

**MELROSE AREA DEVELOPMENT AUTHORITY/
COMMUNITY OPPORTUNITIES COMMITTEE
REGULAR MEETING
THURSDAY, JANUARY 13, 2022 – 6:00 A.M.**

AGENDA

1. Call to Order/Roll Call
2. Oath of Office
3. Election of Officers
4. Approval of Agenda
5. Approval of Minutes
6. Reports
 - a. Development Consultant Update
 - b. City Administrator Update
7. Action Items
 - a. Theiler Amended Option Agreement
 - b. Felling Amended Option Agreement
 - c. SEH Housing Strategy Proposal for Services
8. New Business
 - a. I-94 Industrial Park Expansion
9. Old Business
10. Informational Items
 - a. Next Meeting
11. Issues of MADA Members and Staff
12. Adjournment

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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, January 13, 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, Dave Rahn, Sara Hoffner, Travis Frieler, Mayor Joe Finken, City Administrator Colleen Winter, and Development Consultant Traci Ryan. There are no active COC members. MADA Member Julie Baum was absent. City Administrator Winter called the meeting to order.

A.I. #2 OATH OF OFFICE

At its January 6, 2022, meeting, the Council reappointed Bob Mayers for a six-year term on MADA and Travis Frieler as the Council representative for a one-year term.

City Administrator Winter administered the Oath of Office to Bob Mayers, and Travis Frieler.

A.I. #3 ELECTION OF OFFICERS

MADA to take action appointing a President, Vice President, and Secretary for 2022. For 2021 Mr. Mayers served as President, Mr. Duevel as Vice President and Ms. Baum as Secretary.

A motion was made by Mr. Rahn, seconded by Mr. Travis Frieler and unanimously carried that Mr. Mayers served as President, Mr. Duevel as Vice President and Ms. Baum as Secretary for 2022.

Mr. Mayers chaired the remainder of the meeting.

A.I. #4 APPROVAL OF AGENDA

A motion was made by Mr. Finken, seconded by Mr. Travis Frieler and unanimously carried to approve the agenda as submitted.

A.I. #5 APPROVAL OF MINUTES

A motion was made by Mr. Rahn seconded by Mr. Duevel and unanimously carried to approve the minutes from the September 23, 2021, Regular Meeting, and the November 17 Special Joint Meeting with the Melrose Public Utilities Commission and City Council.

A.I. #6 REPORTS

a. Development Consultant Traci Ryan provided an update on the following:

Ms. Ryan noted the changes made to the Felling and Theiler Option Agreement.

Ms. Ryan provided a summary of the discussion with City Engineer Dave Blommel on the properties that the city is considering for development. MADA reviewed and made comment on the potential property's development.

Theiler Property

1. Staff has reviewed the existing plat with Dave and the consensus is that there are a number of problems/concerns with the plat as it currently exists. Primarily, the plat reroutes Railroad Avenue, has lots platted over the existing gravel road surface and has an extraordinary amount of streets/public improvements in its current form.
2. Staff discussed a number of alternatives and it appears that re-platting the property to provide for two cul de sacs off of Railroad Avenue and access to the western most 9-10 acres might be the most cost-effective way to view this. There is currently an out lot platted to address drainage and it was agreed that it should remain.
3. The engineer will provide a draft of the new layout discussed along with a cost estimate of this for review and recommendations at the next meeting.
4. The cost proposed to address these issues appears to be in line with the work items discussed. Any platting costs would be addressed under a separate proposal.

Felling (Daylight Court) Property

1. While the previous estimates still need to be reviewed, the engineer believes that the ground water is likely the biggest contributor to the high costs estimate – but in addition, the soil conditions in this area and continuing north will make any future project very expensive and possibly not feasible. The underlying clay soils, likely saturated from the high groundwater, require an additional sand section and geotextile fabric which contributes to an expensive road section.
2. Were the development to continue to the north, there would be concerns from a fire protection perspective because the road dead ends at a distance beyond existing standards and with no other feasible outlet nearby, expanding this subdivision only compounds the problem. Colleen will bring this issue to the January Planning Commission meeting and see if they would even allow further expansion north without an additional outlet.
3. If the Planning Commission would not allow further expansion without an outlet, the decision is do you cap it? This will also be brought to Planning Commission.
4. Because there are known water issues on the northwest lots and much of the western lots are undevelopable because of wetlands, an alternative discussed was to re-plat, move the cul de sac slightly north and have 3-4 single family lots available. The engineer will review the remaining information needed and draft a concept for re-platting and cost estimate to accomplish to see if this is feasible based on the Planning commission's recommendations.
5. The cost estimate from the engineer is expected to be less based upon the discussion above.

