

ECONOMIC DEVELOPMENT AUTHORITY

Thursday, December 11, 2008

Pursuant to due call and notice thereof, President Menk called the meeting of the Brainerd Economic Development Authority to order at 8:11 A.M.

Present were Commissioners Menk, O'Day, Trimble, and Nesheim.

Commissioner Johnson was noted absent.

Also present were City Administrator Vogt, Finance Director Goble, City Engineer Hulsether, and Ms. Sheila Haverkamp representing BLADC, Mainstreet Coordinator Emily Roragen, and Council Member Anne Nelson Fisher.

#2 Approval/Amendment of Agenda – Approved.

President Menk asked if there were any changes or requests and as there were none, the agenda was approved as presented.

#3 Approval/Amendment of Minutes – Approved.

President Menk asked if there were any changes or requests for the October 1, 2008 EDA Meeting and as there were none, the Minutes were approved as presented.

#4 Approval of Financial Reports – Approved.

President Menk asked if there were any changes or requests and as there were none, the financial reports were approved as presented.

#5 TIF Request – Jimmy John's Development at Former Casey's General Store – 201 Washington Street NE – EDA Recommends Conceptual Approval of Proposal to Council – Approved.

The Chair recognized Ms. Sheila Haverkamp of BLADC, who reviewed the information on the proposal submitted by Troy Hocum and Darby Sheets to build a Jimmy John's Gourmet Sandwich restaurant at the location of the former Casey's General Store 201 Washington Street NE. She stated that the developer plans to demolish the current building and put up a new building for the sandwich shop and that they are requesting Tax Increment Financing from the City with a maximum term of 25 years.

Commissioner Trimble asked what the current tax basis is, and Ms. Haverkamp referred her to the agenda attachment included in the packet and summarized the current and future plans along with the financial estimates. She stated that when the final numbers are in, the City will determine the Tax Increment funds available. She stated that this development is planned to be handled similarly to the Taco John's project.

Commissioner Trimble asked how long the Jimmy John's restaurant has been in business in Alexandria, and this information was not available. Ms. Trimble stated that she is concerned with adding another restaurant business because of the economy and the fear of it not succeeding in being open for 25 years in order to fulfill the agreement.

Commissioner O'Day stated that he is not concerned with the success of the business because of the many jobs that have been added with the development of the former JC Penney store which has brought more people to the area. He said that if the neighborhood stays the way it has been for the last 5 years, the value of property there will continue to go down the neighborhood will be blighted.

Ms. Haverkamp explained that this is a "pay-as-you-go" TIF and if the property taxes are not paid, no increment is generated to be repaid to the developer. There is no liability to the City.

City Administrator Vogt stated that he is in favor of getting properties back onto the tax rolls as soon as possible, so he suggests getting back to the shorter-term TIF agreements.

Commissioner Nesheim asked if the gas tanks will need to be removed, and it was confirmed that the tanks are already out and that any environmental clean-up is part of the development.

Commissioner Trimble asked if the EDA should feel comfortable with approving this 25-year loan without knowing all of the detail.

Ms. Haverkamp explained the process, including all the steps that will be taken using conceptual information before a final decision and vote is taken. She stated that at this time \$15,000 is being recommended to the developer as an amount to be paid to offset costs to get the process started, with the understanding that more money will need to be deposited if/when necessary. She stated that the goal is always to reduce the number of years that a property is kept off the tax rolls.

MOVED AND SECONDED BY COMMISSIONERS O'DAY AND NESHEIM TO CONCEPTUALLY APPROVE THE PROPOSAL FROM JIMMY JOHN'S RESTAURANTS TO DEMOLISH THE FORMER CASEY'S GENERAL STORE BUILDING AT 201 WASHINGTON STREET NE AND DEVELOP A JIMMY JOHN'S RESTAURANT USING TAX INCREMENT FINANCING.

Commissioners Menk, O'Day, and Nesheim voted "aye." Commissioner Trimble voted "nay."

Commissioner O'Day stated that he suggests getting back to 15-yr TIF projects.

Ms. Haverkamp stated that she understands; however available increment went down by 1/3 after the change in which certain properties began paying school district tax to the State instead of the taxes staying local. She stated that she feels that 25 years is too long and the message should be sent to try and keep to 15 years or so.

Commissioner Nesheim stated that she believes that properties that have housed gas tanks in the past are sometimes harder to sell, and being that this property has been vacant for so long, it is a good thing to have a buyer and definitely a positive for the City.

Commissioner Trimble stated that she agrees with Commissioner Nesheim's comment, and that it is just the "25 years" that makes her weary of supporting the motion.

President Menk stated that he suggests having the wording changed to reflect a maximum dollar amount or fewer years.

Ms. Haverkamp stated this will definitely be considered.

