



ECONOMIC DEVELOPMENT AUTHORITY

City Hall—Council Chambers, 3989 Central Avenue

Monday, September 5, 2023

5:00 PM

MINUTES

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

CALL TO ORDER/ROLL CALL

Members present: Connie Buesgens; Kt Jacobs (arrived at 5:32 pm); Rachel James; Amada Márquez-Simula; Justice Spriggs; Marlaine Szurek

Staff Present: Kevin Hansen, Interim City Manager; Aaron Chirpich, Community Development Director; Joe Kloiber, Finance Director; Sara Ion, City Clerk; Mitchell Forney, Community Development Coordinator; Alicia Howe, Administrative Assistant

PLEDGE OF ALLEGIANCE

CONSENT AGENDA

1. Approve the minutes of the regular EDA Meeting of August 7, 2023.
2. Approve financial reports and payment of bills for July 2023 – Resolution No. 2023-21.

Spriggs referenced the August 7, 2023 EDA meeting minutes and asked for clarification on item 4, page 9, that only says “All Ayes.”

Forney explained that the “All Ayes” was in reference to waiving the reading and the second motion referenced the 4-1 vote.

Motion by James, seconded by Spriggs, to approve the Consent Agenda as presented. All ayes of present. MOTION PASSED.

RESOLUTION NO. 2023-21

A RESOLUTION OF THE ECONOMIC DEVELOPMENT AUTHORITY OF COLUMBIA HEIGHTS, MINNESOTA, APPROVING THE FINANCIAL STATEMENTS FOR THE MONTH OF JULY 2023 AND THE PAYMENT OF THE BILLS FOR THE MONTH OF JULY 2023.

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 2023 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 5th day of September, 2023

Offered by: James

Seconded by: Spriggs

Roll Call: All ayes of present. *MOTION PASSED.*

Vice President

Attest:

Secretary

BUSINESS ITEMS

3. Adoption of the 2024 Budget and Authorization of the EDA and HRA Levies

Chirpich reported that the EDA needs to authorize two levies and budgets before it is brought before the City Council. The two fund budgets for fund 204 include EDA Administration and fund 408 EDA Redevelopment Projects. He highlighted the major change to the 204 fund would include an increase of \$8,700 or 3.5% for personnel services and include the increase for the community development director position and community development coordinator. He noted "other services and charges" would include an increase of \$3,300 that reflects training and education budgeted for the year. The 408 fund is the same proposed levy as last year's levy of \$310,000 and is divided out with \$50,000 to the façade program, \$50,000 for fire suppression, \$210,000 for the property

acquisition efforts.

Questions/Comments from Members:

Márquez-Simula noted there were large increases from 2021 to 2022 and asked if it was specifically due to property purchases and grants. She clarified that she was looking at fund 204. Chirpich replied that there was a dip in 2021 because of a military leave during the budget year.

Márquez-Simula asked to clarify page 36, fund 408, the “contingencies and transfers” actual expenses and the capital outlay. Chirpich replied that 408 is a vehicle that is used for a lot of redevelopment projects and would need to look more into the \$816,000. He added he believes it has to do with the City Hall project. It usually used to secure large properties.

Márquez-Simula stated she would like more of an explanation on the contingencies and transfers. Chirpich agreed and stated there is an opportunity in October and November to do so.

Motion by Buesgens, seconded by James, to waive the reading of Resolution No. 2023-22, there being ample copies available to the public. All ayes of present. MOTION PASSED.

Motion by Buesgens, seconded by Spriggs, to approve Resolution No. 2023-22, a Resolution of the Columbia Heights Economic Development Authority, adopting a budget for the fiscal year of 2024 and setting the 2023 tax levy, payable in 2024. All ayes of present. MOTION PASSED.

Motion by Spriggs, seconded by Márquez-Simula, to waive the reading of Resolution No. 2023-23, there being ample copies available to the public. All ayes of present. MOTION PASSED.

