



Minutes

Roseville Economic Development Authority (REDA)

City Council Chambers, 2660 Civic Center Drive

Monday, August 29, 2016 at 4:00 p.m.

1. Roll Call

President Roe called the meeting to order at approximately 4:00 p.m. Voting and Seating Order: Commissioners McGehee, Willmus, Roe, Laliberte, and Etten. Executive Director Trudgeon and EDA Attorney Martha Ingram were also present.

Additional staff present included Finance Director Chris Miller, Interim Community Development Director Kari Collins, Community Development staff Jeanne Kelsey, GIS Technician Joel Koepp, and Community Development Department Intern Angela Riffe.

2. Pledge of Allegiance

3. Approve Agenda

Willmus moved, McGehee seconded, approval of the agenda as presented.

Ayes: McGehee, Willmus, Roe, Laliberte, and Etten

Nays: None.

Motion carried.

4. Public Comment

5. President Roe asked for public comment on non-agenda items. No one appeared to speak.

6. Board and Executive Director Reports and Announcements

7. Approve Consent Agenda

8. Consider Items Removed from Consent Agenda

9. Business Items (Action Items)

a. Approve Transfer of Housing replacement Funds to General Operating Fund

Jeanne Kelsey provided a background of priorities outlined by staff based on the recent REDA survey completed by individual members, and detailed in the staff report of today's date. Therefore, Ms. Kelsey noted staff was recommending the REDA formally transfer funds from the Housing Replacement/Single Family Construction Program (Fund 720) to the REDA General Operating Account (Fund 723) to fund those 2016 proactive economic development initiatives defined by members for a total of \$81,500.

Specific to the \$15,000 allocated for market research in that recommendation, and at the request of Member McGehee, Ms. Kelsey advised the nature of the market research would be in conjunction with and to assist with the comprehensive plan update.

Mayor Roe noted another purpose of the market study was to inform economic development strategies, based on his recollection of past discussions, and confirmed by Ms. Kelsey

Referencing the April 5, 2016 memorandum from Finance Director Chris Miller to Community Development staff (Attachment A), Member Etten asked staff to expound on remaining funds of \$600,000 in Tax Increment Financing District No. 12 (Arona site), in addition to an additional \$160,000 collectable in 2016, with the District scheduled for decertification at the end of 2016 and potential uses the REDA could capitalize on before that occurred.

Ms. Kelsey advised that the REDA may want to use some of the funds for the Dale Street project, as the funds were eligible for acquisition purposes. If further consideration was desired by the REDA, Ms. Kelsey advised that the REDA would need to amend the district as other uses were not available at this time.

McGehee moved, Willmus seconded, authorizing the formal transfer of \$81,500 from Housing Replacement/Single Family Construction Program Fund (Account 720) to the EDA General Operating Fund (Account 723) to fund 2016 Proactive Economic Development Priorities.

Ayes: McGehee, Willmus, Roe, Laliberte, and Etten

Nays: None.

Motion carried.

b. Economic Development Financing Policy Discussion

Interim Community Development Director Kari Collins introduced Economic Development Consultant Stacie Kvilvang and Jason Aarsvold of Ehlers, Inc. addressing feedback provided by the REDA for development of a Public Financing Policy and solicit additional input where more refinement was needed. As part of their presentation, two bench handouts were added to the staff report, including nine questions or policy discussion points and a spreadsheet compiling and summarizing all responses from individual REDA members.

As part of her presentation, Ms. Kvilvang reviewed the spreadsheet and draft ranking criteria, and noted areas of consensus and those nine areas still needing clearer direction. Ms. Kvilvang reviewed EDA statutory requirements as part of those REDA priorities. Ms. Kvilvang reviewed areas of agreement, noting quality of jobs was a priority while job retention had not been a huge priority,

suggesting quality was more important; and the consensus was that those jobs not be related to retail but with caveats that those jobs involve permanent employees with regular hours, high salaries and benefits.

Discussion Points for Consensus

Minimum Number of Jobs

With confirmation by Ms. Kvilvang, President Roe noted statutory requirements for the REDA to have a minimum number of jobs defined was part of the reason for this discussion.

Member McGehee suggested the minimum number was not only a policy point, but provided a screening aid for staff and potential developers.

Ms. Kvilvang advised that staff would have that dialogue with developers, with those developers clearly hearing the intent and preference of the REDA as to that priority.

In accordance with statutory language, Member Etten suggested leaving the minimum number at one to leave room for flexibility for REDA support or no support, noting his desire not to be handcuffed to simply jobs as a priority when considering a development. Member Etten noted there may be other purposes besides creation of new jobs that were just as important for redevelopment.

Member Willmus, as a member of the REDA, stated he was aware of a number of past projects that would fall into the exempt area for job creation. However, Member Willmus opined that he wasn't too interested in seeking those exemptions and applying subsidies if no solid job creation was involved. Member Willmus recalled he put 3-4 jobs as a minimum on his survey, and advised he would likely hold to something in that range.

Member Laliberte stated she had put ten on her survey, as she seriously took the decision of subsidizing any development with public tax dollar funds as having job creation as a goal to justify that subsidy. Member Laliberte stated she was flexible, but had wanted to start high to protect the value of those dollars collected from taxpayers and their subsequent use.

President Roe stated he put one job as a minimum, and now based on tonight's presentation, if the REDA wanted a minimum of 3-4 jobs created, opined he could be open to that preference as well.

REDA Attorney Ingram provided an observation based on her experience with other EDA's and as pointed out by Ms. Kvilvang, state statute minimum indicated a minimum job creation number of one. Ms. Ingram opined that the REDA would be far more likely to need to deviate from their policy if they set the threshold high versus setting it at one. From a practical standpoint, Ms.

Ingram noted each developer would bring forward a specific situation hoping for negotiation; but if the REDA stated their minimum requirement was for creation of ten new jobs even before the developer came before the REDA, the city may lose developers with quality projects.

Member McGehee stated she had put a 3-4 job range, but agreed to move to the creation of one job based on tonight's discussion. However, Member McGehee stated she wanted to ensure jobs were permanent or long-term and that this message came across clearly to staff and developers.

President Roe agreed that, while the statutory language set a minimum number for job creation, the REDA had other criteria in their policy that defined the types of jobs it was interested in creating.

Ms. Kvilvang noted, under this category, the REDA could define a time period for the developer to keep jobs in place (typically five years) or they would be required to repay a portion of the subsidy provided by the city that would be returned to the REDA.

Member Laliberte stated she didn't feel rigid about the creation of ten jobs; and for discussion purposes, expressed appreciation for the comments of her colleagues in not needing to make a number of exceptions to the policy.

Ms. Kvilvang reminded the REDA that they were creating a policy, not a law or ordinance, and therefore could deviate from that policy. While the statute allowed for the REDA as a governing board to state their preference, Ms. Kvilvang noted the REDA could deviate or change that policy at their discretion based on specific projects.

Member Willmus put forward a suggestion to tie the REDA policy to creation of a minimum of three jobs; with agreement from the Board without objection.

Value of Subsidy Per Job Created

Ms. Kvilvang stated Ehler's proposal was that the REDA not limit subsidies to a per-job amount.

Member Etten agreed with the advice of Ehler's based on their expertise, opining it was better not to tie jobs specifically to subsidies, with other criteria available beyond jobs. Member Etten noted limiting subsidies to job creation could hold back some preferred developments.

Member McGehee stated she thought the REDA should seek some good paying jobs, but agreed to yield to the experience of Ehlers.

Member Laliberte advised she didn't comment on this in the survey, as she was seeking more discussion as tonight, and found it helpful.

Member Willmus agreed with the recommendation of Ehlers.

President Roe agreed with the recommendation of Ehlers. President Roe stated his hesitancy to limit subsidies not knowing what development or what financial resources may be out there. If limiting subsidies in the policy, President Roe noted there may be multiple exceptions with the policy for each development coming forward.

Without objection, President Roe concluded there was no desire by the REDA to limit on the amount of subsidy per job created.

Minimum Wage Threshold

Ms. Kvilvang noted the REDA survey ranges fell within the categories of 2, 2.5, or 3 times the MN State minimum wage. Ms. Kvilvang compared that range with the Ramsey County poverty wage and annual inflators, noting that the REDA survey created a higher threshold than the County poverty wage. For an easier to understand threshold, Ms. Kvilvang suggested the REDA tie into the State minimum wage, opining that 3 times may be high.

