

**MELROSE AREA DEVELOPMENT AUTHORITY/
COMMUNITY OPPORTUNITIES COMMITTEE
THURSDAY, AUGUST 11, 2022 – 6:00 A.M.**

AGENDA

1. Call to Order/Roll Call
 2. Approval of Agenda
 3. Approval of Minutes
 4. Reports
 - a. City Administrator Report
 - b. Development Consultant Report
 5. Action Items
 - a. TIF Allocation
 6. Unfinished Business
 - * a. Kraft Lot Development/Purchase Agreement
 7. New Business
 - a. Budget Year to Date
 - b. 2023 Budget
 - * c. Letter of Intent to Purchase Real Estate
 8. Informational Items
 - a. Next Meeting
 9. Issues of MADA/COC Members and Staff
 10. Adjournment
- * Amendment

**MELROSE AREA DEVELOPMENT AUTHORITY/
COMMUNITY OPPORTUNITIES COMMITTEE
REGULAR MEETING
THURSDAY, AUGUST 11, 2022 – 6:00 A.M.**

A.I. #1 CALL TO ORDER/ROLL CALL

The Melrose Area Development Authority/Community Opportunities Committee (MADA/COC) met in a Regular Meeting on Thursday, August 11, 2022, at 6:00 a.m. at the Melrose City Center pursuant to due notice being given thereof. Present were MADA Members Bob Mayers, Jerome Duevel, Julie Baum, Sara Hoffner, and Mayor Joe Finken, City Administrator Colleen Winter, City Planner Shelia Hellermann and Traci Ryan with Ryan Consulting LLC. MADA Member Travis Frieler and Dave Rahn were absent. There are no active COC members. President Bob Mayers called the meeting to order.

A.I. #2 APPROVAL OF AGENDA

A motion was made by Ms. Baum, seconded by Mr. Duevel and unanimously carried to approve the agenda as submitted.

A.I. #3 APPROVAL OF MINUTES

A motion was made by Ms. Hoffner, seconded by Mr. Finken and unanimously carried to approve the minutes from the July 14, 2022, Regular Meeting.

A.I. #4 REPORTS

- a. City Administrator Winter provided an update on the following:

Public Facilities updates – Work continues on the Wastewater Treatment Plant construction project. The headworks building is under construction and the new clarifier is constructed. The project is anticipated to be completed in early 2023.

RDB update - The Dam drawn down has been completed. Repairs have begun on the wall south of the dam spillway. The dam itself was cleaned (thanks to Melrose Fire Dept.) and there does not appear to be any leaks or concerns at this time. Lunda has poured the bridge approaches and should be starting the bridge pour the week of August 8th.

Sauk River Park - SEH has staked out the campsites at Sauk River park and I will be attending the LCCMR meeting on August 10th to present our final work plan. The City received \$350,000 from LCCMR for upgrades to the park. This money will be used for new campsites, a canoe/kayak launch, fishing pier, signage and partially funding of a new bathroom/shower facility.

Trip to Denmark to visit Nature Energy Biogas Plants

Plans are underway for a second Trip to Denmark to visit Nature Energy Biogas plants. At this time, Mayor Joe Finken and Roger Avelsgard are expected to

represent MADA and the City. SEH, JOTS and Land O lakes may also be sending folks.

- b. Development Consultant Ryan provided an update on the following:

Land Acquisitions

Theiler Property – On July 26, we closed on the Theiler Property. A 'Harvest & Lease Agreement' were executed at that time. Just as a reminder, the City used its Land Acquisition Fund by approving a transfer to MADA to fund this purchase.

Middendorf River Property - The purchase agreement for this property has been executed. There is a bit of a hold up as there are title issues relating to the legal description. After discussions with the closing company, MADA legal counsel and the sellers legal counsel, it was decided to have the City's bond council provide the title opinion.

We are in a holding pattern on the updated costs of phasing in the improvements and a proposal from the engineer on the platting of both of the properties. Until we have this information structuring any financing approach is not practical. In the meanwhile, having just completed the City's annual TIF Reports, there are a couple of TIF Districts where the City may be able to utilize surplus increments to support qualified housing developments as well as. The most significant part of this relates to Council consideration to allocate a portion of the increase in the City's share of increments from the JOT TIF District/Project to fund housing.

