



ECONOMIC DEVELOPMENT AUTHORITY

City Hall—Council Chambers, 3989 Central Ave NE

Tuesday, September 03, 2024

5:00 PM

MINUTES

The meeting was called to order at 5:00 pm by President Szurek.

CALL TO ORDER/ROLL CALL

Members present: Connie Buesgens; Rachel James; Amada Márquez Simula; Justice Spriggs; Marlaine Szurek

Members absent: KT Jacobs, Lamin Dibba

Staff Present: Mitchell Forney, Community Development Director; Aaron Chirpich, City Manager; Joe Kloiber, Finance Director; Sarah LaVoie, Administrative Assistant

PLEDGE OF ALLEGIANCE

CONSENT AGENDA

1. Approve the minutes of the regular EDA Meeting of August 05, 2024.
2. Approve financial reports and payment of bills for July 2024 – Resolution No. 2024-21.

Motion by Buesgens, seconded by Márquez Simula, to approve the Consent Agenda as presented. All ayes of present. MOTION PASSED.

RESOLUTION NO. 2024-21

A RESOLUTION OF THE ECONOMIC DEVELOPMENT AUTHORITY OF COLUMBIA HEIGHTS, MINNESOTA, APPROVING THE FINANCIAL STATEMENTS FOR THE MONTH OF JULY 2024 AND THE PAYMENT OF THE BILLS FOR THE MONTH OF JULY 2024.

WHEREAS, the Columbia Heights Economic Development Authority (the “EDA”) is required by Minnesota Statutes Section 469.096, Subd. 9, to prepare a detailed financial statement which shows all receipts and disbursements, their nature, the money on hand, the purposes to which the money on hand is to be applied, the EDA's credits and assets and its outstanding liabilities; and

WHEREAS, said Statute also requires the EDA to examine the statement and treasurer's vouchers or bills and if correct, to approve them by resolution and enter the resolution in its records; and

WHEREAS, the financial statements for the month of July 2024 have been reviewed by the EDA Commission; and

WHEREAS, the EDA has examined the financial statements and finds them to be acceptable as to both form and accuracy; and

WHEREAS, the EDA Commission has other means to verify the intent of Section 469.096, Subd. 9, including but not limited to Comprehensive Annual Financial Reports, Annual City approved Budgets, Audits and similar documentation; and

WHEREAS, financial statements are held by the City’s Finance Department in a method outlined by the State of Minnesota’s Records Retention Schedule,

NOW, THEREFORE BE IT RESOLVED by the Board of Commissioners of the Columbia Heights Economic Development Authority that it has examined the referenced financial statements including the check history, and they are found to be correct, as to form and content; and

BE IT FURTHER RESOLVED the financial statements are acknowledged and received and the check history as presented in writing is approved for payment out of proper funds; and

BE IT FURTHER RESOLVED this resolution is made as part of the permanent records of the Columbia Heights Economic Development Authority.

ORDER OF ECONOMIC DEVELOPMENT AUTHORITY

Passed this 3rd day of September, 2024

Offered by: Connie Buesgens
Seconded by: Rachel James
Roll Call: All ayes of present. MOTION PASSED.

President

Attest:

Secretary

BUSINESS ITEMS

3. Adoption of the 2025 Budget and Authorization of the EDA and HRA Levies

Forney reported in late August, the proposed budget for the 2025 fiscal year was distributed to the City Council. Before the City Council completes its final review of the proposed budget, the Columbia Heights Economic Development Authority (“EDA”) and the Housing and Redevelopment Authority in and for the City of Columbia Heights (“HRA”) are required to adopt fund budgets for Fund 204: EDA Administration and Fund 408: EDA Redevelopment Projects; and to authorize their respective 2024 tax levies, payable in 2025.

Forney explained the EDA effectively has two separate tax levies after the City Council granted the EDA certain HRA powers in 1996. One tax levy is administered by the City under Minnesota Statutes, Section 469.107 on behalf of the EDA (the “EDA Levy”), and the other is a special benefit tax levy administered by the EDA under Minnesota Statutes, Section 469.033 on behalf of the HRA

(the "HRA Levy"). The proposed fund budgets reflect total levy amounts within the statutory limits. For 2024, the EDA Levy would capture \$317,000 from the City's estimated market land value, whereas the HRA Levy would net \$400,000. Combined, both levies result in a total net revenue of \$719,000.

