

**MELROSE AREA DEVELOPMENT AUTHORITY
REGULAR MEETING
THURSDAY, SEPTEMBER 22, 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
5. Action Items
6. Old Business
 - a. Railroad West (Theiler) Property Housing Strategy
 - b. County Road 168 Riverfront (Middendorf) Property
 - c. Kraft Lot Update
7. New Business
 - a. Potential Industrial Park Lot Sale PID 66.37010.0283
 - b. Potential Land Sale/Purchase Agreement Industrial Park PID 66.37010.0285
8. Informational Items
 - a. Next Meeting – October 13, 2022 – 6:00 a.m.
9. Issues of MADA/COC Members and Staff
10. Adjournment

**MELROSE AREA DEVELOPMENT AUTHORITY/
COMMUNITY OPPORTUNITIES COMMITTEE
REGULAR MEETING
THURSDAY, SEPTEMBER 22, 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, September 22, 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, Travis Frieler, City Administrator Colleen Winter, City Planner Shelia Hellermann and Traci Ryan with Ryan Consulting LLC. MADA Member Dave Rahn, Sara Hoffner, and Mayor Joe Finken 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. Frieler and unanimously carried to approve the agenda as submitted.

A.I. #3 APPROVAL OF MINUTES

A motion was made by Ms. Baum, seconded by Mr. Frieler and unanimously carried to approve the minutes from the August 11, 2022, Regular Meeting.

A.I. #4 REPORTS

- a. City Administrator Winter noted that staff has received the plans for Kwik Trip. Land O'Lakes is in the process of an expansion. There will be a fund raiser for the parks in January of 2023. It will be a bowling scramble. Main Street will be closed starting Monday, September 26. This will last approximately 10 days. A preliminary levy of \$1,590,000 has been set.

A.I. #5 ACTION ITEMS

None

A.I. #6 UNFINISHED BUSINESS

- a. We have been working with Granite City on the development of an apartment project as discussed with the Letter of Intent approved at the last meeting. Ms. Ryan has put together the TIF projection with the key points including:
 - 1. The purchase price would consist of the estimated improvement costs of \$489,033 and an allocation of the total land purchase price plus platting costs which for the estimated 7.4 acres would be \$99,524.
 - 2. The developer would purchase the land for the improvement cost and I would propose to write the actual land cost down to \$1 and use increments to reimburse the City for the balance.

3. Based upon the estimated TIF projections, it would take 7 years of increment to recoup the land cost if we utilized the 10% of the increments retained from the project.
4. The TIF Schedule assumes the City would provide 15 years of pay as you go TIF assistance to the project for a total of \$2.2 million of a \$10-12 million project.
5. At the end of the 15 year term of assistance, the project is estimated to generate approximately \$170,000/year which could be utilized to reimburse the City for the remaining land costs, the ARA funds proposed to fund a portion of the initial improvement costs, any portion of the improvement costs the City writes down due to single loading issues and/or incentives or assistance for affordable housing development in the cul de sacs of the subdivision. This is estimated to be a resource worth \$2.1 million over the life of the District.

Granite City has the above referred to TIF Projections and are waiting for project cost information – they will be back in touch when they know more.

In the meanwhile, the re-platting of the property should commence. David Blommel is putting a formal proposal together and has indicated the cost to be \$40,000. This has been discussed previously and if formal action has not yet been taken to authorize the work, I have included it as a recommended action item. This is not an area that I would see having much involvement in. With planning staff in place, I would assume that you would want City Planner Hellermann to take the lead. SEH has submitted a proposal for a cost of \$35,100 for platting.

Financing of Railroad West Improvements: Upon adoption of the City's Capital Improvement Fund, the City will be poised to move forward with the first phase of the development in 2023 which would include the construction of all of the public improvements to Railroad Avenue up to the entrance of the Multifamily site. This would not include the construction of the two cul de sacs which are scheduled in the Capital Improvement Plan for in 2025 and 2026. If we are successful in securing the Granite City Multi-Family Development, it would be my recommendation that we authorize plans and specs for this phase over the winter, upon completion of the re-platting, and pursue construction in the spring.

• Total Cost Estimated	\$ 1,515,433
• Sources of Funds:	
○ Land Sale Proceeds – Granite City	\$ 489,000
○ ARA Funds – City (to be repaid)	\$ 399,000
○ 2022/23 Capital Improv Funds	\$ 525,000
○ Surplus TIF	\$ 59,700
○ Surplus(Shortfall – Interfund Loan)	\$ (42,733)

Once this this phase of the development is set to move forward, work will begin on developing a plan to develop the single family lots in the cul de sacs.

Ms. Ryan will be recommending that the City Council pass a resolution to declare it's intent to create a Housing TIF District so that it may preserve the ability to reimburse themselves for costs incurred relating to these housing projects which would include land acquisition, platting, legal and consulting.