Mr. Aarsvold agreed, noting if the REDA set a minimum of three jobs, the policy would address those three jobs, recognizing that other jobs may not reach that threshold.

President Roe noted his idea was to tie the wages to poverty wages, since it was based on the cost of living, because the State minimum wage was dependent on legislative review. President Roe noted he had somewhat arbitrarily chosen 2 times the poverty wage as a threshold, noting his concern was in tying the threshold to the State minimum wage when that may not always be tied to actual cost of living calculations.

Member McGehee noted her threshold was on the high end, and stated she intended to stick with that and would not support linking the threshold to the poverty wage. Member McGehee opined that most people were aware of minimum wage rates, and further opined that the REDA could change their policy as needed. Member McGehee stated she looked at it from the standpoint of what it would reasonably cost a person to live in Roseville, and opined the 3 times threshold seemed in that range. Member McGehee stated the REDA's goal was to have people able to live and function successfully in the community; and clarified that this involved only a small number of jobs. Member McGehee stated she'd be willing to go as low as 2.5 times, but not below that.

Member Willmus stated he had also put forward 3 times minimum wage, as he was originally looking at the Bureau of Labor Statistics and their information about salaries and wages for different job classifications, noting that the wages

for many of the types of jobs he was focused on were higher than that. However, based on tonight's discussion, Member Willmus agreed to move to 2.5 times, seeking a minimum of \$50,000, but opined he was still inclined toward the 3 times rate.

Member Laliberte stated she had also stated 3 times for many of the same reasons already mentioned by her colleagues. Member Laliberte agreed to move down to 2.5 times, but no lower than that.

At this point, Member Etten stated he was at the 2 times threshold; opining a \$40,000 per year job was solid, noting starting teachers didn't make that amount in the Roseville or Mounds View School Districts. Member Etten cautioned making the standards so lofty that a company or development was lost. However, if the majority of the REDA agreed with 2.5 times, he was amenable, but noted that may exclude other quality jobs.

President Roe noted related survey questions on the average salary across all jobs elsewhere in the survey.

Ms. Kvilvang opined, based on tonight's discussion and consensus so far, other jobs would be negotiated at less than the threshold, but she didn't think that would preclude the REDA from too much. Ms. Kvilvang noted this could be the upper management of a firm, but clarified the difference may be if the REDA didn't ever want to apply the exception with housing. However, while that discussion would be coming up, Ms. Kvilvang noted the REDA didn't appear to consider funding of housing as a big priority at this point.

Member Laliberte agreed with Member Etten on the types of jobs and earnings. However, Member Laliberte advised that for her the consideration was how a project may be subsidized, hoping the leadership for those jobs or a project would be of a higher level.

Member McGehee stated she preferred to hold fast at the 3 times minimum wage threshold, noting the many lower paying jobs already in the community, and this only affecting three jobs.

Member Etten agreed with the 3 times minimum threshold.

Without objection, President Roe concluded that the REDA had settled that the wage threshold in the policy would be based on 3 times minimum wage.

Building Valuations / Minimum Assessment Agreements

Based on her twenty-five years of experience in the field, Ms. Kvilvang advised that values didn't change that much for industrial properties; while retail/commercial markets had changed based on square footage especially for retail. Ms. Kvilvang advised that medical offices were valued higher than

typical office uses; and large buildings providing less value per square foot and smaller buildings greater value per square foot, but often variable based on amenities they provided. While Ehlers didn't recommend a minimum threshold, opining the market was what it is, Ms. Kvilvang sought a consensus of the REDA. Ms. Kvilvang advised that most cities routinely had minimum assessment agreements as part of their developer agreements, with discussions held with the county assessor regarding minimum market value and setting that level at the time of project completion. Ms. Kvilvang advised that typically those properties maintained their value over time, but by having that minimum assessment in place, a property owner could not petition the county assessor to go below that amount.

Ms. Kvilvang advised that developers frequently don't understand how property taxes work, and this helped them understand how assistance would be generated. Ms. Kvilvang noted lenders also liked that information documented, ensuring a minimum valuation was retained and not reduced. If TIF was involved, Ms. Kvilvang noted, whether a 9 or 24 year district, developers often petitioned that their values be reduced; and outlined the options available for the REDA and developer in various scenarios. Ms. Kvilvang advised that Ehlers recommended minimum assessment agreements be included in the REDA policy for future developer agreements.

Mr. Aarsvold stated he was on the fence with including this provision, but agreed it had validity if issuing General Obligation bonds to ensure the TIF stream was on track. While many people didn't think along the lines outlined by Ms. Kvilvang, Mr. Aarsvold agreed ten years down the road it could prove helpful to have such an agreement in place creating less hassle. Mr. Aarsvold noted there were a few instances where values had fallen under minimum assessment values, with the property owner paying more in property taxes than they were getting out of TIF; noting that could create a sustainability issue.

At the request of Member Willmus, Ms. Kvilvang clarified that the assessed value was determined, through forecasting calculations with the assessor, on today's value levels for new development versus when it came on line possibly in two years. Based on her experience, Ms. Kvilvang stated those valuations typically came in at market rate values; and were based on comparable sales reviewed by the assessor in the market.

President Roe noted three members supported a minimum value per square foot threshold, and with Ehler's recommendation not to include it, sought consensus.

Member McGehee stated she had considered the minimum based on square footage; but agreed to drop that in lieu of a floor that would be maintained under agreement with the assessor at the beginning. Member McGehee stated

her reason in seeking a minimum threshold was to protect the value and tax base for a project receiving a subsidy, but agreed this would hold it better.

Member Etten stated he was not in favor of the minimum value per square foot threshold as it could vary with development. However, Member Etten spoke in support of the minimum assessment agreement for long-term protection of the taxpayer investment.

Member Laliberte spoke in support of the minimum assessment agreement to protect value of the development.

President Roe stated he had trouble setting a minimum value per square foot, for many of the same reasons noted by Member Etten. In reviewing current values, President Roe noted retail values were high; and he didn't want to have a policy in place to help retail. Therefore, President Roe stated he would support a minimum assessment agreement as an excellent way to protect those values.

Member Etten stated his agreement with the majority.

Without objection, President Roe concluded the REDA had determined that the policy would provide for no minimum value square foot, but would pursue a minimum assessment agreement.

Ratio of Public versus Private Investment and Leveraging Resources

Ms. Kvilvang noted most cities didn't put this in their policy, but staff included the information in their staff reports to the REDA when any request came forward.

Member McGehee stated her preference if subsidizing buildings, that they included an improvement over current stock, whether for housing or any other development coming forward.

Member Laliberte agreed, referencing past projects that sought too much public assistance, with outside investigations concurring with the city's assessment.

Commercial Targeted Sectors (above black line on displayed slide) Included in Policy

Ms. Kvilvang noted those preferred areas for commercial development (e.g. corporate campus; office; small, non-retail business; non start ups but under fifty employees; multi-tenant buildings; high-tech or major manufacture; research and development; medical offices or facilities) that received priority status from the REDA.

Ms. Kvilvang identified those items not a priority included sit-down restaurants, warehouse/distribution uses, small specialty retail, and “other” identified as something new that would complete the community.

Member Willmus stated he was not supportive in general of retail unless it fell within the local, family-owned category.

President Roe agreed; but clarified a small sit-down restaurant may be considered if it fell within the small business category.

Member Laliberte agreed that she could support a private endeavor if it fell into the small business category, but noted the number of chains and retail franchises already in the community.

Member Etten asked how to define “small business,” whether that meant the total in the community under fifty employees, or their national number elsewhere.

Ms. Kvilvang noted satellite offices were not typically counted as small businesses, but part of their parent company. Therefore, Ms. Kvilvang noted small businesses would be defined as newer, non-franchised establishments.

Ms. Collins agreed and provided an example of how a small business may deviate from the REDA policy, but still fall under the retail category.

President Roe recalled that recent new warehouse type facilities in Roseville seemed to provide good wage levels, and suggested further review of warehouse uses.

REDA Executive Director Trudgeon noted they may be good paying jobs, but not of great quantity. In his review of the REDA survey, Mr. Trudgeon noted the interest appears to be the number of employees, and like data centers as well as warehouses, and with not a lot of employees on site that may have driven that category down more than actual wages.

Member McGehee stated she didn’t consider “distribution” due to the number of those uses already in Roseville, and the traffic they generated, amount of space they took up, and considerable amount of impervious surface (parking lots) they took up, including truck traffic generated. Given those characteristics, Member McGehee opined she wasn’t that interested in more.