Forney noted at the August 5th EDA meeting a few members of the EDA spoke about increasing the EDA or HRA levy to provide more funds for EDA initiatives and conduct increases in increments so that any later increases don't need to be as large. A Levy Calculations Chart was provided in the meeting packet, which is a historical breakdown of EDA and HRA changes since 2008. As demonstrated by the chart there has not been an increase in the HRA levy since 2020. Since 2020 the City's Market Value has increased by 27.48%. For 2025 staff are recommending a \$90,000 increase to the HRA levy. \$5,000 of this increase would cover the Home Energy Squad Program. While the remaining \$85,000 would be available for the affordable housing trust fund and any projects or initiatives it takes on. At the same time, the increase would constitute a 24% increase in the HRA levy. It follows just below the pattern if the HRA Levy had been incrementally increased every year. Staff are also recommending the additional funds be placed in the Affordable Housing Trust Fund for 2025 to make up for the reduced amount of LAHA funding received from the State. This can be altered next year to shift the additional income to other programs or initiatives. The \$400,000 amount highlighted above and established in Resolution 2024-23 is the budget after the addition of the \$90,000. In 2024 the EDA budgeted \$310,000 for the HRA Levy.

Forney stated that Staff's recommendation is reflected in the attached resolutions. If, after further discussion, the EDA would like to alter the amount on the budget resolutions, amendment motions can be made at the meeting. The other remaining documents cover the breakdown of which priorities the levied funds are attributed to. For more detail, please refer to the attached summary budgets.

Questions/Comments from Members:

Buesgens asked if the maximum tax increase was ultimately increasing the total tax percentage by .5%. Forney replied that it was for both levies. The EDA levy is an operating levy. Buesgens asked if they would increase the maximum tax increase for the EDA levy. Forney replied that Staff were not proposing that. Buesgens asked if there was a reason for not doing that. Chirpich replied that the primary reason is the EDA levy is an operational staffing support levy. There is no need to increase it. The HRA levy is for housing initiatives and redevelopment. Forney added that the programs and grants come from the HRA levy.

Chirpich mentioned that the EDA levy could be used for project-based funding. In the past, the City has separated operations and programs into two compartments so that it is easier to track.

Buesgens asked if money could be moved from the EDA levy to the HRA levy. Chirpich replied that they could. Buesgens mentioned that she would like to expand the façade program to include landscaping.

Buesgens explained that she would like to see the HRA levy maxed in order to provide the EDA with

more flexibility. Márquez Simula agreed and added that she would like to invest in the parking ramp and alleyway for businesses.

Chirpich asked what the capacity was to move beyond \$319,000. Forney replied that with the extra increase, it would be at \$400,000. For 2025, there is capacity for \$27,959 more than what could be pulled from the HRA levy. Chirpich replied that the commissioners were curious about the EDA levy and added that he believed it was about the same maximum. Forney mentioned that both levies could be increased to the maximum amount. The EDA levy gets rolled into the City's budget.

Forney explained that the EDA levy could max at just over \$100,000 and an additional \$27,000 for the HRA levy.

James noted on page 31 of the agenda packet, in blue it says 315,000 proposed for the EDA and asked if the \$427,959 was the maximum. Forney replied that the numbers were pulled prior to the last EDA meeting so the numbers are incorrect.

Buesgens asked Szurek if she was comfortable going the maximum. Szurek replied that she was.

Márquez Simula mentioned she would like to see how many residents are participating in the Home Energy Squad program. Forney replied that he would bring the numbers to the next meeting.

James suggested having the additional funds that are not already allocated for the HRA money could be put into the affordable home programming. She wondered if the \$100,000 for the EDA levy could be set aside as a potential future discussion on what to do with it. Chirpich replied that it was possible.

Forney explained in fund 408 there is a breakdown of where all the money is allocated. He asked if the EDA had a general idea of where they would like to allocate the extra funds. Chirpich added that the allocation could happen at a later date. Szurek suggested waiting until the budget was complete and the EDA could address it then. Forney replied that they could readdress the allocations in October.

Forney noted that the EDA would need to make a motion to amend the Resolution to reflect the changed number. Chirpich added that the maximum for the HRA levy allowed for \$427,959; however, Staff recommended only \$400,000 to leave some wiggle room. Buesgens asked why Staff wanted some wiggle room. Forney replied that it was based on the market value.

