

**THE REGULAR MEETING OF THE PRINCETON EDA BOARD HELD ON JUNE 21, 2012, AT
6:00 P.M., AT THE CITY HALL COUNCIL CHAMBERS**

Paul Whitcomb called the meeting to order at 6:00 P.M. Members present were Mary Chapman, Thom Walker, Grady Clark, and Charles Snustead.

Absent: Cindy Riddle and Victoria Hallin.
(Riddle arrived at 6:05 P.M. and Hallin at 6:19 P.M.)

APPROVAL OF MINUTES FROM THE REGULAR MEETING OF MAY 17, 2012

WALKER MOVED, SECOND BY CHAPMAN, TO APPROVE THE MINUTES OF MAY 17, 2012. UPON THE VOTE, THERE WERE 5 AYES, 0 NAYS. MOTION CARRIED.

UNFINISHED BUSINESS:

A. NSP Funding

1) Bergstrom Property

At the last EDA meeting, the EDA Board made a motion to order the environmental testing on the Bergstrom property. Since that time, Fuhrman has requested approval from Minnesota Housing to move forward with ordering the environmental testing, but she has not received a response.

Fuhrman said she had a conference call setup with them next week, and is hoping to move forward after that. Once the asbestos testing is complete, then we will know whether or not the Fire Department can do a practice burn on the property. If not, someone will need to be hired to clean the debris out of the house and to demolish the house, which will raise the costs. Habitat for Humanity is still very interested in this property, but they are waiting to hear what the site preparations costs will be.

2) 903 9th Avenue North

The EDA Board requested that Fuhrman look into this property in regards to NSP Funding. The property is located directly to the north of Bergstrom's on the west side of Rum River Drive (formerly a gas station) and is going into tax forfeiture. The current property owner has until October 31, 2012, to pay the back taxes. Fuhrman spoke with the County Auditor regarding this property, and if the property owner were willing, the City could offer to pay the back taxes to the property owner. The property owner would have to apply for the repurchase prior to October 31, 2012 and then deed the property over to the City once that is done. This could all be written up in a purchase agreement. The total taxes owed are approximately \$9,000. Fuhrman attempted to contact the property owner via letter, but has not received a response yet.

Fuhrman will verify with Ruth at Minnesota Housing if the NSP Funds could be used for paying the taxes and then the property could be deeded to the City.

Whitcomb believes the site could be contaminated since there was a gas station on it.

Fuhrman asked the EDA Board if this property would be eligible under the NSP guidelines if they would like her to pursue obtaining it.

The EDA Board would like her to talk to Minnesota Housing and see if the NSP Funds could be used for this site. If they can, they would like her to proceed with it.

Walker asked on clean up grants.

Fuhrman said there are some grants available. She would check into it. The land banking option would have to be used for this site so there is time to have contamination looked into. This site is zoned R-3 Multi-family Residential. This property is adjacent to the Bergstrom property where they could be combined for a bigger lot for Habitat for Humanity. The NSP Funds need to be used by March, 2013.

3) 905 9th Street North (Former Cliff's Sales)

The EDA Board requested that Fuhrman look into this property in regards to NSP Funding as well. Fuhrman met with the property owner of the former Cliff's Sales site. He is interested in demolishing the building and selling the property; however, we do not have sufficient NSP funds to purchase the property.

NEW BUSINESS:

A. Mike Olson to discuss Tim Strong Property

This item was discussed after Scott Berry spoke on Tax Abatement.

Mike Olson was present to discuss the possibilities for development on the Tim Strong property. The property is southwest of Hwy. #169 and First Street intersection. As you might recall, there was a proposed multi-family housing development project a few years ago that did not go through on this site. As part of this project, a TIF District was going to be established.

Mr. Olson said he is just representing Tim Strong who lives in the Philippines. They do not have a proposal for this site, but would like to gather information that he could pass along to Mr. Strong. Olson would like to see this site a proposed TIF District again. A few years back, they had a project that had been approved by the City and then the market collapsed and Mr. Strong decided to table it. Strong would like to have this property developed. Princeton is a good location for independent senior housing. He believes the School District would be more supportive of market rate apartments. This site would be walking distance to the downtown. The hospital facility is very good here. Olson would like to tell the potential buyer that TIF would be eligible on this land. He would like to know if the EDA Board is open to the idea.