A motion was made by Ms. Baum, seconded by Mr. Duevel and unanimously carried authorizing moving forward with the platting of this property at a cost of \$35,100. This property was purchased by MADA utilizing a loan/reallocation of up to \$250,000 from your revolving loan fund. With a purchase price of \$180,000, there are up to \$70,000 available to fund the platting cost. The City may also choose to fund the platting costs through surplus TIF funds.

- b. Staff provided an update on the Middendorf property. We are still wrestling with title issues on the property. We have been advised that a quiet title action will be required to assure marketable title. My discussions with the seller/attorney seem to indicate that this is a cost he is not inclined to cover. The estimated cost for the quiet title action is estimated to be \$3-5,000. Staff continues to work to address this in hopes the quiet title action can be avoided but I believe we will need to be prepared to address it. SEH has submitted a bid of \$29,900 for platting the Middendorf property. SEH costs for platting of the Middendorf property was based on being in conjunction with the Theiler property. MADA did not take action on the platting of the Middendorf property.

A motion was made by Mr. Mayers, seconded by Ms. Baum and unanimously carried to approve splitting the cost to initiate the quiet the title action up to \$2,500, to be due upon closing.

- c. Staff provided an update on the Kraft Lot development. We are waiting for the developer to have his legal address how any future site contamination issues would be addressed in the Development Agreement. They are also working to address storm water drainage issues – which if the Corp of Engineers or the DNR get involved with could delay the start date .City Administrator Winter has suggested that their storm drainage be directed to the City system which would alleviate the delay.

A.I. #7 NEW BUSINESS

- a. We have been in discussions with a local business that may be interested in a site in the industrial park. The business is interested in securing a lot that meets their current needs (Lot 4 Block 1) and then having a first right of refusal on an adjacent lot (Lot 3 Block 1) for further expansion. They are most interested in land that has interstate frontage and because of the size of their planned improvements, will need sufficient land to stay below the 40% lot coverage maximum in property zoned industrial. After reviewing the potential lot configuration, the business wants to minimize their road frontage due to improvement costs. With that, we have discussed the possibility of writing down the cost of assessments on the southerly 300 feet of Lot 4 that would be used as parking or storm sewer holding area. Public improvements would need to be constructed with the City Engineer estimate of \$600/lf. It would make sense to extend the improvements to the western property line of Lot 4 because sustaining additional assessments to this lot would be difficult

in the future. This would mean that approximately 880 feet of roadway/improvements would need to be constructed with an estimated cost of \$480,000. Ms. Ryan believes there are very good chances of securing an Infrastructure Grant from the State of MN that would cover 50% of the costs, leaving \$240,000 of cost to assess to the benefitting parcels. Assessment would then look like the following:

\$ 36,000 Blue (City Carries)

\$ 84,000 Green

\$120,000 Undeveloped lot to the west (City Carries)

\$240,000

If the business proceeds with this, then they would like to have a first right of refusal on Lot 3.

Preliminary terms for consideration might include:

1. Sell Lot 4 and write down the cost of the lot (red portion) and provide a 2-year Option to Purchase
 - a. Option Price \$1,500
 - b. Purchase price proposed to be \$71,500 (based on price proposed for storage units)
 - c. Estimated improvement cost \$84,000
2. First Right of Refusal on Lot 3
 - a. Term 5 Years Purchase price \$22,100
 - b. No improvement cost at this time but should improvements be constructed in the future; they would be assessed per city policy less any grant funds received
3. If the City currently rents the property for ag purposes, it would continue to do so until the Option to Purchase was exercised.
4. The City will provide Tax Increment Financing assistance to write down any land/improvement costs at such a time as the business moves forward with construction
5. The City will seek any additional assistance available through the State of Minnesota Investment Fund and or Job Creation Fund.

A motion was made by Mr. Frieler, seconded by Ms. Baum and unanimously carried recommending the Council approve an option to purchase for the term of one year with the option to extend for a second year, with an option price of \$1,500, and the land price will be tied to the sale of the Matt Imdieke purchase of Lot 6 Block 1.

- b. Staff has been working with Matt Imdieke (MKI Enterprise Inc.) who is interested in purchasing a lot in the Industrial Park for storage buildings.

We have identified Lot 6, Block 1 PID 66.37010.0285, however, City staff has determined it would be advantageous to retain the holding pond and lift station area so we are working on a lot split of the property. City engineer, Dave Blommel, will be working on the survey, which Buyer has agreed to pay for. We also reviewing to ensure that we have planned for the future development of the Industrial Park and whether the holding pond, in its current size, is sufficient for growth in the park.

Ms. Baum left the meeting at 7:10 a.m. There was no longer a quorum

No action was taken.

A.I. #8 INFORMATIONAL ITEMS

- a. MADA's next meeting is scheduled for Thursday, October 13, 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. Frieler, seconded by Mr. Duevel and unanimously carried to adjourn the meeting at 7:20 a.m.

PATRICIA HAASE – CITY CLERK