Márquez Simula noted an error of a number under "Now Therefore, Be It Resolved" on page 33 of the Agenda Packet.

Kloiber reviewed the levy budget. He noted that there are components that the City Council will adopt. The estimated General Fund levy, Library levy, and EDA Fund levy are estimated to be \$18,066,000. He explained that the EDA tax amount is not on the property tax statements for residents since it is combined with the City's general levy. The HRA levy is not combined with the tax statement but instead, it is combined into other special districts on the tax statement.

Kloiber explained that Staff is proposing an 8% gross tax levy increase. Due to the increase in fiscal disparities this year, local taxpayers are not picking up the full 8% increase but would be picking up 5%.

Kloiber noted that the limit is based on the market value for the EDA and HRA levy. The EDA levy limit is \$419,402 and the HRA levy's limit is \$427,959. Staff had originally budgeted for \$317,000 for the EDA levy and \$400,000 for the HRA levy. If the EDA chose to increase the EDA levy by \$90,000; the gross tax levy would increase to 8.5% and taxpayers would pick up 5.8%.

Kloiber reviewed the fiscal disparities trend from 2020-2025. He noted that it is possible to see a permanent contraction in the commercial real estate base relative to residential values. There is less of a need for office space as people are working remotely.

Forney asked Kloiber what the buffer should be in order to have some wiggle room in the levies. Kloiber replied that the market value is not controllable. He explained that if the money is used for one time projects that are flexible, then it is not a big deal to increase the levy. If the maximum is requested by the EDA for the HRA levy and the market declines, it could cause the statutory to be rolled back in the levy. If the funds are being used for operational uses, such as a position, it could cause issues because the EDA would rely on the funds coming through.

Buesgens asked if positions could be funded through the general fund instead of the EDA levy so that it would not have to be relied on having the EDA funds to come through. Kloiber replied that about \$200,000 of the general fund is transferred to Community Development fund 201 to pay for planning functions that are not covered by fees. General funds are not paying for any EDA functions.

Buesgens asked the EDA if they should increase the percentage. The commissioners agreed that the percentage should be increased. Spriggs added that the goal was to save up more for future projects.

Buesgens proposed doing raising the EDA Levy to \$375,000 and the HRA levy to \$425,000.

Motion by James, seconded by Spriggs, to amend Resolution No. 2024-22, to set the EDA budget at \$375,000. All ayes of present. MOTION PASSED.

Motion by James, seconded by Spriggs, to waive the reading of Resolution No. 2024-22, there being ample copies available to the public. All ayes of present. MOTION PASSED.

Motion by James, seconded by Spriggs, to approve the amended Resolution No. 2024-22, a Resolution of the Columbia Heights Economic Development Authority, adopting a budget for the fiscal year of 2025 and setting the 2024 tax levy, payable in 2025. All ayes of present. MOTION PASSED.

Motion by Spriggs, seconded by James, to amend Resolution No. 2024-23, to set the HRA levy at \$425,000. All ayes of present. MOTION PASSED.

Motion by Spriggs, seconded by James, to waive the reading of Resolution No. 2024-23, there being ample copies available to the public. All ayes of present. MOTION PASSED.

Motion by Spriggs, seconded by James, to approve the amended Resolution No. 2024-23, a Resolution of the Columbia Heights Economic Development Authority, adopting a budget for the fiscal year of 2025 and authorizing a special benefit tax levy, payable in 2025. All ayes of present. MOTION PASSED.

RESOLUTION NO. 2024-22

A RESOLUTION OF THE COLUMBIA HEIGHTS ECONOMIC DEVELOPMENT AUTHORITY, ADOPTING A BUDGET FOR THE FISCAL YEAR OF 2025 AND SETTING THE 2024 TAX LEVY, PAYABLE IN 2025.

