

**MINUTES
CITY OF COLUMBIA HEIGHTS
ECONOMIC DEVELOPMENT AUTHORITY (EDA) MEETING
NOVEMBER 1, 2021**

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

Members present: Connie Buesgens; Gerry Herringer; Kt Jacobs; John Murzyn, Jr; Nick Novitsky; Amada Márquez-Simula; Marlaine Szurek

Staff Present: Kelli Bourgeois, City Manager; Aaron Chirpich, Community Development Director; Alicia Howe, Administrative Assistant; Sara Ion, City Clerk; Juanita Martinez, Accounting Clerk

PLEDGE OF ALLEGIANCE

CONSENT AGENDA

1. Approve the minutes of the regular EDA Meeting of September 7, 2021.
2. Approve financial reports and payment of bills for August and September 2021 – Resolution No. 2021-18.

Herringer asked for clarification about TIF payments. Chirpich explained that the proposed payments are the first of biannual payments that the City makes back to TIF districts. Every year the County certifies taxes and the City gets a report from Ehlers that goes through back the historical records on TIF districts and notifies the City of its obligations under those TIF notes about what needs to be paid.

Herringer inquired about the Short Elliot Hendrickson (SEH) payment of \$8,810.00 to Cell Tower Design 073121. Chirpich said SHE is the City's engineer for the cell tower at the Library.

Herringer inquired about the final AT&T Settlement payment of \$342,736.63. Chirpich explained that it is the final settlement payment to AT&T as part of the negotiated relocation of their equipment from the rooftop of 3989 to the new tower.

Herringer inquired about the Vinco, Inc. payment of \$235,300.00 for the communications tower and credit of \$11,765.00 cited as "less 5% retainage." Chirpich explained that it was for the contractor that was selected to build the new tower. Herringer asked if there is a compilation yet of what the whole project cost the City. Chirpich said he could get for him a full breakdown accounting, as Finance put together a spreadsheet for the settlement statement. All things considered, it's just over \$1 million. The tower estimates from the original were higher than what resulted, as the City got a better tower pricing than anticipated. Herringer said it is interesting because it gives some basis for future planning, what the City is doing and how the City has to be careful.

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

RESOLUTION NO. 2021-18

A RESOLUTION OF THE ECONOMIC DEVELOPMENT AUTHORITY OF COLUMBIA HEIGHTS, MINNESOTA, APPROVING THE FINANCIAL STATEMENTS FOR THE MONTHS OF AUGUST AND SEPTEMBER 2021, AND THE PAYMENT OF THE BILLS FOR THE MONTHS OF AUGUST AND SEPTEMBER 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 August, and September 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 1st day of November, 2021

Offered by: Jacobs

Seconded by: Murzyn, Jr.

Roll Call: All ayes of present

President

Attest:

Assistant Secretary

BUSINESS ITEMS

3. Approve Amended EDA Budget – Resolution No. 2021-14

Chirpich reported that the EDA approved Resolution 2021-14 at their September 7, 2021 regular meeting, which contained a numerical error. Because the error relates to a budget resolution, staff would like to make the correction in a formal manner. The resolution incorrectly listed the EDA levy amount for the 2022 budget at \$250,028. This amount reflects the 2022 operating budget for the EDA and not the requested full levy amount of \$255,500. The budget and staff memo presented to the Commission at the September 7 meeting contained both the right amounts for the requested administration budget and corresponding levy. Therefore, deliberations at the meeting were based upon the correct amounts. To fix the error in Resolution No. 2021-14, staff has amended the resolution to show the correct levy amount.

Questions/Comments from Members:

There were no questions.

Motion by Buesgens, seconded by Murzyn Jr, to waive the reading of Amended Resolution No. 2021-14, there being ample copies available to the public. All ayes of present. MOTION PASSED.

Motion by Buesgens, seconded by Murzyn Jr., to approve Amended Resolution No. 2021-14, a resolution of the Columbia Heights Economic Development Authority, adopting a budget for the fiscal year of 2022 and setting the 2021 tax levy, payable in 2022. All ayes of present. MOTION PASSED.