Motion by Spriggs, seconded by Márquez-Simula, to approve Resolution No. 2023-22, a Resolution of the Columbia Heights Economic Development Authority, adopting a budget for the fiscal year of 2024 and authorizing a special benefit tax levy, payable in 2024. All ayes of present. MOTION PASSED.

RESOLUTION NO. 2023-22

A RESOLUTION OF THE COLUMBIA HEIGHTS ECONOMIC DEVELOPMENT AUTHORITY, ADOPTING A BUDGET FOR THE FISCAL YEAR OF 2024 AND SETTING THE 2023 TAX LEVY, PAYABLE IN 2024.

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 \$313,700 for 2024; 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 \$313,700 for taxes payable in 2024; 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 5th day of September, 2023

Offered by: Buesgens
Seconded by: Spriggs
Roll Call: All ayes of present. *MOTION PASSED.*

Vice President

Attest:

Secretary

RESOLUTION NO. 2023-23

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

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 2024, and the proposed amount of the HRA Levy, payable in 2024, 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 2024 of \$310,000 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 \$310,000 for taxes payable in 2024 under Section 469.033 of the HRA Act.

ORDER OF ECONOMIC DEVELOPMENT AUTHORITY

Passed this 5th day of September, 2023

Offered by: Spriggs
Seconded by: Márquez-Simula
Roll Call: All ayes of present. *MOTION PASSED.*

Vice President

Attest:

Secretary

4. Purchase of 3851 and 3853 Central Avenue NE

Forney reported that 3851 and 3853 Central Avenue NE are on the corner of 39th Avenue and Central Avenue. Recently, the Community Development Department was contacted by the broker hired to sell the properties located 3853 and 3851 Central Ave NE. The initial inquiry was to determine about properties' zoning and historical background. Upon discovering that the owner intended to sell these properties, staff promptly intervened to explore the possibility of acquiring the properties for redevelopment. After conducting a tour of both buildings, staff engaged in preliminary negotiations and successfully formulated an acceptable deal, now presented before the EDA for consideration. As is customary with all purchase agreements, the acquisition of these properties is contingent upon approval from the EDA.

Forney stated the property at 3853 Central Avenue, once a single-family home, has been renovated into offices for a property management company. While the house remains in generally good condition, its usage has shifted almost entirely to office spaces. Similarly, the commercial property at 3851 Central Avenue, which previously featured a residential unit on the second floor and office space on the first floor, has undergone changes. The current owner attempted to create a three-unit apartment on the upper floor but encountered fire suppression challenges, resulting in the space remaining vacant and partially unfinished. The lower level is comprised of makeshift walled offices, and the commercial building and its garages are mainly utilized by the management company for storage.

Forney mentioned to complete the transaction, Staff recommend utilizing the Anoka County HRA (ACHRA) special levy fund to acquire the properties. The ACHRA levy, a county-imposed tax on behalf of the City, supports the activities of the Anoka County HRA and establishes a fund for redevelopment projects within Columbia Heights. Access to these funds necessitates approval from the ACHRA board. The current fund balance for the HRA levy is \$818,000. This amount is more than sufficient to cover the purchase and demolition costs of the two properties. The attached purchase agreement establishes the negotiated purchase price at \$700,000 for both properties. Staff estimates that expenses related to utility removal, abatement, demolition, and site grading will amount to approximately \$80,000, bringing the projected project cost to \$780,000. To make use of ACHRA funds, the EDA must initially cover the purchase and demolition expenses; reimbursement will follow once the City Council submits an ACHRA grant request. Resolution 2023-24 comprehensively addresses these steps, and anticipates that the Council will review the ACHRA grant request during their meeting on September 11th.

