

**MINUTES
CITY OF COLUMBIA HEIGHTS
ECONOMIC DEVELOPMENT AUTHORITY (EDA) MEETING
AUGUST 2, 2021**

The meeting was called to order at 6:00 pm by Chair Szurek.

Members present: Connie Buesgens, Kt Jacobs, Nick Novitsky, Amada Márquez-Simula, Marlaine Szurek

Members absent: Gerry Herringer, John Murzyn Jr.

Staff Present: Aaron Chirpich, Community Development Director; Kelli Bourgeois, City Manager; Joe Kloiber, Finance Director; Ben Sandell, Communications Coordinator; and Alicia Apanah, Administrative Assistant

PLEDGE OF ALLEGIANCE

CONSENT AGENDA

1. Approve the minutes of the regular EDA Meeting of June 7, 2021
2. Approve financial reports and payment of bills for May and June 2021 – Resolution No. 2021-07

Motion by Jacobs, seconded by Novitsky, to approve the Consent Agenda as presented. All ayes of present. MOTION PASSED.

RESOLUTION NO. 2021-12

A RESOLUTION OF THE ECONOMIC DEVELOPMENT AUTHORITY OF COLUMBIA HEIGHTS, MINNESOTA, APPROVING THE FINANCIAL STATEMENTS FOR THE MONTHS OF MAY AND JUNE 2021, AND THE PAYMENT OF THE BILLS FOR THE MONTHS OF MAY AND JUNE, 2021.

WHEREAS, the Columbia Heights Economic Development Authority (the “EDA”) is required by Minnesota Statutes Section 469.096, Subd. 9, to prepare a detailed financial statement which shows all receipts and disbursements, their nature, the money on hand, the purposes to which the money on hand is to be applied, the EDA's credits and assets and its outstanding liabilities; and

WHEREAS, said Statute also requires the EDA to examine the statement and treasurer's vouchers or bills and if correct, to approve them by resolution and enter the resolution in its records; and

WHEREAS, the financial statements for the months of May and June 2021 have been reviewed by the EDA Commission; and

WHEREAS, the EDA has examined the financial statements and finds them to be acceptable as to both form and accuracy; and **WHEREAS**, the EDA Commission has other means to verify the intent of Section 469.096, Subd. 9, including but not limited to Comprehensive Annual Financial Reports, Annual City approved Budgets, Audits and similar documentation; and

WHEREAS, financials statements are held by the City’s Finance Department in a method outlined by the State of Minnesota’s Records Retention Schedule,

NOW, THEREFORE BE IT RESOLVED by the Board of Commissioners of the Columbia Heights Economic Development Authority that it has examined the referenced financial statements including the check history, and they are found to be correct, as to form and content; and

BE IT FURTHER RESOLVED the financial statements are acknowledged and received and the check history as presented in writing is approved for payment out of proper funds; and

BE IT FURTHER RESOLVED this resolution is made a part of the permanent records of the Columbia Heights Economic Development Authority.

ORDER OF ECONOMIC DEVELOPMENT AUTHORITY

Passed this 2nd day of August, 2021

Offered by:

Seconded by:

Roll Call:

President

Attest:

Assistant Secretary

BUSINESS ITEMS

3. Discuss 2022 Levy Limit and Budget for the EDA Commercial Revitalization Fund

Chirpich stated that evening's discussion of the 2022 levy limit and budget for the EDA Commercial Revitalization Fund would be considered more of a work session, rather than asking for any EDA action, and weight in on certain items to prepare for a budget and also get some feedback on potential redevelopment sites.

The first item is preparation for the upcoming budget season for the expected final approval in September, and then discusses the Commercial Revitalization Fund, most commonly referred to as Fund 408, a working capital fund designed to provide the resources necessary for the EDA to implement approved development activities for the benefit of the community. Two long-running activities covered within the fund are the Commercial Revitalization Project and the Façade Improvement Grant Program. The Commercial Revitalization Project aims to acquire legally non-conforming single-family homes that are zoned commercially along Central and University Avenues. Chirpich said there is no perfect rhythm; they are acquired as they become available on the market, and the unofficial goal is one per year, with \$200,000 having been aside annually over the last three years. \$50,000 has been set aside annual for the Façade Improvement Grant Program, which also includes surveillance cameras. In May of 2021, the allocated, as part of a pilot program, \$45,000 of fund balance from Fund 408 to create a pilot fire suppression assistance grant program that aims to help small businesses cover the cost of upgrading older buildings with modern fire

suppression systems.

Chirpich stated that with the addition of the fire suppression emphasis, the fact that many of the family acquisitions in the Revitalization Program cost more than \$200,000, and the levy has not been increased for three years, staff believes that the EDA should consider increasing the amount of the HRA levy for the 2022 budget. The EDA could increase the HRA Levy to the current maximum of \$310,000, or any amount in between \$250,000 and the maximum, though no formal action is requested of the EDA at this time. The levy is tied to the applicable market value tax base of the City, and 0.158% of that contributes to what the City can levy in total.