President Roe suggested there may be special situations where they could be given consideration.

As defined in the displayed slide, without objection, President Roe concluded that the REDA had determined that the list was appropriate, with the inclusion of retail only if it fell within the small, family-owned category.

Multi-Family Housing Priority/REDA Subsidy Consideration

Ms. Kvilvang reviewed various housing stock preferences expressed by individual members in the survey, and those already available or still needed, displayed on the slide. Ms. Kvilvang concluded that housing didn't seem to be a priority of the REDA with a disconnect for bonus criteria, and housing driving most redevelopment projects.

President Roe clarified that he didn't have a sense housing was not important to the REDA, just that there had been some challenging projects coming before the city recently.

Member Etten stated his support for ways to find workforce housing, noting a number of Roseville residents needing that established need as indicated on the previous survey done by the Roseville Housing & Redevelopment Authority (RHRA). With the majority of the RHRA serving as professionals in the housing market, Member Etten, noted one of the body's high goals was to seek quality housing to support that category. In consideration of previous wage discussions tonight falling within some of those workforce housing categories, Member Etten stated he would support that component, but only as bonus points, but still given consideration.

Member McGehee stated she wasn't opposed to it, noting the city's long-standing workforce and affordable housing priorities. However, Member McGehee stated her preference that that housing include the same green space and amenities as market rate housing and in the same building as market rate versus segregating those units. Member McGehee stated she would not consider anything without those amenities. Member McGehee stated she would like to see some novel and new ideas provided in that range, whether a smaller community of attached homes with a very small common space, or something other than a high-rise category for workforce and affordable housing.

Member Willmus stated his current struggle with high density residential (HDR) housing already in Roseville, and the number monthly or leased rentals. Member Willmus stated he'd like to see exploration of workforce or affordable housing components tied to ownership of those units, such as detached townhomes. Member Willmus noted he'd scored medium density residential (MDR) low, noting those density situations typically fell into areas many in the community were leery of. Member Willmus opined that, specific to Twin Lakes, he was not looking to develop it with apartment style housing. However, specific to SE Roseville, Member Willmus noted he would consider more HDR in that area to supplement that existing housing stock. However, if

looking for affordable, workforce housing stock, Member Willmus reiterated his preference for ownership components.

Member Etten noted previous discussions of the RHRA about land trusts as an example that could provide affordable ownership for families. However, Member Etten questioned whether a developer would bring such an idea to the REDA, or if the city would need to seek that option on its own.

As far as priority ranking, Member Laliberte noted she had ranked it fairly low. Member Laliberte noted that ranking was based on many comments made to her in the past concerning density factors when projects come forward as high-rise or multi-family housing. Member Laliberte agreed with Member Willmus that there was not need for more of those; and noted that single-family homes provided sufficient turnover to create starter homes in some wage brackets. However, Member Laliberte opined there was a need to make sure that level retained its value and proved inviting for those moving into the community, whether or not it required prioritization.

In terms of providing assistance, President Roe suggested the REDA focus on housing areas in their market study that identified a particular need in the community. While opining luxury housing and subsidies didn't go well together, President Roe spoke in support of workforce housing. While supporting ownership possibilities, President Roe noted the need to be cognizant of the marketplace that continued to trend toward rentals, therefore he didn't want to exclude rentals. In SE Roseville where there was already fairly dense housing, President Roe stated his preference would move toward rehabilitation of existing buildings, since no new project had come forward in that area in years. While some existing buildings provide affordable housing, President Roe noted some barely got by condition-wise, and suggested if the REDA wanted to provide high-quality workforce housing, it support those rehabilitations. President Roe agreed creative ideas were good, but opined he didn't want to not consider multi-family either at market rate versus luxury. President Roe also spoke in support of affordable senior housing.

Member Willmus agreed with President Roe when looking at established areas, suggesting the policy be crafted around providing assistance to restore, rehabilitate or replace, but move away from new HDR.

Member McGehee concurred with Member Willmus, also supporting rehabilitation components. However, if the REDA supports more rentals, Member McGehee reminded the REDA that most all the condominiums in the community started out as apartments, and were not well-built, now creating huge issues with that construction and buildings now serving not as they were originally intended.

President Roe suggested the REDA may choose to be more supportive of assisting with the demolition of older buildings if their construction didn't meet today's standards that would serve to facilitate new construction.

Member Laliberte concurred, noting offsetting some of those costs to make an existing site better would be more desirable to her than simply adding more units.

President Roe noted that didn't mean those projects not needing assistance if zoned for that type of project.

Member McGehee opined if the REDA tore those existing buildings down to upgrade them, they needed to accommodate those tenants at the same rate.

President Roe agreed such a policy required equity provisions.

Ms. Kvilvang suggested policy language that provided if renovating an existing rental or condominium (e.g. HIA) that would be a priority for the REDA. However, Ms. Kvilvang sought further clarification if that included the potential for redevelopment or only renovation.

Without objection, President Roe concluded the REDA supported renovation OR replacement.

Also without objection, with Member Willmus highlighting it, consensus was that the REDA did not support HIA as an option.

At the request of Member Etten, President Roe clarified the replacement included meeting workforce needs as a target, and also providing missing housing stock options in the community, while focusing on rehabilitation, redevelopment or replacement, but also including workforce or market study identified needs.

Number and Type of Housing

Ms. Kvilvang compared responses in the survey and support or lack of support for higher and lower density, affordable and luxury housing, as well as parameters for the mix of affordable units, and novel housing solutions that are sustainable. Ms. Kvilvang suggested either leaving the policy open-ended or remaining silent on this issue.

President Roe noted that with Federal tax credit funding often used for workforce housing, the workforce units had to be in a single building versus spread across multiple buildings, so would not support a policy requiring units to be spread across multiple buildings, but was supportive of consistent amenities and quality among workforce and market rate units in a single project.

Member McGehee agreed, but reiterated her interest in parity in a building for affordable and market rates, with the same building quality and amenities.

President Roe stated his support of that as well, but based on reality, opined there was a need to consider projects with multiple buildings to ensure they offered the same amenities and not two different levels of housing.

Member Etten concurred with President Roe.

Targeted Sectors (per displayed slide)

Ms. Kvilvang outlined areas to include in the policy based on survey information: clean-up of polluted areas, clean-up of blighted areas; special purpose projects (e.g. SE Roseville); retaining a major employer; demonstration of extraordinary efficiency practices; significant rehabilitation of existing properties; provided housing options not currently available; and preservation or stabilization of malls and/or major commercial nodes.

Without objection, President Roe noted these areas articulated the goals of the REDA as laid out by Ehlers.

President Roe clarified that he didn't want bonus factors or categories outweighing the general policy; duly noted by Ms. Kvilvang.

Open Comment – Areas the City DOESN'T want to Provide Assistance

Ms. Kvilvang reviewed the displayed list of those areas, including: retail establishments unless smaller stores (e.g. not strip malls); most multi-family housing, LDR, projects that pollute with noise or contaminate the air, ground, or water; any project from staff or the City Council not vetted in the charrette process within the community; anything not providing good jobs and benefits; no big box stores; no adult entertainment, no pawn shops, and no trucking terminals.

Member Willmus suggested additional discussion on the charrette process and noting the expense of such a process, questioned if it would be required if the REDA was looking to financially assist a corporate headquarters use, for example, in an area properly zoned as such and not directly adjacent to less intense uses.

President Roe opined it sounded like the intent was for any city-initiated projects to ensure sufficient public participation.

REDA Executive Director Trudgeon stated it was addressing if staff came forward with a multi-million dollar project without public input versus a developer using a vetting process with the public.

Without objection, President Roe noted that, the REDA agreed with the list, excluding the charrette process in circumstances as clarified and noting other city standards related to the process..

Open Comment – Areas the City DOES want to Provide Assistance

Ms. Kvilvang reviewed the preferences outlined in the survey, noting they were typical in most communities (e.g. underground or ramp parking to address reduced surface parking; green enhancements, etc.). Ms. Kvilvang noted others included public infrastructure; affordable housing at 20% of luxury product; pedestrian or transit amenities; and increased green space.

Member Etten spoke in support of the highlighted items, but questioned the need to highlight them specifically; with consensus by the REDA.

