017 at 8:00 AM
City Hall**

<u>ITEM</u>	<u>REMARKS</u>
1. Call meeting to Order / Roll Call	_____
2. Agenda Amendments	_____
3. Approve Minutes	_____
A January 20, 2017	_____
4. Citizens Addressing the Board	_____
5. New Business	_____
A Policy Discussion Regarding the Urban Progress Zone (UP Zone)	_____
B Updated Logo Proofs and Proposed Website Layouts	_____
6. Adjourn	_____

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**City of Moorhead
EDA Executive Committee**

**Meeting Agenda
January 20, 2017 at 8:00 AM
City Hall - 1st Floor - Boardroom**

Pursuant to due call and notice thereof, a regular meeting of the EDA Executive Committee was held in the City Hall - 1st Floor - Boardroom, on January 20, 2017, at 8:00 AM.

Roll call of the members was made as follows:

Board Member:	Bob Buth	Present
Board Member:	Charley Johnson	Present
Board Member:	James Steen	Present
Board Member:	Marsha Weber	Present

Others Present:

Cindy Graffeo, EDA Executive Director
Amy Thorpe, Economic Development Program Administrator

1. Call meeting to Order / Roll Call

2. Agenda Amendments

Minutes: None

3. Approve Minutes

A November 21, 2016

Motion to Approve made by Bob Buth and seconded by Charley Johnson

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

4. Citizens Addressing the Board

Minutes: None

5. New Business

A EDA Rebranding Logo Proofs

Minutes: Graffeo presented JB Systems logo options to committee members. Detailed discussion followed. Recommended the "link" and "arches" logo be presented to the full board for consideration in February.

B GFMEDC Marketing Strategy Update

Minutes: Graffeo discussed partnering with GFMEDC to create a focused marketing campaign to attract data centers to Moorhead. The Minnesota Department of Employment and Economic Development (DEED) recommended that Moorhead complete the Shovel Ready certification process to receive potential data center leads. Detailed discussion followed.

Motion to Approve made by Charley Johnson and seconded by James Steen

Motion to Recommend to EDA to add Shovel Ready certification to list of 2017 activities.

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

C 8th and Main RFP Process Discussion

Minutes: Graffeo and committee members discussed contacting adjacent property owners in an attempt to assemble additional property prior to releasing a Request for Proposals for the property on 8th Street and Main Avenue. Detailed discussion followed.

D EDA Agenda Items for January 23, 2017

Minutes: Graffeo and committee members discussed potential agenda items for the upcoming meeting.

6. Old Business

7. Adjourn

Minutes: Meeting adjourned at 9:07 a.m.

APPROVED BY:

ATTEST:

Jim Steen
Chair

Charley Johnson
Secretary

The proceedings of this meeting are digitally recorded and are available for public review.

*Respectfully submitted by:
Amy Thorpe, Economic Development Program Administrator*

Memorandum

To: Chair Steen and EDA Executive Board
From: Cindy Graffeo, Executive Director
Date: February 3, 2017
Re: UP Zone Jobs Exception Memo

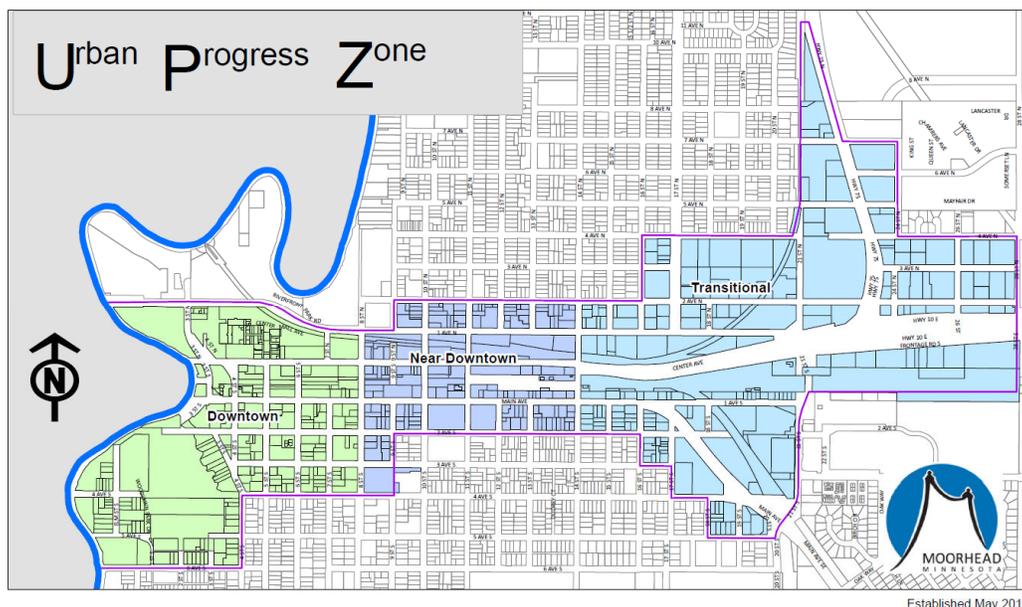
Background and Information

In 2016, the EDA Executive Committee reviewed the Urban Progress Zone (UP Zone) Property Tax Exemption (PTE) policy in response to a unique project proposal on a green-field site. During that discussion, the EDA Executive Committee directed staff to put together a PTE task force to explore tiered exemptions within the UP Zone, comprised of EDA, MBA, and Downtown Group members. The Downtown group has yet to formally launch or hire staff, but is expected to do so soon. In the meantime, the EDA has been informed of a potential project that I believe would be a good case study in support of the tiered UP Zone PTE approach.