Steve Jackson, City Finance Director was present and said this land would hook up with 21st Avenue and that will help with funding if developed.

Olson said sidewalks, roads, and walking paths were going to be installed. The Fly Zone was a restricting item at the time, but they accomplished to work around that to get the project to move forward.

Fuhrman commented that Central Minnesota Housing Partnership had asked if they could have their proposed site as a TIF District. She told Olson that CMHP was proposing to build affordable housing and wanted to use the Railroad TIF District funds to help assist in the cost for watermain work that would be necessary. The EDA Board was concerned that the School District would have an extra burden of cost with more housing that would bring in additional students and not have the additional funds.

Hallin asked Olson if this proposed idea would create jobs.

Olson said not many jobs created, but would add additional tax base, and not put a drain on the School District. The seniors tend to shop locally also.

Fuhrman said it would be great to see a market study done for this town. There had been one completed in 2007.

Olson said they had done that one in 2007 and it was an expensive project. It could be a possibility to have it done again.

Hallin asked if there would be a nursing staff at this proposed facility.

Olson said no. They would look at an independent senior facility.

Snustead and Hallin are supportive of the idea.

Whitcomb and Walker are receptive, but would like to see a proposal first.

B. Tax Abatement Request for Downtown Buildings (Scott Berry)

This item was moved forward after the approval of the Minutes for the convenience of Scott Berry and Mike Olson. Fuhrman informed the EDA Board that the City has utilized tax abatement as an economic development tool on different occasions. The fundamental purpose of providing tax abatement in Princeton has been to encourage desirable development or redevelopment that would not otherwise occur, but for the assistance provided through the tax abatement.

These examples either included businesses undergoing building additions (Nott Company and Inline Packaging), new construction (RW Properties), or a new business locating in town (TUCS Equipment). A municipality is allowed to abate up to \$200,000 per year.

Back in December 2011, the EDA preliminarily discussed the idea of offering abatements to downtown businesses that filled up some of the vacant spaces. No formal action was taken, but one concern that was raised was regarding shifting the tax burden. Scott Berry recently approached Fuhrman regarding the concept again. With the hit that small businesses took after the Homestead Market Value Exclusion Program went into effect, and with the onset of the "It Starts Here" program, Fuhrman believes it is prudent to raise the question again. It would be nice to see the City offer some type of relief to downtown businesses.

This is a new way of looking at tax abatement for the City and will take some time to structure and establish a review process, but Fuhrman believes it is time that the City start looking at these possibilities to show support for small businesses and help drive development, redevelopment, and interest in downtown.

Numerous aspects would need to be considered including criteria for eligibility; building improvements, adding jobs, filling vacant spaces, etc. The abatement amount could be based upon a time period. The EDA adopted Tax Abatement Policy back in 2008. If this concept were adopted, the Tax Abatement Policy would likely have to be amended.

If the EDA Board is in support of this concept, Fuhrman can begin looking into alternatives and bring some options back to the EDA and their next meeting. She suggested that one plan would be for existing businesses and another for new businesses filling vacant buildings downtown.

Scott Berry, Chamber President and local Attorney, was present and said that he is looking at purchasing a vacant building downtown, old Windstream building. What he has heard is people are reluctant to bring a business to Princeton because of the high taxes. He is here tonight asking the EDA Board to consider a Tax Abatement for downtown businesses. He represents himself and other businesses. His Law Office is downtown and he is in need of a larger space since he has just added another attorney to his business. He understands with the Tax Abatement the City looks at high valued employees. Berry said if he were to buy the building, he would fix it up. There are other businesses downtown that have been working at updating their buildings also.

Walker commented that a remodel does increase the buildings value.

Berry said the building he is looking at is over valued. He is making a lower offer. The taxes are quite high on it. He asked Jackson if they accept his offer if he would know when the taxes would go down.

Jackson said in 2014 he would see the taxes at what he paid for it.