Co Op Property

1. The engineer had looked at this site and using a footprint from a similar project was able to site in area enough to support as many as 136 multifamily housing units on just the east 9 acres. If laid out similar to the samples used, garage units and parking area could serve as a buffer between the Co Op's existing use and the housing units themselves – this will be good news for the Co Op which is concerned about housing encroaching and their operation becoming an 'island'.
2. Water and sewer are available where the gravel drive on the east side of the property meets CR 65. He will do a concept layout and provide a cost estimate to bring the utilities to the SW corner of the Roering property.
3. SEH will also look at what environmental work has been done and prepare a proposal for addressing it moving forward.
4. The engineer's recommendation is that if the other half of the property were acquired, preserving it for multifamily would make sense because it helps to avoid the conflict of land use that multifamily can have on single family.
5. A Phase I Environmental Study would need to be completed as the previous one is 20 years old.

Ms. Ryan provided an update on other housing strategy elements she has been working on :

- Setting up a meeting with Jennie O to discuss their contribution to workforce housing
- I have had conversations with Minnesota Housing Finance Agency regarding resources available and approaches to addressing the objectives identified in our Strategy. One item they are recommending is that we work with them to provide a facilitator to meet with workforce participant to hone in more specifically what is needed for affordable single family development as there can be barriers to traditional financing with some ethnic groups.

Ms. Ryan also noted that due to the lack of response by Inventure, we have consulted with the MADA attorney and they have indicated that the Letter of Intent is not a binding contract. Because there have been other parties interested in this site and there is a short timeline for utilizing Fire Remediation funds, we have terminated the letter of intent (see attorney letter to Inventure in your packet). There are a 2-3 entities (Gohman Construction, Bradburry Stamm and a local real estate developer) that have expressed an interest and we will work to proceed with each without tying up the property. In the meanwhile, Colleen will be looking at the possibility of extending the timeline for the use of funds due to Covid and supply chain impacts.

- b. City Administrator Winter stated that she has been contacted by a bio-gas company that has interest in the I-94 Industrial Park as a location for their business. This is in the very early stages. This company is prominent in European countries. Administrator Winter reported that the City has contracted with West Central Sanitation for residential solid waste disposal. The City has also contracted with a new building inspector. Mark Harren sold his company to Inspectron, Inc. and they

will be our new building inspector. Michael Friedrichs will remain as the primary contact for our city. SEH has been hired as the city civil engineer.

A.I. #7 ACTION ITEMS

- a. Ms. Ryan stated that she met with Dave & Bonnie Theiler on January 12, 2022, to review the purchase agreement. There were some errors in the agreement and walked through the balance to address any questions. In addition to correcting the purchase price and legal names, a clarification is requested that would not have any ag planting expenses that are paid to Theiler's, if we did not exercise the option prior to planting time, deducted from the purchase price and in doing so would change what is referred to as "offsets" changed to "Ag Reimbursements". Upon approval by MADA, the Theiler's were willing to come to City Hall to execute the Agreement following the MADA meeting.

A motion was made by Mr. Rahn, seconded by Mr. Travis Frieler and unanimously carried to approve the updated Option Agreement with Dave and Bonnie, and Jerod Theiler.

- b. Mr. Felling is in agreement with the terms of the option, however there were two areas of the Option Agreement that his attorney wanted changed and therefore, it is on the MADA agenda for January to approve the updated option. The two areas that were addressed were legal-ease regarding the payment of any potential legal fees and the other was a clarification of whose responsibility any future assessment payments were, if in the event MADA incurred expenses and was to certify those against the property.

A motion was made by Ms. Hoffner, seconded by Mr. Duevel and unanimously carried to approve the updated Option Agreement with John Felling.

- c. City Administrator Winter and Development Consultant Traci Ryan have met with the new City Engineer, Dave Blommel with SEH, and reviewed the potential development sites. SEH has submitted a proposal for housing opportunities with the work elements to be accomplished in the next 2 – 4 weeks.

A motion was made by Ms. Hoffner, seconded by Mr. Rahn and unanimously carried approving the contract with SEH for the housing development opportunities and to include looking at feasibility of Daylight Court having the road continuing to the north and then east.

A.I. #8 NEW BUSINESS

- a. City Administrator Winter fielded an inquiry from a biofuel business that may have an interest in 20 acres in the I-94 Industrial Park within the next 18 months. In order to respond proactively, we will need to approach the adjacent landowner and see if additional property can be secured with an Option. If so, Dave Blommel, SEH Engineer, will take a look at what the best way to serve additional land may be and do a very preliminary look at a layout and cost estimate.

A.I. #9 UNFINISHED BUSINESS

None

A.I. #10 INFORMATIONAL ITEMS

- a. MADA's next regular meeting is scheduled for Thursday, February 10, 2022, at 6:00 a.m.

A.I. #11 ISSUES OF MADA/COC MEMBERS AND STAFF

A.I. #12 ADJOURNMENT

A motion was made by Mr. Rahn seconded by Mr. Duevel and unanimously carried to adjourn the meeting at 7:24 a.m.

PATRICIA HAASE – CITY CLERK