Forney added that Staff believes that acquiring these two properties represents a strategic 5–10-year investment in the commercial frontage of Central Avenue. This area, at the intersection of 39th and Central Avenue, is vastly underutilized and holds potential for walkability due to its proximity to the library and theater. This strategic acquisition serves as a catalyst for the redevelopment of the entire corner. The strategic significance of these properties aligns seamlessly with the comprehensive plan, which outlines opportunities for redevelopment along what is described as the backbone of our community. This acquisition provides the City with an opportunity to prepare for the revitalization of a pivotal site on the southern edge of the Central Business District.

Questions/Comments from Members:

Buesgens noted the parking lot behind the properties would be a factor in the future. She added that she's excited and thanked Staff for their work.

Chirpich explained that the funding strategy for the acquisition plays into the budget discussion regarding fund 408, which would be a bridge and pay for the acquisition for the EDA. Then the Council would be asked for the levy funds from the County and pass the funds back to fund 408. The resolution includes the budget amendment as well as authorizing the purchase agreement.

James agreed with Buesgens. She asked how long had the ACHRA fund balance been building up. Chirpich replied that each year the City receives two payments that are distributed and received by the County each year. He added he was not sure what the annual total is but believes it took about two to three years to build up.

Kloiber explained that the Council takes action about every five years to allow the County to levy upon property in the City.

Chair Szurek asked if it takes a while to build up a file. Kloiber replied that he would have to look but believes \$300,000 goes into the fund each year.

Motion by James, seconded by Márquez-Simula, to waive the reading of Resolution No. 2023-24, there being ample copies available to the public. All ayes of present. MOTION PASSED.

Motion by James, seconded by Márquez-Simula, to approve Resolution 2023-24, a resolution approving the purchase agreement between the Economic Development Authority of Columbia Heights, Minnesota, And Mph Central LLC, and establishing funding procedures for the purchase and demolition of the properties. All ayes of present. MOTION PASSED.

RESOLUTION NO. 2023-24

A RESOLUTION APPROVING THE PURCHASE AGREEMENT BETWEEN THE ECONOMIC DEVELOPMENT AUTHORITY OF COLUMBIA HEIGHTS, MINNESOTA, AND MPH CENTRAL LLC, AND ESTABLISHING FUNDING PROCEDURES FOR THE PURCHASE AND DEMOLITION OF THE PROPERTIES

BE IT RESOLVED BY the Board of Commissioners ("Board") of the Columbia Heights Economic Development Authority (the "Authority") as follows:

SECTION 1. RECITALS.

1.01. The Authority and Mph Central LLC ("Seller") desire to enter into a purchase agreement (the "Purchase Agreement") pursuant to which the Authority will acquire certain properties in the City located at 3853 Central Avenue NE and 3851 Central Avenue NE (the "Properties") from the Seller for economic redevelopment purposes. The Property is described in Exhibit A attached hereto.

1.02. Pursuant to the Purchase Agreement, the Authority will purchase the Properties from the Seller for a purchase price of \$700,000 plus related closing costs.

1.03. Pursuant to other project costs the Authority will budget \$80,000 for the demolition and grading of the properties.

1.04. In accordance with the city's ACHRA participation, the Authority will receive a reimbursement from the City of Columbia Heights via the Anoka County HRA, for the purchase and demolition of the properties.

1.05. The Authority finds that acquisition of the Properties is consistent with the City's Comprehensive Plan and will result in redevelopment of the substandard property located at 3853 Central Avenue NE and 3851 Central Avenue NE. Such acquisition of these Properties, for subsequent resale, best meets the community's needs and will facilitate the economic redevelopment and revitalization of this area of the City.

1.06. The Authority also finds that this redevelopment project is consistent with the purpose of the Economic Development Authority Redevelopment Fund 408. The current 2023 budget for Economic Development Authority Redevelopment Fund 408 does not include this redevelopment project and must be amended as the property was not available on September 26, 2022, when the

Authority adopted this budget. The available balance of the Economic Development Authority Redevelopment Fund 408, beyond that committed for the existing 2023 budget, is approximately \$2.4 million, which is more than sufficient to fund the redevelopment project.

SECTION 2. PURCHASE AGREEMENT AND BUDGET AMENDMENT APPROVED.