AMENDED RESOLUTION NO. 2021-14

A RESOLUTION OF THE COLUMBIA HEIGHTS ECONOMIC DEVELOPMENT AUTHORITY, ADOPTING A BUDGET FOR THE FISCAL YEAR OF 2022 AND SETTING THE 2021 TAX LEVY, PAYABLE IN 2022

BE IT RESOLVED, by the Columbia Heights Economic Development Authority (the “EDA”) as follows:

WHEREAS, the City of Columbia Heights (the “City”) established the EDA by an enabling resolution adopted on January 8, 1996, pursuant to Minnesota Statutes 469.090 to 469.1081 (the “EDA Act”); and

WHEREAS, the City Council of the City has given to the EDA the responsibility for all development and redevelopment projects and programs; and

WHEREAS, under Section 469.107 of the EDA Act, the City is authorized to levy a tax for the benefit of the EDA on its area of operation for the purposes authorized under the EDA Act, subject to the approval of the City Council;

NOW, THEREFORE BE IT RESOLVED, by the Board of Commissioners of the Columbia Heights Economic Development Authority, that the EDA adopts and requests the City Council’s approval of its budget in the amount of \$565,500 for 2022; and

BE IT FURTHER RESOLVED, that the EDA adopts and requests the City Council's approval of an EDA tax levy under Section 469.107 of the EDA Act, in the amount of \$255,500 for taxes payable in 2022; and

BE IT FURTHER RESOLVED, that Amended Resolution 2021-14 replaces Resolution 2021-14 that was approved by the EDA on September 7, 2021; and

BE IT FURTHER RESOLVED, that the Executive Director is instructed to transmit a copy of this resolution to the City Manager, Finance Director, and City Clerk of the City of Columbia Heights, Minnesota.

ORDER OF ECONOMIC DEVELOPMENT AUTHORITY

Passed this 1st day of November, 2021

Offered by: Buesgens
Seconded by: Murzyn, Jr.
Roll Call: All ayes of present

President

Attest:

Assistant Secretary

- 4. Approve Demolition Contract for 960, 1002 and 230 40th Avenue NE – Resolution No. 2021-19**
Chirpich reported that the EDA recently acquired three single-family homes located at 960, 1002 and 230 40th Avenue NE. The properties were purchased for redevelopment purposes though there are no immediate plans. The next step in the process is to remove all existing site improvements to prepare the properties for future projects. The homes have been prepared for demolition through the removal of any hazardous materials and disconnection of all utilities. One caveat to the topsoil-seed-blanket scenario would be 960 40th, which is located directly next to the 3989 Central Avenue redevelopment site. In this location, the excavated areas on the property would be covered with Class-5 gravel because Doran Construction, the contractor for the 3989 Central Avenue redevelopment project will be utilizing it as a temporary parking area as construction continues over the next year. Then topsoil will be placed once the City can fully clean that area out.

Staff requested quotes for demolition, site grading and utility work from three contractors and two bids were received from Drobnick's Demolition for \$41,295 and Nitti Rollof Services, Inc. for \$58,975. Staff recommends awarding the contract for demolition, site grading and utility work to Drobnick's Demolition in the amount of \$41,295. Weather permitting; staff expects the contracted work to be completed by the end of November.

Questions/Comments from Members:

Szurek asked if the 960 40th Avenue NE construction shack has been removed. Chirpich said there is a job site trailer directly behind the house at 960 40th, shoehorned in the area, and the Dorn will transfer into the building as soon as possible and turn the heat on. She realized they were going to use it for their construction shack because the building was not enclosed and asked if it was going to inconvenience them. Chirpich said the City is coordinating this with Dorn and they are “fully onboard and ready to bring it down, excited to get it out of their way.” Szurek asked for confirmation that they can pull their trailer and use their trailer once the gravel is installed. Chirpich said the trailer is already there, behind the house that is being torn down, and this will give them better and more parking for their job site superintendents for Dorn personnel only – they can park right next to the trailer then.

Márquez-Simula asked for more clarification about 1002 40th Avenue NE because the building is not right next door to the construction site. Chirpich said the building is three doors up from 960 but is in close enough proximity to the redevelopment, and staff thought it was a good acquisition from a strategic perspective. The rest of the houses between 960 and 1002 would be desirous for the EDA to acquire to combine parcels and have a bigger project. The house just came to the open market for sale; it was in reasonable condition but hadn’t been updated since it was originally built.

Herringer asked what company paid for that. Chirpich said he didn’t have those records with him at the evening’s meeting but, from memory, estimated \$175.00.