JOT now pays an increase in real estate taxes of \$474,497. When this TIF District is decertified in six years, the City will realize an increase of approximately \$210,000 annually. Because JOT is a significant contributor to the demand for housing, Ms. Ryan suggests that the City Council consider allocating a portion of this increase to help fund the housing strategy. Ms. Ryan believes it would be appropriate for the MADA to have thoughtful discussion on this issue and forward a recommendation to the City Council.

KRAFT LOT UPDATE

The developer has now had his legal review the agreements and has only minor issues which they have indicated they will share prior to the MADA meeting and we can discuss. Attached you will find a copy of the proposed agreements for your reference. Colleen & Sheila have met with the watershed people to head off any concerns and there is an issue with a major electrical line running through the property and under the river. We put Roger in direct contact with the developer and their architects to address this and what their needs for power will be. Last I have heard is that the issues at hand will be manageable. The developer has begun to have discussion with potential lease tenants but nothing concrete can be pinned down until they know their final costs so they know what lease rates will be. Staff is proposing to invite our county commissioner and county administrative staff to meet in Melrose to discuss their presence in the community and lobby for as many of the services as we can. The County is talking with another building owner as they will not be able to renew their lease with the School in the ALC building. If MADA has any thoughts on which services to lobby for, we can take that to the meeting.

A.I. #5 ACTION ITEMS

- a. Staff has received updated costs of phasing in the improvements and a proposal from the engineer on the platting of both of the properties. Ms. Ryan will take a look at costs and will have additional information at the next regular meeting. In the meanwhile, having just completed the City's annual TIF Reports, there are a couple of TIF Districts where the city may be able to utilize surplus increments to support qualified housing developments as well as. The most significant part of this relates to Council consideration to allocate a portion of the increase in the City's share of increments from the JOT TIF District/Project to fund housing.

JOTS now pays an increase in real estate taxes of \$474,497. When this TIF District is decertified in six years, the City will realize and increase of approximately \$210,000 annually. Because JOT is a significant contributor to the demand for housing, Ms. Ryan suggests that the City Council consider allocating a portion of this increase to help fund the housing strategy. Staff provided a schedule showing when surplus TIF and the new JOT taxes coming on line – assuming 50% of the increase is allocated to housing. Ms. Ryan believes it would be appropriate for the MADA to have thoughtful discussion on this issue and forward a recommendation to the City Council.

A motion was made by Mr. Finken, seconded by Mr. Duevel and unanimously carried recommending that the city allocate a portion of the increase in the City's share of increments from the TIF District/Project to fund housing

A.I. #6 UNFINISHED BUSINESS

- a. The developer of the Kraft Lot has submitted the proposed changes to the Development and Purchase Agreements for the Kraft site. Ms. Ryan provided an update on the comments from the potential developer. MADA by consensus was agreeable to work with the developer or provide some assistance, perhaps through Brownfield funding if there would be land contamination costs.

MADA by consensus is recommending the Council to approve the Development Agreement and Purchase Agreement for the Kraft site with the potential developers proposed changes and to work with the developer to cost share up to 50% if there would be land contamination costs.

A.I. #7 NEW BUSINESS

- a. MADA reviewed the Year-to-Date budget.
- b. At this time, staff is requesting that during the budgeting process that MADA be given a larger budget and discuss what needs to happen moving forward into 2023 and beyond.
- c. A developer has submitted a draft Letter of Intent of Purchase Real Estate for a proposed multi-family development on the recent city purchased property. They are proposing a two-phase project. MADA reviewed and provided comment. Ms. Ryan suggested setting benchmarks at day 60 for exclusivity allowing 90 as a

negotiating tool. Only consider in two phases with first right of refusal and removing the storm water retention pond lot. They do have another local business interested in building multi-family housing; however it is in the very early stages. Staff will continue discussions with the developer.

A.I. #8 INFORMATIONAL ITEMS

- a. MADA's next meeting is scheduled for Thursday, September 8, 2022, at 6:00 a.m.

A.I. #9 ISSUES OF MADA/COC MEMBERS AND STAFF

None

A.I. #10 ADJOURNMENT

A motion was made by Mr. Finken, seconded by Mr. Duevel and unanimously carried to adjourn the meeting at 7:20 a.m.

PATRICIA HAASE – CITY CLERK