

City of Moorhead
Economic Development Authority
Meeting Minutes
June 27, 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 June 27, 2011, at 11:45 AM.

Roll call of the members was made as follows:

3rd Ward Council Member:	Brenda Elmer	Present
4th Ward Council Member:	Mark Hintermeyer	Present
Board Member:	Werner Golling	<i>Absent</i>
Board Member:	Kay Parries	Present
Board Member:	Les Bakke	Present
Board Member:	Robert Remark	Present
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	<i>Absent</i>

Others Present:

Harlyn Ault, Finance Director	Michael Redlinger, City Manager
Pete Doll, Development Services Manager	Amy Thorpe, Community Services Planner
Scott Hutchins, Director of Community Services	Wanda Wager, Assistant Finance Director

1. [Call meeting to Order/Roll Call](#)
2. [Agenda Amendments](#) – None.
3. **Approve Minutes** – None.
4. [Citizens Addressing the Board](#) – None.
5. [Discussion of Proposed 2012 EDA Budget and Levy - Hutchins](#)

Minutes: Hutchins stated that the materials presented were for “discussion only” with regard to setting the proposed 2012 EDA budget and levy. He stated the board would be requested to act on a proposed levy at their August meeting and to be forwarded to the City Council for their discussions in mid-September.

Hutchins stated that the budget information found on page 3 of the packet materials contained the “nuts and bolts” of the budget and went through the report line by line. First, he described how the estimated cash balance on 12/31/2011 was arrived at. Next, it was noted that the maximum levy amount allowed by law was \$392,000 and the proposed levy was \$235,000, down slightly from 2011. Found in the same chart (mid-page), were proposed uses for the levy. He stated that the line item for “land acquisition” was for the purchase of the former Tire Depot from Clay County, as that land had gone through tax forfeiture. He also stated that the line item for marketing would be used for two purposes: 1) \$50,000 to fund a portion of the City's website upgrade, and 2) \$25,000 for general EDA marketing purposes. Other items continued from last year's budget include funding the GMDC/Business Liaison position (\$15,000) and West Central Initiative Fund (\$15,000).

Hutchins stated that the line item (found on the final chart) for Gateway Redevelopment of \$100,000 was an activity brought forward from 2010. Demolition of the Aggregate and

Hedgemasters properties and related activities would begin soon. He also reiterated that any amounts budgeted but not spent would stay in the EDA fund and carry forward to subsequent years.

Hutchins also went through the "Economic Development Special Revenue Fund" report, found on page 4, which is in part, an operating fund paying for staff services and office supplies, etc. He stated the operating portion of this fund will be discussed by the City Council as part of their budget discussions. Hutchins asked board members for any questions they have related to the proposed 2012 EDA budget and levy.

Riewer asked how the proposed levy would affect the average home owner. Harlyn Ault, Finance Director, stated that it usually works out to be \$6 for every \$100,000 worth of tax levy so in the case of a house with a market value of \$140,000 is in the range of \$12-15 for the EDA levy alone.

Elmer stated that the budget looked very reasonable and was happy to see resources allocated toward marketing and similar efforts. She asked Hutchins to provide more information regarding LGA and the assumptions used. Hutchins stated that the EDA Levy/Budget is not affected by LGA but rather the operating budget of the Economic Development Special Revenue Fund may be and would be part of the City's budget process.

Parries stated she was also happy to see the marketing in the budget. She said that Moorhead is up against marketing campaigns such as "Downtown, Baby," "Alexandria, Ah!" and Perham's TV advertising and that we need to invest in marketing our community.

Hintermeyer proposed to increase the proposed levy to \$245 (same as last year) and increase marketing item from \$25,000 to \$35,000. Hintermeyer listed a number of marketing-related topics, such as:

- Develop a slogan that signifies what Moorhead has to offer.
- Differentiate Moorhead as "the place" to live, work and play.
- Identify possible billboard, neon sign, or electronic sign opportunities
- Identify Moorhead as a place where you want to "stop and stay" in hotels, eateries, etc.

Riewer asked for clarification that the increase of \$10,000 would be designated for a "marketing plan." Hintermeyer stated that such an effort will require additional funds.

Elmer asked staff if a marketing plan would come back to this board or would an "ad hoc" committee be formed to be involved. She stated that she does not want it be just a "splashy billboard" but rather a multi-faceted campaign involving citizens at the grass root level. She acknowledge that there are groups such as the Convention and Visitors Bureau which promotes the area but that a grass roots campaign is maybe what is needed.

Board members discussed this issue further. Hutchins wrapped up the discussion stating this was the time to market the city. He reiterated the need to commit resources. He stated that the City has undertaken comprehensive marketing efforts in the past. He stated that staff will bring information to the board from some of those past campaigns. He closed stating that a project of this significance will take time/resources and is a significant undertaking.

6. Recommendations of the Incentives Subcommittee - Golling / Parries / Riewer

Minutes: Hutchins stated that the incentive subcommittee had met twice since the last EDA meeting and thanked them for their work on exemption policies related to commercial and industrial property (page 24) as well as multi-family residential property (page 27). Hutchins stated the value of the conversations has been to look globally, to position the city for growth and the role of incentives to grow tax and job base.