Márquez-Simula asked when it occurred. Chirpich said all three acquisitions spanned 2020-2021. Szurek said the building at 240 40th Avenue NE is gone because the Fire Department had a burn practice and asked what was going to be removed. Chirpich said just the foundation and some minimal debris, as the Fire Department did a good job of cleaning it down to the bones. Interestingly, he said it was learned that there is a higher level of environmental testing that is now required, related to the riots that took place in downtown Minneapolis, because of all the burning that went on and the demolition landfills contained more heavy-level content – with some debris having to be trucked out of State. So, there was another level of testing on that property, which is why the City is about a month behind where it was hoped to be in the timeline. That fact emerged through the bidding process.

Buesgens added that, checking online, the house at 1002 40th Avenue NE sold on July 31, 2021, for \$175,000.

Motion by Buesgens, seconded by Murzyn Jr., to waive the reading of Resolution No. 2021-19, there being ample copies available to the public. All ayes of present. MOTION PASSED.

Motion by Buesgens, seconded by Murzyn Jr., to adopt Resolution No. 2021-19, a resolution of the Economic Development Authority of Columbia Heights, Minnesota, approving contract with Drobnick’s Demolition for demolition of site improvements, site grading and utility work for the properties located at 960, 1002 and 230 40th Avenue NE. All ayes of present. MOTION PASSED.

RESOLUTION NO. 2021-19

A RESOLUTION OF THE ECONOMIC DEVELOPMENT AUTHORITY OF COLUMBIA HEIGHTS, MINNESOTA, APPROVING CONTRACT WITH DROBNICK’S DEMOLITION FOR DEMOLITION OF SITE IMPROVEMENTS, SITE GRADING, AND UTILITY WORK FOR THE PROPERTIES LOCATED AT 960, 1002, AND 230 40TH AVENUE NE

BE IT RESOLVED, by the Economic Development Authority in and for the City of Columbia Heights as follows:

WHEREAS, the Economic Development Authority in and for the City of Columbia Heights (“EDA”) acquired certain real property located at 960 40th Avenue NE, 1002 40th Avenue NE, and 230 40th Avenue NE, Columbia Heights (the “Properties”) with the intentions of redeveloping the Properties; and

WHEREAS, the EDA intends to redevelop the Properties and return the Properties to the tax rolls for the benefit of all taxing jurisdictions; and

WHEREAS, City staff is exercising due diligence to correct the blighted condition of the Properties by performing environmental cleanup of the Properties to be followed by the demolition of all buildings on the Properties, utility work, and site grading of the Properties; and

WHEREAS, Drobnick’s Demolition submitted a proposal for demolition of site improvements, utility work, and site grading (“Work”) that meets all of the Project Specifications and is the low bid; and

WHEREAS, it is in the best interests of the EDA to enter into a contract with Drobnick’s Demolition for the purpose of performing the Work; and

WHEREAS, City staff is hereby seeking approval from the EDA of the selection of Drobnick’s Demolition as the duly qualified contractor to perform the Work.

NOW, THEREFORE, BE IT RESOLVED, by the Economic Development Authority in and for the City of Columbia Heights as follows:

1. That the above recitals are incorporated herein by reference.
2. That selection of Drobnick’s Demolition as the Contractor to perform the demolition of all building and site improvements located at the Properties, utility work and site grading of the Properties pursuant to the Project Specifications is approved, it being in the best interest of the EDA and City to prepare the Properties for redevelopment.
3. That the payment of \$41,295 to Drobnick’s Demolition to perform the Work is hereby approved.
4. The President, Executive Director and Columbia Heights City staff are authorized and directed to sign all appropriate documents, and to take whatever additional actions are necessary or desirable, to complete the demolition, utility work and the regrading of the Properties in accordance with the contract to be prepared by the City staff.

ORDER OF ECONOMIC DEVELOPMENT AUTHORITY

Passed this 1st day of November, 2021

Offered by: Buesgens
Seconded by: Murzyn, Jr.
Roll Call: All ayes of present

President

Attest:

Assistant Secretary

Szurek asked if the section that is being built above the new City Hall will be as tall as the rest of the building, as "it currently looks weird." Chirpich confirmed that it will be of equal height. The middle adjoining concrete strip on the two large foundation sections had to wait for a specified cure period. He said it will come into focus within the next month or so.