The EDA Executive Committee is asked to discuss creating an exception to the jobs requirement in certain UP Zone areas, and determine if such an exception should be recommended to the full EDA Board and City Council.

Current Policy

The Urban Progress Zone is a zone targeting urban development, infill, and redevelopment of commercial or residential properties within the zone to concentrate reinvestment in Moorhead's downtown, near downtown, and transitional areas. The City of Moorhead offers extended Property Tax Exemption (PTE) terms for this area as an added incentive to spur development in that area.



New Building Taxable Value	Full Time Equivalent (FTE) Jobs Minimum Created or Retained*	Standard Term 100% yrs 1-5; 99% yrs 6-10	UP Zone Project Additional 4 Years - % of Exemption
\$150,000-249,999	1	2 years	80 – 60 – 40 – 20
\$250,000-499,999	2	3 years	80 – 60 – 40 – 20
\$500,000-999,999	3	4 years	80 – 60 – 40 – 20
\$1 - \$1.99 million	5	5 years	80 – 60 – 40 – 20
\$2 – 2.99 million	6	6 years	80 – 60 – 40 – 20
\$3 – 3.99 million	7	7 years	80 – 60 – 40 – 20
\$4 – 4.99 million	8	8 years	80 – 60 – 40 – 20
\$5 – 5.99 million	9	9 years	80 – 60 – 40 – 20
\$6 – 6.99 million	10	10 years	80 – 60 – 40 – 20
\$7 – 7.99 million	11	11 years	80 – 60 – 40 – 20
\$8 – 8.99 million	12	12 years	80 – 60 – 40 – 20
\$9 – 9.99 million	13	13 years	80 – 60 – 40 – 20
\$10 – 10.99 million	14	14 years	80 – 60 – 40 – 20
\$11 – 11.99 million	15	15 years	80 – 60 – 40 – 20
\$12 – 12.99 million	16	16 years	80 – 60 – 40 – 20
\$13 – 13.99 million	17	17 years	80 – 60 – 40
\$14 – 14.99 million	18	18 years	80 – 60
\$15 – 15.99 million	19	19 years	80
\$16 – 16.99 million	20	20 years	No ramp up

During the EDA’s discussion in 2016 on this exemption, it was affirmed that the job creation requirement is, and was intended to be a limiting factor. If a project created created substantial value, but minimal jobs, the exemption they created would be the lesser of the two factors. For example, a project creating \$10 million of valuation, but only creating 2 jobs would receive 3 years of full exemption, with the 4 year ramp-up.

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\$7 – 7.99 million	11	11 years	80 – 60 – 40 – 20
\$8 – 8.99 million	12	12 years	80 – 60 – 40 – 20
\$9 – 9.99 million	13	13 years	80 – 60 – 40 – 20
\$10 – 10.99 million	14	14 years	80 – 60 – 40 – 20
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\$16 – 16.99 million	20	20 years	No ramp up

Generally speaking, when it comes to downtown development, it is advantageous to create a high-density housing “doughnut” around the heart of the city to support those downtown businesses. Thus, there may be an interest in eliminating, or substituting the job creation minimum for a different set of standards when considering multi-family housing projects in the “near downtown” and “transitional” areas of the UP Zone when we consider moving to a tiered PTE strategy.

An alternative could be created to ensure a project that requires a job creation exception is truly developing a parcel of land to its full potential, so that it becomes in the city’s best interest to allow for the exemption. For example, a project could seek an exemption to the job creation requirement if it met 4 of the 5 following standards:

1. Intensity of development – The project’s Floor Area Ratio (FAR) is 2.5 or greater
2. Underground and/or structured parking – The project has one story of underground and/or structured parking that is equivalent to the footprint of the building.
3. Land to building ratio – The land to building ratio is 75% or greater.
4. Value per square foot of land created – The project has a projected minimum assessed value of \$100 per square foot, including the land value.
5. Redevelopment Expenditures – The project has a minimum of \$100,000 of redevelopment expenditures (contamination, remediation, and/or demolition), paid for out-of-pocket by the developer. State grants and assistance do not count toward this threshold.

Financial Consideration

There is no financial consideration at this time.

Action or Recommendation

The EDA Executive Committee is asked to discuss and recommend any desired changes to the UP Zone PTE policy.