President Roe noted underground parking was addressed in the last comprehensive plan update; and suggested the other items could be included a part of staff's review. President Roe stated his willingness to look at city assistance for additional amenities in line with city preferences and goals, and in lieu of other amenities or items that may be lacking as staff reviewed a particular project.

Without objection, President Roe noted the REDA agreed to make the top two items part of the policy, with other items falling under staff consideration.

What City Fees Would the City or REDA be willing to Waive

Ms. Kvilvang noted this included building permits, park dedication fees, water access or sewer access charges (WAC) or (SAC). Ms. Kvilvang advised that most communities were not willing to waive building permit fees, since they considered it part of doing business, but seemed more willing to consider waiving park dedication fees, often for senior assisted products since they weren't deemed a burden on parks, while some say the park system has to be covered in any situation.

Members Willmus, McGehee and Laliberte stated they were not in favor of waiving any fees.

President Roe reminded members of the possibility that always exists to focus more on land in lieu of cash for park dedications.

Member Etten concurred. However, he noted sometimes there were SAC credits available from the Metropolitan Council, not just the city, that he would not be opposed to using.

Member consensus was that they would not be opposed to using those SAC credits.

REDA Executive Director Trudgeon reviewed previous and current SAC charges and the process and credits retained by the city for use throughout the city. Mr. Trudgeon noted that current credit balance in Roseville was close to \$1 million.

President Roe provided additional information on the purpose of SAC to pay for development over time for the larger metropolitan sewer system and assistance for new developments in meeting other criteria.

Ms. Kvilvang advised that her firm would work with city staff to fill in the policy and return to the REDA with an updated draft policy incorporating tonight's discussion.

Public Comment

Lisa McCormick, Wheeler Street

At the request of Ms. McCormick, President Roe advised that additional public input would be heard prior to finalizing this policy.

Ms. McCormick opined there was a big concern among the community that the Twin Lakes discussion be incorporated into this citywide policy, particularly those items addressed from community feedback in the former Community Development Director Bilotta survey. Ms. McCormick sought confirmation that would be taken into account.

Ms. McCormick expressed appreciation for Member McGehee's comments on income levels and tying job levels to income to encourage quality businesses in the area. With the median income in Roseville at \$60,000, Ms. McCormick stated her appreciation for keeping the minimum threshold at 3 times the State minimum wage.

Specific to small businesses, and whether the REDA wanted to support them, Ms. McCormick asked that the REDA consider standards to gauge the quality of those small businesses from a community member standpoint and whether or not the business was willing to be a good corporate neighbor to their residential neighbors. When reviewing increased green space and parking, Ms. McCormick asked that the policy also include increased screening and buffering between adjacent commercial and residential properties.

President Roe thanked Ms. Kvilvang and Mr. Aarsvold for their insight with this discussion.

c. Adopt 2017 REDA Budget

Interim Community Development Director Kari Collins summarized the options for staffing and programming related to the 2017 budget for the REDA and broader Community Development Department. Ms. Collins reviewed the 2017 Preliminary Budget provided as a bench handout (Attachment A), and monthly and annual levy impacts for each of those options. An additional

bench handout property taxes and impacts as well as monthly impacts to properties for each option.

President Roe noted the maximum allowable REDA levy per State Statute based on city market value for 2017 would be \$787,000.

As detailed in the staff report, various options and their levy impacts were outlined:

Option 1 Levy = \$303,710

Option 2 Levy = \$565,585

Option 3 Levy = \$636,521

Maximum Levy = \$787,000

At the request of Member McGehee, Ms. Collins confirmed that this was a not-to-exceed levy that could be decreased but not increased by year-end final adoption.

However, President Roe noted the REDA always had the option to pass a budget amendment in 2017; but confirmed the levy would have been already set.

REDA Executive Director Trudgeon advised this recommendation from the REDA would go to the City Council on September 12, 2016 at which time the city set its not-to-exceed 2017 levy.

Member McGehee spoke in support of Option 1, opining she liked how duties were mapped out, and noted the comprehensive plan would occupy considerable staff time in 2017. Therefore, Member McGehee questioned how much more could be accomplished with the remaining limited amount of time. Member McGehee noted the broader budget was her consideration, not limited to the REDA preliminary budget; and expressed satisfaction with the accomplishments of the Community Development Department staff, and her desire to not overtax them in 2017.

Member Etten directed several questions to staff on the budget proposal, including reviewing each option, the apparent error in EDA levy and total budgeted expenses of \$5,000 and \$12,000 respectively in Attachment A (energy efficiency line item).

Ms. Kelsey reviewed Attachment A and corrected line items, noting the expenses equaled income and predicting nothing was left from the operating reserves, and that bottom numbers and totals were accurate.

At the request of Member Etten, Ms. Kelsey confirmed that staff's recommendation was to transfer reserve funds from the revolving loan program to operating funds until receipt of tax revenue anticipated in July of 2017. At the request of President Roe, Ms. Kelsey clarified that once that tax

payment had been received, the intent was to NOT repopulate the revolving loan program, but for this to be a one-time transfer, since the EDA had no operating reserve at all now.

REDA Executive Director Trudgeon noted this would address the current staff flow issue; with Ms. Kelsey concurring, noting there was no money to maintain many of the previous programs unless funds were taken into operating reserves.

If there was no reserve creating a shortfall, Member Willmus asked if it was possible to transfer General Fund dollars from the city (from reserve funds) to the EDA. Member Willmus questioned the need to retain 35% in additional reserves.

President Roe clarified that was cash flow reserves.

Ms. Ingram responded that it would be possible to transfer funds from the City's General Fund to the REDA, but suggested it was a policy question as to whether it was advisable to do so or not.

Member McGehee spoke in support of retaining an REDA reserve fund.

President Roe noted the difference in multi-family loan and acquisition funds, and "other acquisitions," and questioned the \$200,000 difference in those funds between Option 1 and Option 2 & 3.

Discussion ensued among various options; use of outside consultants and use of in-house staff.

At the request of Member Willmus, REDA Executive Director Trudgeon confirmed that operating fund reserves as recommended by staff represented a one-time transfer to set aside those funds, and not something needed each and every budget cycle, but suggested in line with other reserve fund policies of the city at a target of 35% or adjusted at the discretion of the body.

At the request of Member Laliberte, Ms. Collins reviewed Option B and intended use of one or more outside consultants for various purposes and as the REDA and staff navigate 2017 priorities and dedication of funds accordingly. Ms. Collins noted the intent, depending on the REDA's proactive programming for 2017, to have a full range of specialties on board to assist. However, Ms. Collins noted the REDA was still in the process of defining those priorities.

Mr. Trudgeon noted this could include a number of consultants, with \$50,000 allotted toward the total fund, calculated at approximately 415 total hours or 8 hours per week.

Ms. Collins agreed, noting the City of Shoreview using such an “on call” consulting scenario, setting aside a certain amount of funds allowing for various consultants to provide a wide range of expertise.

While understanding previous staff positions, Member Laliberte asked if the roles were known for the proposed reconfiguration in the office as well as interaction in and with the community.

Ms. Collins advised that, depending on the option chosen by the REDA, those job descriptions would be returned to the REDA and City Council for vetting, and referenced Attachment C for some of those comparison examples.

Mayor Roe noted the variables for supervisory employees running overall programs, and the day-to-day operational work of the organization.

Member Willmus asked if other efficiencies were possible or had been explored by staff (e.g. legal counsel) to bring those services together between this body and the City Council.

Ms. Collins suggested all programs and services could use such a review, and offered to work with City Manager Trudgeon on those efforts if so directed.

Mr. Trudgeon asked if the intent was to align legal services for the City Council and EDA, noting he was in the middle of contract negotiations at this time. Not to say those services couldn’t be evaluated or reviewed, Mr. Trudgeon noted the specialties of EDA legal council versus general municipal attorney services.

McGehee moved, Willmus seconded, adoption of REDA Resolution No. 2, entitled, “A Resolution Adopting a Tax Levy in 2016, Collectible in 2017; adopting not-to-exceed Option B; amended at \$365,585, removing \$200,000 from the multi-family acquisition fund.

No one appeared for public comment related to this item.

Member McGehee spoke in support of this option based on her previous comments, and concerns with staffing and the newness of the REDA, and need to rely on consultants for some of that expertise at this point.

Member Willmus spoke in support of this preliminary budget. However, as final determinations are made, Member Willmus stated his need to look at additional information from staff more closely as to realignment and–job categories/classifications were intended moving forward.