2.01. The Authority hereby ratifies and approves the actions of Authority staff and of Kennedy Graven (“Legal Counsel”) in researching the Property and preparing and presenting the Purchase Agreement. The Authority approves the Purchase Agreement in the form presented to the Authority and on file at City Hall, subject to modifications that do not alter the substance of the transaction and that are approved by the President and Executive Director, provided that execution of the Purchase Agreement by those officials shall be conclusive evidence of their approval.

2.02. The Authority hereby amends the 2023 budget for Economic Development Authority Redevelopment Fund 408 to appropriate \$780,000 for the purchase of the Properties and additional estimated project costs.

2.03. The Authority hereby accepts all related transfers of Anoka County HRA grant funds from the City of Columbia Heights.

2.04. Authority staff and officials are authorized to take all actions necessary to perform the Authority’s obligations under the Purchase Agreement as a whole, including without limitation execution of any documents to which the Authority is a party referenced in or attached to the Purchase Agreement, and any deed or other documents necessary to acquire the Property from the Seller, all as described in the Purchase Agreement

ORDER OF ECONOMIC DEVELOPMENT AUTHORITY

Passed this 5th day of September, 2023

Offered by: James
Seconded by: Márquez-Simula
Roll Call: All ayes of present. *MOTION PASSED.*

Vice President

Attest:

Secretary

OTHER BUSINESS

Chirpich and Forney provided the EDA with updates. Forney stated the Fire Department is expected to burn down the 841 property on October 7, 2023. He added they are hoping to demo 4243 and 841 together in order to have cheaper demolition costs. The Community Development Staff attended a

meeting with the League of Minnesota Cities about the NOAH funding coming down from the State and the sales tax that was attributed. The City can expect to receive an estimated amount of \$260,000 in funding on a yearly cycle for naturally occurring housing. The Community Development Staff will look into some ideas on how to implement that into housing. Payments will begin in 2024.

Buesgens noted in the past, most of the funds went to bigger cities and made it difficult to compete for the funds.

Chirpich stated they would need to figure out ways to leverage the money to the best of the City's ability by possibly partnering with some housing organizations that are already active.

Buesgens mentioned that by doing a grant, there can be key requirements included such as the landlord not increasing rent past a certain amount in a certain amount of time.

Jacobs asked if this would be something that could be used with the Legends situation. Chirpich replied that he did not know and would need to see what the eligible uses were. Forney added that it might be a City-wide voucher program that the Legends could take advantage of. Chirpich explained that Staff will need more time with Metropolitan Council and Metro Cities to figure out how the money can be used.

Chair Szurek noted that the project on 44th Avenue was moving along nicely.

Márquez-Simula asked if there was an update on grocery store names. Chirpich replied that there was no new news.

Chirpich stated the Mayor brought up a property (546 Summit Street NE) to Staff with the possibility of a strategic acquisition for the EDA. Staff have begun looking at the property and how much it would cost. The County has it valued at \$177,000 and could be a good partnership with Habitat for Humanity. He asked the EDA for input on the possibility of purchasing the property. He noted the adjacent commercial property would be difficult because they cannot support expansions easily. Forney added that it is zoned business.

Chair Szurek stated it would not hurt to look into it further. Márquez-Simula added that the house would need to be demolished. The Commissioners agreed. Buesgens noted that if the County decides to change the street, it could allow for expansion for the commercial property.

Chair Szurek asked what was going on with the old Aisia Chow Mein building. Chirpich replied that there is a restaurant under construction there.

Chirpich noted that there was exterior signage going up on the new City Hall building.

ADJOURNMENT

*Motion by Buesgens, seconded by Márquez-Simula, to adjourn the meeting at 5:51 pm. All ayes.
MOTION PASSED.*

Respectfully submitted,

A handwritten signature in black ink that reads "Alicia Howe". The signature is written in a cursive style with a large initial "A".

Alicia Howe, Recording Secretary