Fuhrman said she has heard comments from those that attend "It Starts Here" that the taxes and limited parking downtown is what is making it hard to fill the businesses downtown.

Chapman asked Fuhrman if other areas have used this Tax Abatement Program for this type of situation.

Fuhrman said it is not often that it happens for downtown area. Mostly utility rebates are more prevalent.

Riddle commented that Tax Abatements affect someone else. Someone has to make up for the loss of taxes from the abatement. Currently all businesses are struggling.

Berry said if the City is about filling the downtown vacant building, how do they plan to do that. The tax issue keeps coming up. There is more positive energy happening now, but there needs to be a little help. Berry asked what is the financial impact on other businesses downtown if they did this type of abatement.

Fuhrman said \$200,000 a year is the limit to abate.

Jackson said there is approximately \$50,000 left to use for abatement.

Snustead asked Fuhrman to look into ways to do this type of abatement.

Walker said there has to be some sort of plan where the tax money is retrieved somehow.

Fuhrman said the Tax Abatement Agreement would need to be revised and she would be willing to do that. She will look into this.

Chapman said the Chamber had a meeting at Northern Attitudes in the spring of 2012, and Representatives Sondra Erickson and Dave Brown attended. Both had said that there needs to be a change in the taxes for those businesses outside the Twin Cities area.

Berry said the downtown is looking for more retail. Tax Abatement should be provided to retailers. He understands this type of program is for higher paying jobs, but the City needs to look at what is best all around. Downtown is an important part of the City. Berry thanked the EDA Board for allowing him to speak at the meeting and would be happy to follow up with them if they would like.

OLD BUSINESS:

A. Aero Business Park – TIF District Discussion Update

Fuhrman said that the EDA Board has discussed the possibility of establishing a TIF District at Aero Business Park to help spur development in the area, and we were waiting to hear what the State decided to do with the Jobs Bill. The State did not extend the necessary portions of the bill, meaning the City is limited to establishing TIF Districts related only to manufacturing and industrial uses, or multi-family. Aero Business Park is zoned B-3, General Commercial District.

B. Rum River Health Services Revolving Loan Update

Fuhrman said that the City Council approved the issuance of a Revolving Loan Fund to Rum River Health Services for \$24,999 at their April 26, 2012 meeting, subject to the City Attorney's approval of the title of the collateral. Rum River Health Services would like to utilize their existing building as collateral. The City Attorney is currently working with their staff to secure the loan.

MISCELLANEOUS:

A. EDA Balance Sheet

The EDA Board had no comments.

B. Verbal Report

- It Starts Here Downtown Revitalization Project Update

The first community meeting was today and went well. Those who attended were asked to come up with incentive ideas to bring new businesses downtown and what would work well here. Fuhrman is looking into grants available. They are also looking into funds being raised to help those that are opening a new business. Chapman is seeing what could be done to clean up the vacant building to give the site more appeal.

Riddle commented that maybe residents would like to contribute somehow.

Chapman said a possibility would be to add a flyer in the utility billing for residents to contribute some funding.

Fuhrman said she has heard something is going into the old Ben Franklin building, is not sure what it is. Good to see that building will be filled shortly. Fuhrman said she has submitted a grant to help pay for marketing and advertising which could include small banners for the light poles downtown.

-Electronic Community Sign Update

There will be a meeting tonight after the EDA meeting to look at possibilities for a sign design. The area that would work best for a sign would be by the Super America Station along Rum River Drive South.

Whitcomb added that the possibility of having a Public Safety building at Aero Business Park would give the City a better price and help move the idea forward. This is still in the discussion stage, but is moving forward somewhat.

C. City Council and Planning Commission Minutes

The EDA Board had no comments.

HALLIN MOVED, SECOND BY RIDDLE, TO ADJOURN THE MEETING. UPON THE VOTE, THERE WERE 7 AYES, 0 NAYS. MOTION CARRIED. THE MEETING ADJOURNED AT 7:13 P.M.

ATTEST:

Paul Whitcomb, President

Mary Lou DeWitt, Comm. Dev. Assistant