Member Laliberte concurred, stating she would be looking to the next REDA or City Council discussion on day-to-day operations moving forward and ways to do more with current resources.

Member Etten agreed with Member McGehee that consultants were the best way to proceed for now until priorities and processes could be laid out for 2017 focus. Member Etten opined this would be a good way for staff and the community to inform that process as part of the comprehensive plan update; while outside consultants could provide assistance on other priorities to move them forward. Member Etten stated he would love to talk about the acquisition fund, but didn't think there was sufficient REDA support for it at this time; and therefore could support reducing the revolving loan fund, creating a smaller levy and fund transfer.

President Roe agreed with the limited experience of the REDA at this first budget cycle, and opined it allowed the REDA to work things out as it proceeded forward as funding was allocated and policies put in place as experience grew. However, President Roe stated while he was supportive of funding a multi-family acquisition program in the future, he was not willing to do so at this point, nor to add an additional \$200,000 to the levy to support it. President Roe spoke in support of the motion, acknowledging priorities but not moving all the way toward staffing until the REDA has a better understanding.

Ayes: McGehee, Willmus, Roe, Laliberte, and Etten

Nays: None.

Motion carried.

Recess

President Roe recessed the meeting at approximately 6:13 p.m., and reconvened at approximately 6:20 p.m.

d. Adopt Business Visitation Program

Jeanne Kelsey, Community Development Department summarized priorities established by the REDA for the remainder of 2016 and into 2017 as detailed in the staff report. Ms. Kelsey noted one of those priorities had been to devise and implement a business visitation program; and introduced Community Development Department Intern Angela Riffe to report on that initiative she had conducted.

Ms. Riffe reviewed data from her research and findings as addressed in the staff report, concluding with staff's recommendation for partnering with the Minnesota Chamber of Commerce's visitation program, "Grow Minnesota!"

Discussion included visitation types, focus for 2017 prioritization and budget implications; no requirement for a business to become a member of the Chamber of Commerce, with services provided for non-member businesses as well; staff capacity for visits and whether to target visits to businesses in the

Twin Lakes and SE Roseville area; choice of cities surveyed representing the only ones currently doing business visitations in the metropolitan area with other cities contacted to make that determination; and how the database and information would be used going forward.

Specific to next steps, President Roe clarified the REDA would need to determine the city's follow-up with businesses and direct staff accordingly.

Ms. Collins admitted her initial reaction to staff capacity was similar to that of the REDA. However, Ms. Collins noted that staff contact could be any member of the internal economic development team defined as priorities are identified, with some of those adjustments in staff already being reviewed and realigned as changes are ongoing in the planning division. Ms. Collins noted this could also involve other city staff beyond the Community Development Department or a combination of representatives that would further reduce the burden for follow-up from one or two people.

Ms. Kelsey agreed staff was being intentionally aggressive with this initiative and overshooting goals. Ms. Kelsey stated staff's preference to bring this back to the REDA on a quarterly basis. Ms. Kelsey stated there may be challenges in getting businesses interested in having a site visit, but noted the importance of building the business database while also receiving feedback from community businesses that would provide city and regional information shared with Grow Minnesota! and ultimately helping local businesses be more successful and provide assistance as needed.

Member Laliberte expressed interest in how staff intended to involve City Council representation to assist in those visits; and suggested moving beyond just ambassador visits to also visit existing business in addition to new businesses.

President Roe agreed that there was a need for something beyond just ambassador type visits; but providing retention efforts with information provided through the experiences of large, long-term businesses in the community.

Ms. Kelsey agreed with that process following the initial visitation, suggesting that first visit as an opportunity to get know the business better and see if they were interested in more representation from the City Council or City Manager even. While wanting to provide an opportunity for the REDA, Ms. Kelsey noted other communities had alerted Roseville to some of these issues, as well as scheduling conflicts holding them back from doing more than they were already doing.

Member Laliberte asked if staff was planning to identify these new sectors, or incorporate this information as part of the 2014 efforts and build on that.

Ms. Kelsey clarified that the University of Minnesota Extension Program was a partner of Grow Minnesota! and had cross-tabulated those surveys with this building on that foundation. Ms. Kelsey further noted that the different specificities of that initial survey was to build recommendations and have the task force identify priorities for the city related to business retention.

Given this work with Grow Minnesota!, Member Laliberte questioned if it remained a benefit for the city to work with Greater MSP.

Ms. Kelsey opined it was a benefit to the city as well as the regional community; noting that Greater MSP had bio-med support and brought financial assistance into the picture to build stronger communities regionally and advance business using their resources.

Member McGehee agreed with Ms. Kelsey, having participated in some of the first business visits in 2014, and with some of those businesses being extremely small, many didn't care for a visit. Member McGehee stated she liked the idea of preliminary field work being done by staff, and then if they wanted to participate, arrange a second visit with broader city representation.

Member Willmus concurred with the discussion to-date, and advised his main concern had been with staff loading and already addressed.

President Roe stated his appreciation that the data from 2014 visits had been incorporated; and stated his appreciation of the idea to visit long-term businesses (e.g. Old Dutch) to hear their perspective. President Roe noted his interest in targeted areas (e.g. SE Roseville) with some businesses visited in that area, but not many there.

Etten moved, Willmus seconded, authorizing staff to enter into a partnership with the Minnesota Chamber of Commerce's visitation program "Grow Minnesota!"SM and adopt a Roseville Visitation Program.

Public Comment

Lisa McCormick, Wheeler Street

Ms. McCormick expressed curiosity in the purpose of a business retention program beyond retaining businesses for economic development, and related to other community issues. Ms. McCormick noted past references to the three-legged stool, and asked how residents would be involved as the REDA moves forward.

As suggested to these meetings, Ms. Wheeler noted numerous businesses she had spoken with, had little or no time or interest in visits unless there was a specific issue. Ms. Wheeler suggested there may be more incentive for those businesses to attend an open house contained in one evening and including

interested members of the public where businesses could mingle with residents and the City Council. Ms. Wheeler opined that would be a more collaborative event versus city officials going to the business sites.

As a member of the community, Ms. McCormick stated she'd appreciate a refresher on why this is being done; and parallel opportunities for residents and areas or neighborhoods in the community to have the same opportunity for interaction.

Member Etten expressed appreciation for Ms. McCormick's questions. However, in the initial 2014 visits, Member Etten noted many were found with holes in or no business plans at all, and stated the need to support those businesses and their staying successful by identifying needs and reaching out to them. Member Etten opined it would be more onerous to them to leave their site; and even though the city held business events once/year at various city locations (e.g. hotels), it only reached a relatively small number of businesses. Member Etten noted the need to make this as convenient as possible, opining that was probably through a site visit, providing another tool in the continued interest by the city in keeping them successful in the community, and from the city's perspective, retaining its broad tax base.

Member Willmus agreed with the need for stabilizing the city's tax base, fortunately now very diverse, and make sure nothing was missed if degradation was seen in one area of that tax base. Member Willmus opined it was good to understand not only residents' but business owners' perspectives, many of whom were also Roseville residents. By creating a win-win for all, Member Willmus stated it created a stabilized environment for a successful city with well-maintained infrastructure, a strong residential and business base, and a mechanism for the city and him personally, to open the door to see the challenges being faced by some of these business owners.

Member Laliberte noted the City Council had already spoken with the Community Engagement Commission on exploring the open house concept, and further noted the city had already expressed an interest in having residents and businesses share in that opportunity. During her time serving on the City Council, as well as her active membership in the State Chamber of Commerce, Member Laliberte noted she had heard stories at different events from businesses – including some in Roseville – who had outgrown their space, but were looking elsewhere than Roseville and therefore taking jobs out of Roseville. Therefore, Member Laliberte opined it was important to get a pulse check and determine comment themes (e.g. transit issues) from businesses and to address those challenges.

Ayes: McGehee, Willmus, Roe, Laliberte, and Etten

Nays: None.

Motion carried.

e. Receive Location One Demonstration

GIS Technician Joel Koepp reviewed the LocationOne partnership and free access for the City of Roseville through the Minnesota Department of Employment and Economic Development of this web-based service.

REDA members asked questions during this interactive presentation and available site amenities and limitations. Mr. Koepp noted interfacing capabilities in map data, area descriptions and hyperlinking that data to zoning code information.

f. Review and Receive Update on SE Roseville Properties

As part of this discussion, a bench handout was provided as part of the staff report, consisting of a letter dated January 21, 2016 from the Department of Military Affairs to the Roseville City Council, offering the city the first right of refusal to purchase the former Armory located at 211 McCarron's Boulevard N in Roseville for the sum of \$2,190,000.