BE IT RESOLVED, by the Columbia Heights Economic Development Authority (the “EDA”) as follows:

WHEREAS, the City of Columbia Heights (the “City”) established the EDA by an enabling resolution adopted on January 8, 1996, pursuant to Minnesota Statutes 469.090 to 469.1081 (the “EDA Act”); and

WHEREAS, the City Council of the City has given to the EDA the responsibility for all development and redevelopment projects and programs; and

WHEREAS, under Section 469.107 of the EDA Act, the City is authorized to levy a tax for the benefit of the EDA on its area of operation for the purposes authorized under the EDA Act, subject to the approval of the City Council;

NOW, THEREFORE BE IT RESOLVED, by the Board of Commissioners of the Columbia Heights Economic Development Authority, that the EDA adopts and requests the City Council’s approval of its budget in the amount of ~~\$317,000~~ **\$375,000** for 2025; and

BE IT FURTHER RESOLVED, that the EDA adopts and requests the City Council’s approval of an EDA tax levy under Section 469.107 of the EDA Act, in the amount of ~~\$317,000~~ **\$375,000** for taxes payable in 2025; and

BE IT FURTHER RESOLVED, that the Executive Director is instructed to transmit a copy of this resolution to the City Manager, Finance Director, and City Clerk of the City of Columbia Heights, Minnesota.

ORDER OF ECONOMIC DEVELOPMENT AUTHORITY

Passed this 3rd day of September, 2024

Offered by: Rachel James
Seconded by: Justice Spriggs
Roll Call: All ayes of present. MOTION PASSED.

President

Attest:

Secretary

RESOLUTION NO. 2024-23

A RESOLUTION OF THE COLUMBIA HEIGHTS ECONOMIC DEVELOPMENT AUTHORITY, ADOPTING A BUDGET FOR THE FISCAL YEAR OF 2025 AND AUTHORIZING A SPECIAL BENEFIT TAX LEVY, PAYABLE IN 2025.

BE IT RESOLVED, by the Columbia Heights Economic Development Authority (the "EDA") as follows:

WHEREAS, the City of Columbia Heights (the "City") established the EDA by an enabling resolution adopted on January 8, 1996, pursuant to Minnesota Statutes 469.090 to 469.1081 (the "EDA Act"); and

WHEREAS, the City Council granted the EDA all powers and duties of a housing and redevelopment authority by an enabling resolution and ordinance adopted on October 22, 2001, pursuant to Minnesota Statutes 469.001 to 469.047 (the "HRA Act"), except certain powers that are allocated to the Housing and Redevelopment Authority in and for the City of Columbia Heights (the "HRA"); and

WHEREAS, under Section 469.033 of the HRA Act, the EDA is authorized to levy a special benefit tax, in an amount not to exceed .0185 percent of the City's estimated market value (the "HRA Levy"); and

WHEREAS, by separate resolution, the EDA has before it for consideration a copy of the EDA budget for the fiscal year of 2025, and the proposed amount of the HRA Levy, payable in 2025, is based on said budget;

NOW, THEREFORE BE IT RESOLVED, by the Board of Commissioners of the Columbia Heights Economic Development Authority, that the EDA hereby adopts an HRA Levy payable in 2025 of ~~\$4000,000~~ **\$425,000** under Section 469.033 of the HRA Act; and

BE IT FURTHER RESOLVED, that the Board of Commissioners of the Columbia Heights Economic Development Authority hereby directs staff to take such actions necessary to file with the City and certify with the County of Anoka County, the HRA Levy in the amount of ~~\$4000,000~~ **\$425,000** for taxes payable in 2025 under Section 469.033 of the HRA Act.

ORDER OF ECONOMIC DEVELOPMENT AUTHORITY

Passed this 3rd day of September, 2024

Offered by: Justice Spriggs
Seconded by: Rachel James
Roll Call: All ayes of present. MOTION PASSED.

President

Attest:

Secretary

BUSINESS ITEMS

Forney mentioned that the City owns a property north of Pepe. Pepe is looking to purchase a small garage and would like to see if the EDA would be interested in selling the lot. The owner is interested in building a restaurant and event space. Staff believe it is highly unlikely, but if the EDA is interested in having a restaurant in the area, Staff could speak with the buyer. The owner of Pepe's would need to demolish the garage and turn it into a restaurant.

James asked what the value of the property would be if it were sold. Forney replied that they did not know.

Buesgens stated the lot was not big enough and suggested holding onto the property. Szurek agreed.

ADJOURNMENT

*Motion by Buesgens, seconded by Márquez Simula, to adjourn the meeting at 5:54 pm. All ayes.
MOTION PASSED.*

Respectfully submitted,



Sarah LaVoie, Recording Secretary