#6 Fund Transfer from Revolving Loan Fund to EDA Fund – Industrial Parks – Approved.

City Administrator Vogt stated that the EDA fund is currently in the negative and that funds are proposed to be transferred from the Commercial Revolving Loan Fund to replenish it, and that as lots are sold at the industrial parks, both funds will be replenished.

MOVED AND SECONDED BY COMMISSIONERS O'DAY AND TRIMBLE TO APPROVE THE TRANSFER OF FUNDS FROM THE COMMERCIAL REVOLVING LOAN FUND TO THE EDA FUND AS PRESENTED, DULY CARRIED.

#7 Industrial Park Analysis – Ms. Sheila Haverkamp, BLADC – Informational.

The Chair again recognized Ms. Haverkamp, who distributed the Industrial Park Analysis and summarized its contents. She stated that BLADC had received many requests from local entities for an update of what is going on with the Industrial Parks and that the report they developed is very informative and interesting. She stated that Brainerd has done an expansion on their park but Baxter and Pequot have not yet expanded. Ms. Haverkamp was also astonished to find that 2000 jobs, or 10% of all of the jobs in Crow Wing County reside in the industrial parks of Brainerd and Baxter and stated that there is a substantial tax base being created by these parks.

President Menk asked how the former Burlington Northern property fits into this information. Ms. Haverkamp stated that BLADC recognized the Northern Pacific Center as a private, industrial area.

Discussion was held regarding Industrial Parks in general concerning different sizes, prices, marketing and sales, and Ms. Haverkamp stated she will be bringing forward more information on this in the coming months.

Discussion was held concerning the price of the lots in the Brainerd industrial parks. Commissioner O'Day stated that there may be room to negotiate a price since the City's investment in a portion of the industrial park property is at a lower cost than the current listing price. Ms. Haverkamp stated that if this is desired from the City, she would like to be provided with that information because she was not aware that this was the trend, historically.

Commissioner Menk suggested an update in pricing every January to keep on top of economic impact and development. It was noted that the cost of assessments on the property increases annually.

#8 Business Retention & Expansion Report – Ms. Sheila Haverkamp, BLADC – Informational.

The Chair recognized Ms. Sheila Haverkamp of BLADC, who stated that BLADC has a philosophy that the existing companies are where there will be the most growth and employment, so it is important to be available to those businesses. She stated that BLADC's goal is to visit 40 businesses per year personally and summarized the "Review of 2007-2008 Visits" attachment that was included in the packet. This report covered "40 Companies Visited in Crow Wing County," "Observations of Companies Visited," "Identified Strengths in our Area," and "Areas to Work on Within our Region."

#9 2020 Update – Ms. Sheila Haverkamp, BLADC – Informational.

The Chair recognized Ms. Sheila Haverkamp of BLADC, who stated that there have been meetings to develop a plan to network with the attendees to the many conferences and trade shows and the promotion of the “Positively Minnesota” effort. She discussed the video system being implemented at the Airport which will display local ads as well as highlights of the Lakes Area. She discussed the State’s “Shovel Ready/Site Certified” program as well, stating that she would like to get Phase IV of the Industrial Park certified in this program as soon as the program is ready.

Commissioner Menk asked if there is a cost to getting a site “certified” through this program. Ms. Haverkamp stated that there is not a cost to the City, and that BLADC has money in their budget for the certification as well as the Airport video system.

#10 Downtown Update/Monthly Report – Mainstreet Coordinator Emily Roragen – Informational.

The Chair recognized Mainstreet Coordinator Emily Roragen, who summarized the October and November “Mainstreet Monthly Updates that were included in the packet. She highlighted the efforts and successes of the Mainstreet Advisory Committee and subcommittees, and discussed the “Holli-Days” promotion going on this weekend as well as the development of the “Downtown Brainerd” website which will be available through the Chamber website as a *pro-bono* project of RedHouseMedia in the near future. She stated that the “Holiday Decorations” fund is growing consistently even with the current economic climate, and that banners have been designed by RedHouseMedia *pro bono* as well.

President Menk stated that he had met with two media representatives recently who commented on the differences in the attitude and increased participation of the Downtown businesses and thanked the City and EDA for supporting the Mainstreet Program and thanked Ms. Roragen for her hard work.

Ms. Roragen stated that RSVP’s are still being accepted for the Open House through the Chamber website.

#11 Staff Reports.

City Administrator Vogt stated that there has been inquiries from various organizations regarding the Federal budget deficit and the many programs in place to “rebuild America,” including the promotion of “shovel ready” projects. He stated that the two projects he has been keeping at the top of the list are the Downtown Reconstruction Project and the Waste Water Treatment Plant Expansion Project.

#12 Adjourn.

The Chair adjourned the meeting at 9:10 A.M.

Tom Johnson, Secretary