Interim Community Development Director Kari Collins and Jeanne Kelsey, Community Development Department were available for discussion of properties outlined in the staff report; and based on direction to staff provided in April of 2016, and detailed in lines 6 – 10 of the staff report.

210 and 196 S McCarrons Boulevard

Member Willmus stated his interest in the 196 parcel was as part of the 210 parcel consideration, and stated he had no interest in pursuing the 196 parcel simply to clean up lot lines to facilitate how other parcels may redevelop. However, Member Willmus stated he was somewhat interested in how that parcel might serve to provide access to Ramsey County's McCarrons Park directly from the trail from the adjacent apartments.

Member McGehee stated she was interested in pursuing the 196 parcel if for no other reason that access; whether the city thought of another use in the future or simply held onto it for future access.

Without the availability of the 210 parcel, Member Etten questioned whether he was interested in purchasing the 196 parcel. While recognizing interest in the access, Member Etten used the displayed map to show an existing access point to the left of this parcel, from the parking lot at the apartment complex on the side street leading to the path and park. Member Etten opined he couldn't see purchasing an unusually shaped piece of land and then expending money to demolish the existing home without having some idea of how that connected too the neighborhood and long-term picture.

Member Laliberte agreed the motive for purchase is less clear to her than originally. If just for access, Member Laliberte questioned if it made much

sense to remove a parcel from city tax rolls and no longer generating tax revenue for the broader community without a clear purpose in mind, or if simply for open space and access to a county park.

President Roe noted similarities with this parcel to that property purchased by the city across from City Hall for future consideration. While it took the property off the tax rolls, President Roe noted it wasn't generating much now; and while access may be the goal, the existing structure would need to be torn down at city expense to avoid any adverse activities occurring in the structure. Given the reasonable price of the parcel, President Roe opined the parcel had potential to get into the development process if the 210 parcel or parcels south or west of parcel 196 develop and therefore he considered its purchase a potential benefit for the city.

At the request of Member Willmus, Ms. Kelsey clarified that the city had not yet formally retracted its offer for the 210 parcel; but suggested doing so if that was their intent to provide a clear understanding to the current property owner.

Member Willmus stated he'd be in favor of not retracting the offer now and leaving it on the table, based on his understanding the family was still trying to determine what direction to go.

Member Etten stated he was fine leaving the offer on the table for the 210 parcel for now; but was concerned with the 196 parcel if used simply to provide a crossing to the park at this point with no striped or signed crossing, and at a significant and dangerous curve in the road at that site, he wouldn't encourage that idea. Member Etten noted an existing crossing was available one-half block away to the west and much more visible.

Member McGehee stated she was happy to change her position based on this discussion. However, Member McGehee stated she'd also be happy to turn it back and let it go on the market for a new house there, opining it was a nice lot and location.

Public Comment

Sherry Sanders, S McCarrons Boulevard

Ms. Sanders stated her agreement with Member Etten, especially with the location of the 196 lot in proximity to the existing marked crosswalk providing better vision. Ms. Sanders opined it didn't make sense to remove this parcel from tax rolls.

Discussion ensued regarding past experience and the process for the city in acquiring the Hamline Avenue parcel for the REDA single-family home program and demolishing the existing home and preparing the site for new construction, with some funds still available to do so; and typical loss to the city related to demolishing existing structures and preparing the lot, while

realizing a tax increase on the property with a home valued substantially more than an existing obsolete structure.

Ms. Kelsey reviewed the existing home from staff inspections and tour based on today's code standards, and lack of potential for a remodel; with current sellers through this family estate not interested in putting any money into the current structure, and staff not anticipating much buyer potential.

Further discussion included the preference to keep the parcel on the tax rolls; and clarification that this parcel has no deeded access to the lake, with access limited to the 210 parcel.

Without objection, the REDA directed staff to not take any action on the 210 parcel at this time.

Willmus moved, Laliberte seconded, directing staff to review the appraisals on 196 S McCarrons Boulevard and schedule a CLOSED SESSION of the REDA at the September 19, 2016 City Council meeting to further discuss making an offer on the property.

Ayes: McGehee, Willmus, Roe, Laliberte, and Etten

Nays: None.

Motion carried.

211 N McCarrons Boulevard

Ms. Kelsey reviewed the three options outlined in the staff report for this parcel (lines 36 – 48) seeking direction from the REDA. Ms. Kelsey noted that the city had already received an extension to consider purchase from May 13, 2016 to December 31, 2016; but was unsure if the Department of Military Affairs would be willing to extend that further. Ms. Kelsey further advised that staff had held no formal discussions at this point until receiving direction from the REDA.

Ms. Collins reported on staff's walk through of the facility by Community Development Department staff and City Building Inspector Gerry Prouix who provided initial observations without a full structural report. Ms. Collins read off those items from the initial observations of this multi-generational constructed building, found to be structurally sound, but with significant things needing to be brought up to code.

At the request of Member Willmus, Ms. Kelsey reviewed the asking price of the building at \$2,190,000 in accordance with an appraisal of fair market value rendered in 2014. Ms. Kelsey advised that if the city chose to purchase the building and demolish it for new construction, the estimated cost to do so was

\$600,000, making the net value of the site without the building approximately \$1.5 million.

At the further request of Member Willmus, Ms. Kelsey reviewed the current code updates or additions needed, including sprinklering, ADA access, and reopening of an entire area for emergency access for classrooms for an addition from the 2000's allowing for full fire access assumptions and to make the entire building usable based on fire inspections. Regarding hazardous materials in the building, Ms. Kelsey advised that the city would need to hire a professional to make that analysis as to asbestos and lead paint in the building.

Of the three choices provided in the RCA, Member McGehee stated she would be in favor of Option 1 providing the best information available about the building. Member McGehee noted she had heard many ideas brought forward to-date, but opined there was no use moving forward unless the building was deemed usable. Member McGehee recognized that many Roseville residents were fond of the building and its history in the community. If the building was well-built, Member McGehee opined the city may not be able to build one of equal quality for a comparable cost.

Member Etten sought additional information on Option 2 and the types of information this report would provide.

Ms. Collins advised the city could work with the ULI on who could be on the panel and to explore if the site was reusable or explore its highest and best use. Ms. Collins advised this would be a ½ day workshop, and not include community input processes at that point, but would consist of a panel of experts, with staff's subsequent recommendation based on that report. Ms. Collins advised that discussions could then be held with the community on the results of that report, which may ultimately recommend a full-scale architectural review versus their initial periphery review of the site and their conceptual ideas minus potential costs. Ms. Collins noted this panel was a group of volunteers considered leading experts in their field in support of communities; with the \$5,000 cost for the report going to ULI, and not to any of those volunteers.

At the request of Member Etten, Ms. Kelsey reviewed where funds would be transferred from for the report if that was the direction of the REDA. Ms. Kelsey also reviewed potential funding for the purchase of the former armory, with staff anticipating the \$2.1 million may not be a firm number, opining the Department of Military Affairs may be willing to work with the city.

Member Willmus expressed his concern in significantly spending down balances and other program funds for this parcel, especially the many unknowns (e.g. sprinkler system, ADA access, additional roof areas not done in this significantly segmented building). Member Willmus stated he'd be

very, very cautious about getting in too deep in the acquisition of this parcel. Member Willmus also stated his worry with the timeframe under which the city would need to work.

However, Member Willmus expressed his strong interest in taking immediate steps to protect the neighborhood if the city did not move forward to acquire the parcel. Member Willmus opined there was a need for the City Council to have the discussion on that process as soon as possible, specifically rezoning the parcel from Institutional to LDR to avoid another government entity impacting that neighborhood with a potential use from the city's Table of Uses for Institutional zoned designations.

Member McGehee stated she would not be in favor of rezoning at this point, even though another government entity has first right of refusal after the city, opining it would be inappropriate for the city to do so underneath that second right of refusal, particularly when that party was a multi-city project partner. Member McGehee opined this was an important site and potentially important to SE Roseville; and therefore, she found no benefit for Options 2 or 3 until more was known about the condition of the building. Member McGehee opined that the Department of Military Affairs seemed willing to work with the city, and may be amenable to another extension if they found the city was actively pursuing the details at this point.