Kloiber added that the EDA levy is used for EDA operating purposes and the HRA levy is used for project purposes, and they are different from other levies as there is a statutory levy limit that applies to them every year. Unlike the City's general levy, the EDA does not have the complete flexible control in any one year.

Questions/Comments from Members:

Buesgens asked whether the money used recently for the house that was demolished on 40th and University fall within this fund, and Chirpich confirmed so. She said it would be money that could be used to clear out properties for redevelopment, façades and sprinkler systems and would support the proposed increase of \$310,000, adding that she would like to see landscaping included for some small businesses.

Márquez-Simula agreed with Buesgens and said she loved the idea of landscaping and improving the business district.

Novitsky agreed with both Buesgens and Márquez-Simula and asked whether the fund would cover home energy as well. Chirpich said resources were allocated to that, he believed, for a five-year period and may very well have come out of Fund 408 and will need to verify that. He said the City is still participating in the home energy audit reimbursement, and Novitsky said he was glad the City is still doing so. Novitsky asked if the Façade grant is available on University as well, and Chirpich said 40th and Central for sure but the program hasn't been expanded to University. If expanded, Novitsky said he would like University included and then, after including those businesses, look into moving forward with the landscaping part of it.

Jacobs said she is in favor of the increase but believes it is premature to tag on landscaping at this point. It's her understanding the businesses would have a "bucket" to do their façades, money that they didn't have to spend, but thinks there should be some investment on their part.

Chirpich asked whether the Commission wished to consider filling the "bigger basket" to feed the smaller programs and then come back and consider changes to the parameters of the façade program or the Commercial Revitalization program. Chirpich added that the EDA doesn't have to maximize the available levy limit; it can consider a number that isn't the full \$310,000. Buesgens asked if unused money carries over, and Kloiber confirmed so. Jacobs asked if it has any effect on what the maximum cap is for the following year, and Kloiber said no.

Chirpich asked for comment on the full \$310,000, and it was Commission consensus that it is not a big jump and members would support it. Szurek said, with the amount of money that owners are asking for homes that may be totally run down, a lower amount may not be enough money to procure that property and thinks raising the amount is an excellent idea.

It was determined then that staff will make the amendment for the Commission's full budget review in September, which will be in greater detail.

4. Discuss Redevelopment Concept for 2201 37th Avenue NE

Chirpich explained that staff has been contacted by a developer (business name to be determined) who is interested in constructing a market rate/workforce apartment community in Columbia Heights. Staff discussed the City's priority areas for redevelopment, and the developer expressed interest in the former Unique Thrift Store site at 2201 37th Avenue NE. He displayed the area map and said the property is currently cited as General Business. From a redevelopment perspective, staff believes the site has the potential to support a vertical mixed-use project that includes small-scale commercial/retail spaces with high-density residential. The Comprehensive Plan supports high-density residential and commercial redevelopment in this area and identifies the site as an area of opportunity, stressing the importance of creating an attractive and welcoming site design because the property serves as an entry point into Columbia Heights.

The developer is currently interested in a housing only redevelopment concept and has submitted a preliminary site plan that is consistent with the development standards found in the City's R-4 residential zoning guidelines. The site plan includes 112 market rate units of varying sizes with a mix of underground parking, surface parking, and above ground garages to accommodate the parking requirements of the City. Staff has encouraged the developer to consider a mixed-use concept for the site. However, the developer has requested that the City consider a housing only redevelopment concept and provide feedback before moving forward with changes to the plan and potential acquisition of the property.

Questions/Comments from Members:

Jacobs asked what the difference is in unit numbers between the two options. Chirpich said it has yet to be determined. The developer ran a fit plan, like a site plan, that used the R-4 standard, which is 122 units. The Comprehensive Plan would need to be amended if it went straight residential, as it's calling for mixed-use, and he said this property is three acres and another development is building 266 units on 2-1/2 acres on Central.

Buesgens asked why the lot would require a TIF, and Chirpich said it is going to be significantly above what a project with raw land is going to support, and would require demolition and other site preparation costs. She didn't think it would require a TIF because there are no water issues and didn't have all of the other problem issues involved with other projects. He said staff doesn't know whether or not there are soil or sewer issues but there will likely be TIF-eligible costs. Chirpich said he would like to frame it as being what type of project the Commission would want to invest in from a TIF perspective – is it a mixed-use, or a straight multifamily, and what does and

doesn't the Commission like about what is being proposed.

Buesgens asked how many buildings the developer has built, and Chirpich responded "zero." She said she would be nervous about this project being his first. Hark said staff understand that concern, don't want the City to be the "test," but also realize this is a non-active site that should be redeveloped.

Jacobs is in favor of the project and it being high-density. With its geographic location, she thinks having some type of mixed use makes sense but would want a very limited length of TIF. Chirpich said staff always shoots for that but said it is sometimes out of their control, being a balance for what the City is giving for what it is getting. Jacobs is very concerned about the developer coming forward without a confirmed business name. Chirpich said credentials are going to be important to the EDA.