Buesgens said she noticed windows being installed on the top floors. Chirpich said the company is utilizing a lift to reach the six stories, which is the farthest reach that it can go. Jacobs said she recalled that it appeared work was being done from the top down.

Herringer asked about the completion date. Chirpich estimated early fall of 2022, sometime in the September area for apartments. Bourgeois added that the City wants to coordinate the move into the new City Hall along with the apartments, to avoid construction work being done on City Hall while residents would be living in the apartments. Szurek agreed that it would have to be mutual.

Szurek asked if a café had been secured yet for the project. Chirpich said Alatus has not but is looking for the right fit and "not stressing over it."

Buesgens asked what the status is for the old HyVee site. Chirpich said Alatus is working hard to secure a grocery partner and has one that is very interested. They have gone through two design iterations with them to try to refine the site plan to meet their needs, and they see that as the next critical component before completing a site plan. He said this part of the site plan is a primary component. If this partner falls through, Alatus will go back into the market with a new brokerage firm.

Buesgens asked if they could do a little demolition beforehand, and Chirpich said there is no need to do it before spring. Bids are being sought for the demolition work now, which includes a firewall between the removed building and Ace Hardware to allow Ace and the dollar store to continue operations.

Jacobs asked whether the Alatus is considering making the grocer part of the plan smaller. Chirpich

said it will be smaller than HyVee, and noted that Alauts is trying to secure between 45,000 and 65,000 SF for the anchor grocer tenant. For comparison, HyVee was planned at around 90,000 SF. Jacobs said she believed the Rainbow site was around 80,000 to 85,000 SF and she was glad they are looking at a higher number than 30,000 to 40,000 SF.

Novitsky said the HyVee plan would have included their shoe and home good stores and wouldn't have been just the grocery component. Chirpich said that is a really good point. City staff believes the 45,000 to 65,000 SF anchor would be ideal.

Buesgens asked if signage could be installed that identifies Alatus as owner. Chirpich said he would be happy to talk with them about that, removing the current little sign, to show that action is being done.

Chirpich said the last correspondence he had with HyVee was that it is still their intention to develop their gas station site, though no timeline has been established. Directly across that site is another equally-sized parcel for commercial development.

Chirpich gave an update on Caribou, who is interested in the City's 4441 Central lot, just north of the Alatus development site. Corporate is now saying that there won't be enough parking. They have a minimum requirement of 10,000 SF and it will fit 7,000 SF. Buesgens asked if Caribou couldn't buy out the nearby garage site. Chirpich said that will be explored and he has to confirm with them about it being just a drive-through with no lobby. He said employees certainly will need parking and Caribou wants a patio included in the plan. Chirpich added that pre-pandemic coffee-shop developers were saying that 90+% of traffic was drive-through and likely now it's still drive-through heavy. Szurek said two new Caribous are in Fridley and they've done it really well, with easy access. Chirpich said that is the proposed concept, as the building is 600 SF and similar to a Dairy Queen. Szurek said it would be nice to get rid of the garage there, and Chirpich said, surprisingly, the building is 20 feet wide.

Jacobs asked if there is anything new regarding the affordable housing development on 42nd Avenue. Chirpich said no, just gearing up for a second round approach to the State for funding in January and SACA continues to move their site planning along. SACA had hoped to make application on November 1, but he said they will miss that deadline and will likely move into the December planning round, so it would likely be for New Year's approval and the City Council would get it in January. Szurek asked if they were looking at the site behind Public Safety, and Chirpich confirmed so.

Buesgens asked whether SACA had secured any new grant funding, and Chirpich said they had not and nothing has been awarded. He said both entities are in various holding patterns with various funding sources and waiting for the first of the year.

Chirpich then took the opportunity to introduce new City staff member Juanita Martinez, who will be helping Community Development with Alicia Howe's maternity leave. He said her home base is Finance but Community Development has created a position to be evolved into the new City Hall, which will have a long front desk where someone could talk to Public Works, Utility Billing and Community Development and Planning. The first point of contact will be Martinez's new position, where she will have to know about those departments and direct traffic. The EDA welcomed her.

ADJOURNMENT

Motion by Jacobs, seconded by Murzyn Jr., to adjourn the meeting at 6:32 pm. All ayes. MOTION PASSED.

Respectfully submitted,

Alicia Howe, Recording Secretary