Member McGehee spoke in support of Option 1, noting the city already approved remodeling of a number of apartments without a sprinkler system, already having set a precedent. Once more information was known about the building, Member McGehee stated the city would be in a better position and have an opportunity to engage the community at the front end, outlining all the problems, expenses, and opportunities. Once that information is made available to the public, Member McGehee suggested the community may have other ideas to bring forward or at least be involved in the decision-making.

Given the cost of the property and building, and list of concerning items from staff's inspection, Member Laliberte stated she also had concerns about expending all available funds even though it is a priority area. Member Laliberte noted the estimate of the hazardous materials and fire code inspection costs, estimated by staff at \$5,000 to \$10,000 for environmental review of this almost 60,000 square foot building for a commercial versus residential level for that review. Until that other information is available, Member Laliberte stated the options were moot, and if the city expended those funds the next government entity wouldn't need to do so. Therefore, Member Laliberte stated that the only way she'd consider expending funds to receive that additional information was if that government entity partnered with the city to do so, providing a benefit to both parties.

At the request of Member Etten, Ms. Kelsey reviewed the timeframe for Option 1.

Ms. Collins noted Ms. Kelsey had held preliminary discussions with Ramsey County on the property and Ms. Kelsey advised that their mindset was that they had no interest in keeping the parcel off the tax roll; and their only interest in a partnering opportunity was if it was reprogrammed for the tax rolls. Ms. Kelsey stated the County felt there was already sufficient Institutional properties in Ramsey County and not enough contribution to the tax rolls, especially with the Capitol building and other government buildings.

Member Etten noted the County probably wouldn't be interested in partnering with the city to review the building's potential in that case; and expressed his concerns in draining funds as well.

Ms. Kelsey suggested having that discussion with Ehlers, noting the government didn't need to acquire everything, but perhaps could facilitate redevelopment of the site versus taking it on and repackaging it. Ms. Kelsey suggested the REDA take that opportunity to have that discussion.

In his recent door knocking in that area, Member Etten noted there was a fair amount of interest, but as you moved further away from the site, that interest also diminished. Member Etten noted the need to be very thoughtful of potential uses and also the need to involve people in that area in the discussion. However, with the dollar amount being considered, Member Etten noted the need for the discussion and decision-making to involve the entire community. Given the dollar amount, timing and discussion with Ehlers as suggested by staff, Member Etten noted the time needed to think about this decision let alone actually doing something about it.

President Roe stated that the first thing that came to mind in acquiring the property for use by the city was "What for?" President Roe noted nothing had been identified in the Park Master Plan or other processes that this was an ideal site, with several park amenities in that area of the city already updated. While there may be other opportunities for some of the limited uses suggested, President Roe stated he was really leery as a public decision-maker to spend significant money to acquire a pretty significant property with no purpose in mind other than because it's available. President Roe also expressed concern in funding the acquisition and/or rehabilitation without uses identified. Also given Ramsey County's lack of interest in the site for future Institutional use, President Roe agreed the site was probably not suited to that use going forward, and suggested the neighbors needed to be consulted to find out what their preference would be going forward for the site. At this point, President Roe stated he didn't see the city acquiring the site.

Regarding rezoning, President Roe clarified that the city could rezone properties at any time, and had already set a precedent for that, based on community guidance and with a comprehensive plan change requiring City Council super-majority vote. If the city initiated some type of use and comprehensive plan designation, President Roe noted it had to involve the neighborhood; and opined he wouldn't want to be so disrespectful of the neighborhood to rezone it to get it done fast without their feedback and participation. However, President Roe opined he thought such a process could be accomplished before year-end unless the City sought an extension from the Department of Military Affairs.

However, President Roe opined he couldn't see the city acquiring this property, noting it wasn't anything the city was looking for that fit in; and expending money now to see if the condition of the building was good or bad, didn't make sense to him.

Member McGehee noted one more partnership not yet discussed was that of the School District. Member McGehee stated she had talked to their representatives, and advised that is a potential partner that should be considered and who could assist in setting up neighborhood meetings, as well as in assessing the building's condition.

Member McGehee stated that the city didn't have to go out with an RFP for technical review.

REDA Executive Director Trudgeon agreed that was true under state bidding law thresholds, but was not in accordance with city policy requiring an RFP for professional services.

Member McGehee reiterated her interest in spending a reasonable amount of money to obtain a firm to provide technical information before meeting with the neighborhood, but beyond a hazardous material review.

At the request of Member Laliberte, Member Etten responded regarding School District No. 623's facilities review and space needs, which he and City Manager Trudgeon both served on. From his perspective, Member Etten noted the School District had a significant series of decisions to make with existing facilities, making him hard pressed to think they would want to take on another aging facility, nor how interested they might be involved in the process.

Public Comment

Jim Moncur (SP?) 294 N McCarrons

As Secretary to the Lake McCarrons Neighborhood Association, Mr. Moncur reported on discussions in their neighborhood as to the future of the armory, including worst and best case scenarios. Mr. Moncur noted those discussions

also included what shared responsibilities could be among various forms of government, with no conclusions reached or a total survey done at this point.

Mr. Moncur noted one thing prohibiting their association from going further with that discussion was there was no idea of what shape the current building was in, making it incumbent to determine that condition for what could be done.

As a neighborhood, Mr. Moncur advised that they had identified at least two dozen uses that could be facilitated if the building was in good shape. If not in good shape, Mr. Moncur advised that the neighborhood was not asking anything extraordinary of the city; but at a minimum asked that a professional study be done to see what uses the building could be put to in the future as a first step.

Also, to put these any of these uses into play, Mr. Moncur noted would take some time and could not be accomplished by the end of 2016, no matter what steps were taken. In order to show the Department of Military Affairs of the city's serious interest, Mr. Moncur opined, an evaluation of the building would go along way toward that and serve to convince them that a second extension was called for. Mr. Moncur asked that the city allow for a review of possible uses and partnership options for re-use of the building versus tear-down for a different use.

Without a study of the building, Mr. Moncur opined the city would be buying a pig in a poke, and assured the City Council that the neighborhood was not asking them to do that. Mr. Moncur reiterated that their request was that the city takes the first step in the process so all potential uses of the building and feasibility of those uses could be determined.

Sherry Sanders, S McCarrons Boulevard

As Chair of the Lake McCarrons Neighborhood Association, Ms. Sanders stressed that it seemed premature to make an informed decision or say the city didn't want the building without adequate information available. Ms. Sanders noted there were several opportunities for a shared interest, including the McKnight Foundation for potential grant applications, or using funds from TIF District 17 for hazardous materials removal if so indicated. Ms. Sanders also referenced the Metropolitan Council as another option and remediation funds for clean-up.

If the city was hesitant to spend the money, Ms. Sanders asked that they first hear what residents wanted to say about use for the building; which would also provide additional time to explore grants and other sources of money. Ms. Sanders asked that the building's potential be considered versus spending \$2 million on an empty lot.

Ms. Sanders agreed with Mr. Moncur and encouraged the city to spend funds to evaluate the building as a first step before even approaching anyone for partnerships or other uses.

Robin Schroeder, N McCarrons Boulevard

In full disclosure, Ms. Schroeder serves as Chair of the City of Roseville's Finance Commission, but spoke tonight as a Roseville resident.

As a resident of SE Roseville, Ms. Schroeder noted the neighbors were concerned about what could happen on this site; and stated they were concerned with and asked that no more HDR or high-rise apartments be constructed on the site.

Ms. Schroeder opined it was important for the EDA to map that future use, however, whether for park space or single-family residential. Ms. Schroeder asked that the City Council how they wanted the site to redevelop and to do so in the right time, by taking time, and if necessary seek an extension in order to evaluate the future of the site.

Member Willmus stated he continued to struggle with the ultimate price tag for the property. While recognizing many in the community may be saying this would be a great building to retain as is, based on a greater fear of what it could become, Member Willmus stated that was his reason in wanting to consider potential rezoning. Knowing the dollars involved and reality of the difficulty the city would have in making the current facility work, Member Willmus admitted his struggle with this property.

Willmus moved, Roe seconded, directing staff to NOT pursue acquisition of 211 N McCarrons Boulevard; and further directing staff to initiate a community-based rezoning process to survey members of that area as to what they would like to see that property zoned going forward.