Márquez-Simula said it seems to be more of a conversation of what possibilities there might be for this specific property, instead of it being a concrete proposal. Chirpich said the developer knows the challenge in front of him and was comfortable getting some feedback from the Commission on what they would support for a project. Staff said it would be fair to go back to developer and share the Commission's concern about the project, working with someone who doesn't have a track record and then see how he responds. He could partner up with someone to convince the Commission that it's worthwhile to move ahead.

Szurek's concern is that the developer didn't want to talk about doing commercial and apartments above. Chirpich said he wasn't totally opposed to it. She added that he is calling the proposed development "luxury workforce apartments," and she thinks the two names do not go together and hopes the Alatus project is not workforce and will be higher-end apartments that the City is due. She also said Dominion described to the EDA that Grand Central Flats was going to be a beautiful workforce housing development but has turned out to be low-income Section 8 instead; if Dominion approaches the EDA again, she will be frank with them because they did not follow through with what they said.

Szurek believes Minneapolis putting a huge pressure on the Columbia Heights to build more low-income housing and doesn't like the proposed project, describing it as being too "cookie-cutter." Chirpich said the area is a gateway to the City and is important to have something attractive and well done; and this is an opportunity to put a spotlight on it. Staff will accept more inquiries on the site and want to be better armed before more conversations. Szurek commented that this inquiry has at least started a conversation about the site.

Novitsky thinks the site should be at least mixed-use and could not support a project even if it was done by the most reputable apartment builder because there need to be more businesses.

Buesgens said the strip mall nearby is not worthwhile. Chirpich said it needs help but there are some "neat" businesses there that are struggling, but there is a better chance that it could be elevated if the proposed site was developed. She said she doesn't know what the market is right now with businesses trying to outlast the pandemic but suggested maybe a small gym or coffee

shop would be viable. Buesgens would hate to lose the two apartment buildings nearby but is unsure how best to plan for the area.

Novitsky suggested, for future discussion, trying to get the strip mall included in the Façade program, if it's not already, and may help spur some constructive planning. Chirpich likes the idea of expanding the Façade program.

Chirpich added that he spoke with another company about this site, and so something can be done.

Buesgens asked about mixed-use zoning. Chirpich said it would go PUD and not be rezoned mixed-use, as it's similar to PUD in concept.

Buesgens said a PUD would be good for that corner but added that the current apartments aren't going anywhere. Chirpich said, from a Met Council and planning principle perspective, there would need to be some other mixed-use element to bring more density into the site other than the R-4. Whether or not the market will say it absolutely cannot be done, that can't be determined until City staff speak with other individuals.

Buesgens agreed with Jacobs, with it being a good site for high-density as there is not much residential around it and traffic would be fine.

Márquez-Simula said it would be great to redevelop the area and bring in a lot more people to create a neighborhood, where people can feel like they belong, and businesses in the strip mall have been there for a while – such as the Mexican restaurant and dry cleaner. She said it would also be a good idea to build an apartment building near the City-owned liquor store.

Concerning mixed use, Jacobs asked if it would be retail businesses or accommodate some type of offices. Chirpich, as an example, said it could be an insurance broker, etc. Other suggestions were a brewery, salon or spa, dance studio.

Márquez-Simula said businesses would also need space for online food sales, coffee sales or jewelry sales.

There were further discussions about TIF and its time limits as well as the current church within the strip mall. Bourgeois said there are a number of factors that go into allowing a church into that building.

Márquez-Simula asked whether a new style of apartment buildings could be considered, rather than the current Lego-box style, and be more creative when speaking with developers. Szurek agreed, and Jacobs said that is her issue with 42nd Avenue. Chirpich said their preference would be a subjective lens, but it would be addressed through the City's design guidelines, which are due for a revamp. Szurek asked whether the district would have to be expanded so that there is more say as to what a design would be. Novitsky said there would be more design flexibility for higher-end projects and buildings capped at rent would have limitations.

Chirpich asked if the Commission likes the aesthetics at 40th and Central, and they said it is a start.

Jacobs liked the different heights of the residential project at the Rainbow site. Chirpich said it is all a balancing act and very subjective.

Márquez-Simula thinks the Grand Central Flats work well with the buildings that were already there and the building's color coordinates with them.

Jacobs wants the City to "be first" and push building designs.

Buesgens asked whether residents who are artists could be part of a design committee for 43rd and Central, and Chirpich said a consulting group would likely be brought in to lead the group. He anticipates that Alatus will purchase the property from Hy-Vee this week but closing has not yet been scheduled.

On another topic, Márquez-Simula asked whether the gas station site at 47th and Central is part of it and whether there are plans for it. Chirpich said Hy-Vee told Alatus early on that they won't be serious about selling that until the sale of the main site is completed, adding that there is a second parcel near the property that would be a sizable plot (about two acres in total) for construction.

ADJOURNMENT

Motion by Buesgens, seconded by Jacobs, to adjourn the meeting at 6.54 pm. All ayes. MOTION PASSED.

Respectfully submitted,



Alicia Apanah, Recording Secretary