Riewer stated that it came down to being open and flexible, particularly with multi-family housing. He stated that there still needed to be a distinction between key redevelopment areas

versus green space. He stated the goal was to assist and be competitive with opportunities across the river, to “open up the tool box, lay everything out there, and move things forward.”

Parries referred to the addition of the “preamble” on commercial-industrial and multi-family residential policies and felt that it provided a good summary of the goals and objectives of the incentive and stated that this was a great addition. She also stated the existing businesses stated to her that “they didn’t receive incentives...what about me?” She stated that if Moorhead does not provide incentives, new businesses will go to the other side of the river which will not help any of the businesses. She stated that existing business owners need to consider that more businesses help the tax base and help their business as well.

Doll stated that the subcommittee took a holistic approach to bring an organized policy forward for both redevelopment and Greenfield development within the city, growth being the common goal. He stated that bottom line is that you need more growth than inflation or the cost of government increases. He stated that within the last five to ten years, Moorhead has done that – property values have increased but taxes have remained relatively stable. But, he stated, the today’s economy is leaner and traditional incentives are not being funded by the State of Minnesota. He stated the subcommittee considered this and have attempted to refocus the locally available incentives to capture its share of growth.

Doll stated there are two locally funded and administered economic development tools available: Property Tax Exemption and Tax Increment Financing. He stated that policies were broadened and that if a project meets certain criteria, it will receive an incentive.

Doll touched on several points including;

- Preamble
- Competition. Committee concluded that growth should be the goal and that more growth would create more need for services. Create a destination.
- Fargo Renaissance Zone. How to compete with Fargo’s redevelopment district.

Doll outlined changes to the Property Tax Exemption policies, including:

Commercial-Industrial Property

- Removal of language used to either attract a certain type of business (such a full-service restaurants or Big Box Retail) or limit certain uses (such as office)
- Allowing a property tax exemption within a TIF District similar to Fargo’s Renaissance Zone

Multi-Family Residential Property

- Citywide or within a redevelopment TIF District
- Tiered schedule to acknowledge the greater cost of redevelopment and structured parking

Doll reiterating the “change in mentality” for approving exemptions. He stated that the policies were drafted so that if you meet the policy criteria by creating jobs and tax base, you qualify for the exemption. The belief is that growing the tax base and roof tops will create more demand for goods and services. The desire is to attract more businesses to Moorhead and create a destination drawing more consumers to the area.

Staff asked the assistant city attorney if this new broad-based incentive policy would meet the statutory test for competition and Shockley stated that it clearly conformed to the statute. He thought that the more global approach was better than approval on a case-by-case basis.

Doll also outlined the cost analysis for multi-family housing as provided on page 7.

Hintermeyer restated that the property tax the city now collects on these properties would still be collected, whether the incentive was a property tax exemption or TIF, and that it is the revenue generated from the new building value which would be foregone for a period of time. He stated that it was important to remember that the same revenues will be collected from those properties and it isn’t “tax payer dollars” funding the program but foregone revenue.

Hintermeyer stated that he views overlay districts found on certain corridors to be a possible “disincentive” to attracting new business. He asked the incentive subcommittee if they had

discussed this topic, or if not, if they were open to discussion.

Riewer stated that their charge and scope was limited to what was presented the board but agreed that creating fewer barriers could also be seen as an incentive. Parries stated that she thinks those discussions need to happen because we may be hindering some growth and business.

Hutchins responded by stating that it was a relevant topic. If the Incentive Subcommittee wished to take it on, staff could provide background and information regarding how this came about, and include the city planner, Kristie Leshovsky, and bring a report back to the EDA and eventually the Planning Commission. Elmer stated that she would welcome fact finding and analysis in the corridors to look at it from an economic development viewpoint.

After further board discussion, members agreed to allow a subcommittee to meet and review this matter leading up to the August EDA meeting.

Motion to Accept Report of the EDA Incentive Subcommittee and Recommend Approval to City Council made by Mark Hintermeyer and seconded by James Taylor for policies related to Property Tax Exemption, as follows:

1. Commercial and Industrial Property as found on page 24 of the packet materials; and
2. Multi-Family Residential Property as found on page 27 of the packet materials.

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

7. Recommend Agreement with Greater Moorhead Development Corporation for Business Liaison Position - Hutchins

Minutes: Hutchins stated there were no recommended changes to the provisions of the agreement other than to the term to extend it over an eighteen month period, from mid-year 2011 until the end of 2012. He stated funding was included in the 2011 levy and proposed for next year.

Motion to Approve Agreement for the remainder of 2011 and contingent upon 2012 EDA Budget/Levy approval made by Kay Parries and seconded by Brenda Elmer

Agreement with Greater Moorhead Development Corporation for Business Liaison Position

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

8. Information / Update

Minutes: Hintermeyer and Elmer provided the board a brief update related to the Joint Powers Agreement / Red River Diversion Project.

9. Adjourn - Meeting was adjourned at 1:03 p.m.

APPROVED BY:

ATTEST:

Les Bakke
Vice-Chair

James Taylor
Secretary

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

Respectfully submitted by:
Amy Thorpe, Community Services Planner