In defense of the motion, Member Willmus opined the city needed to be prudent in the steps taken and realize the timeline it was under. Therefore, Member Willmus opined the city should take action to implement steps to garner feedback from the broader community, as mentioned by Ms. Schroeder, about what they wanted or didn't want on the site. Member Willmus stated a zoning conversation could accomplish that task. While the city could throw \$20,000 here and there, Member Willmus noted it was already known the incredible burden acquisition costs would place on the community to get this to work.

Member McGehee spoke in opposition to the motion for the simple reason, as long as she had sat on this City Council, she had seen enough expenditures without a particular direction or input far exceeding this outlay now before them, outlays that had placed incredible burdens on the community and

required debt service and ongoing maintenance. Member McGehee referenced a petition received in the recent past signed by 130 residents asking that the city not spend money, but the Council making a decision to do so anyway. With neighbors now asking that the city expend \$20,000 in advance of a meeting to help negotiate a price or find another partner or use, Member McGehee opined seemed to be a double standard, as well as causing her concern about the ethics of if seeking to rezone the property so quickly. Member McGehee stated she was uncomfortable in the city not doing this due diligence after observing six years of due diligence not being done on projects not as widely supported by the community.

Member Laliberte admitted she was struggling with this, and while agreeing that information and due diligence were important, if the city knew what it intended to do with the building if it went forward, that due diligence would prove a good expenditure of funds. However, without the community process and efforts of the city already identified, Member Laliberte stated she didn't think 60,000 square feet of building was viable even if the building was cleaned up. Member Laliberte noted the only city-identified needs at this point were for more city storage and space for the Historical Society. Member Laliberte further stated she didn't think it was unethical to start a community process to find out what people did or did not want for a use on that site, opining that was an important part of the City Council's job and an important piece of the picture. Even though nothing has been formalized yet, Member Laliberte recognized that people have been aware that the property has been made available to the city, and could provide their feedback directly to the city and/or City Council.

Regarding the most recent comments of Member McGehee, Member Willmus clarified that the City Council had gone through a lengthy process related to issuing debt service, assuming Member McGehee was referencing the parks bonding and public safety initiative. Member Willmus opined that those two initiatives were conducted with some of the broadest outreach efforts he could recall ever occurring in the city and across every sector, involving many organizations and people participating, and extremely well vetted. Member Willmus suggested the double standard may be in Member McGehee's comments rather than in that process.

Member Willmus opined this would be a limiting move on the city's part going forward when it came to its capacity to become involved in other things already identified. However, Member Willmus stated he was interested in beginning the process to protect the health, safety and welfare of that neighborhood to consider impacts from density, traffic and certain uses; opining that was a prudent step for the city to take at this time.

Member Etten stated he was very conflicted on this issue. When Ms. Schroeder spoke, Member Etten noted he was reminded of her comments as

Chair of the Finance Commission and their recommendations that the city not take on spending any new money for new assets, given the significant list of short- and long-term purchases of late, renovations made and staffing of those new assets.

Member Etten stated he was very cognizant of that advice coming from one of the city's advisory commissions when it came to decision-making like this, even though they were referencing mostly park and recreation as well as other city assets. Member Etten noted he was given further pause when hearing Ramsey County's lack of interest in the property; and in his opinion that the School District would probably not be interested either. Member Etten stated his biggest concern had been voiced by President Roe in defining the city's purpose in acquiring the building and/or property; and the process identified by Member Willmus to identify a new purpose for the land. Member Etten recognized several excellent ideas for that property's future; but questioned if that was the only location they could happen, and even though many good uses were brought forward, he wasn't sure if that balanced moving against the advice of the City Council's own Finance Commission.

President Roe, as seconder of the motion, stated that should indicate his level of support for the motion. President Roe noted there was not question that people had considered possible uses for that site, and while not wishing to be disrespectful of that, he didn't think it was prudent to make a decision on acquiring the property without having an inkling for its future use. President Roe noted there would be challenges in re-using a 60,000 square foot facility, with Ramsey County considering that it had no future use for institutional uses. Therefore, President Roe suggested if it was redeveloped as a different use, and based on earlier discussions tonight on growing and diversifying the city's tax base with this building not currently on the tax rolls, he recognized that it cost the city no money to not acquire and/or develop it, but to allow redevelopment of the site by the private market and spread that tax base out among the city and reducing costs for other residents and businesses in the community who receive city services it provided.

President Roe noted the city would not only be acquiring a large building, but a deteriorated parking lot, roofs and mechanicals – whether needing maintenance or replacement now or later – creating potential programming for the city's CIP and rehabilitation needs. President Roe noted that was always a consideration when the city was asked to make decisions.

President Roe stated he wasn't prepared to commit to any expenditure or time to purchase an existing property for city use or uses with partners not identified for any use at this significant of a price tag and at the potential detriment to other uses of those funds. President Roe stated it didn't make sense from his perspective to go that route, and opined he was more comfortable having a

discussion with the community on what uses could be used for those sites going forward, whether meeting the December deadline or with an extension.

Member McGehee stated she agreed with that timing, and understood that to be a condition. However, Member McGehee stated she didn't disagree that this was a huge sum of money with no identified use, and only vetted to date for potential park use. But Member McGehee noted the community may have other ideas; and if the city would agree to facilitate such a community meeting as soon as possible, and then reconsider whether to further evaluate the building, she would agree with that, even though she preferred more information. Member McGehee noted the city had paid for other appraisals on properties that didn't prove of any benefit to the city, she considered this evaluation could be done as well. However, if no one was interested in pursuing anything, Member McGehee questioned why they wanted to do anything.

Member Laliberte clarified that her comment was that it was the city's responsibility for community engagement and to hear ideas for potential use, and what the community did or did not want on this site that the city didn't generally provide. Member Laliberte noted perhaps one of those uses would be a community center, and questioned how such a public engagement process would start and the timing for such a process.

REDA Executive Director Trudgeon advised that his sense of tonight's discussion was for direct outreach to the neighborhood as the first step and a critical component of whether the city wants to take ownership of the site; and if only one use to be considered, then there was only that one conversation as to whether or not the city was involved. Mr. Trudgeon noted it was important to know what form was sought to identify what type of conversation is held with the public. If the conversation is simply limited to future land use and the city has no interest in buying the property, Mr. Trudgeon noted that was the extent of the conversation. However, if the city is interested in re-using the property, and whether the land and existing structure are usable, or how it could be adapted, then Mr. Trudgeon noted that was a land use issue involving the city versus a private developer.

Ms. Collins noted that, if the community conversation is about rezoning, staff would consider this as one of those highly-interested properties with greater notification beyond the neighborhood, as part of its pilot zoning notification task force recommendation process, allowing greater opportunities for public feedback if and when it went before the Planning Commission for a formal public hearing.

Member Laliberte asked if it was possible to do something prior to a public hearing at the Planning Commission.

As seconder of the motion, President Roe responded that, yes it was, and could be done with a process similar to that used when rezoning the Twin Lakes Redevelopment Area, with at least one discussion laying out options, and then considering different segments versus the whole and providing an opportunity for input.

However, President Roe stated that would be his estimation in supporting the current motion, since the City Council directs the Planning Commission on public hearings for any rezoning and comprehensive plan designation prompted by the city. President Roe noted that would involve an open house, not just a public hearing, However, President Roe opined an open house would be totally inadequate for this issue, and should be a more involved process. President Roe also noted the difference in a consultant-driven or facilitated discussion versus the Twin Lakes model that was staff-driven.

President Roe further noted a difference in this situation and previous appraisals on property ordered by the city, was that those properties had already been identified as part of the Park Renewal Program and funded through that park bonding program. While this was an opportunity for the city, President Roe opined that the rest of the pieces were not available to take advantage of the opportunity at this time. President Roe further opined that his understanding of the School District's point of view and even having that additional community conversation would get the city past this initial concern.

Member Laliberte requested amendment to the motion, for clarification and agreed to by the maker and seconder of the motion, restated as follows:

Willmus moved, Roe seconded, directing staff to NOT pursue acquisition of 211 N McCarrons Boulevard; and further directing staff to initiate a full community engagement as outlined broadly in this discussion for a community-based rezoning process to survey members of that area as to what they would like to see that property zoned going forward.

Ayes: Willmus, Roe, Laliberte, and Etten

Nays: McGehee.

Motion carried.

10. Adjourn

Willmus moved, Laliberte seconded, adjourning the meeting at approximately 8:28 p.m.

Ayes: McGehee, Willmus, Roe, Laliberte, and Etten

Nays: None.

Motion carried.