



ECONOMIC DEVELOPMENT AUTHORITY

City Hall—Council Chambers, 3989 Central Ave NE

Monday, March 04, 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; Kt Jacobs; Rachel James; Amada Márquez-Simula; Justice Spriggs; Marlaine Szurek; Lamin Dibba

Staff Present: Mitchell Forney, Community Development Coordinator; Aaron Chirpich, Community Development Director; Kevin Hansen, Interim City Manager; Sarah LaVoie, Administrative Assistant

PLEDGE OF ALLEGIANCE

CONSENT AGENDA

1. Approve the minutes of the regular EDA Meeting of January 2, 2024.
2. Approve financial reports and payment of bills for December 2023 and January 2024 – Resolution No. 2024-04.

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

RESOLUTION NO. 2024-04

A RESOLUTION OF THE ECONOMIC DEVELOPMENT AUTHORITY OF COLUMBIA HEIGHTS, MINNESOTA, APPROVING THE FINANCIAL STATEMENTS FOR THE MONTHS OF DECEMBER 2023 AND JANUARY 2024 AND THE PAYMENT OF THE BILLS FOR THE MONTHS OF DECEMBER 2023 AND JANUARY 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 months of December 2023 and January 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 4th day of March 2024

Offered by: Kt Jacobs
Seconded by: Justice Spriggs
Roll Call: All ayes of present. MOTION PASSED.

Vice President

Attest:

Secretary

Staff Introductions

Chirpich introduced Sarah LaVoie who is the new Administrative Assistant. Márquez-Simula asked to do introductions.

LaVoie noted that she has been employed for a month and that her previous job was the DMV. Jacobs mentioned that she is on the Council and has a background in the printing field and has her own business which include substance assessments. Szuerk stated she was previously on the Council and Planning Commission and has been on the EDA for a long time. Forney noted he is the Community Development Coordinator. Márquez-Simula explained that she is the mayor. Buesgens stated she has been on the Council for seven years. Spriggs and James noted that they are on the Council. Lamin noted he was new to the EDA. Hansen added that he is the Interim City Manager.

BUSINESS ITEMS

3. Interfund Loan to the City for the Purchase of the Property Located at 675 37th Ave NE

Chirpich reported in October of 2023 Jeff Bobby and Steve’s put up for sale their lot located at 675

37th Ave NE. Due to its strategic positioning, the City Entered into a purchase agreement to acquire the property. The property is strategic because it is at the heart of the redesign of the City's Municipal Service Center (MSC). Right now, the City is in the process of planning for the eventual redevelopment of the MSC campus. The current site plans for this effort attempt to re-design the MSC campus without utilizing the subject property. These re-design efforts have proven difficult, as the City desires to replace its current two-story main MSC building with a one story building meeting current design standards resulting in more square footage. This design change means that the main building will have a significantly larger footprint. The need for more building space makes it difficult to place the main building while working within the current roadway configuration that serves the site. Several of the initial site configurations have identified the need to close the primary access street (Madison) serving the site, thereby driving the need to acquire additional right-of-way to relocate Madison Avenue. With the acquisition of 675 37th Avenue the City's re-design efforts for the MSC campus will have significantly more flexibility, and the City will not have to adjust the area roadways.

Chirpich added that though this project falls under the purview of the City, the City is requesting a temporary loan from the EDA to finance the acquisition of the site. It is a regular practice for the City or the EDA to lend each other money for projects that meet the goals of each entity. The most recent example is the loan that the EDA received from the City to purchase the NE Bank building that eventually led to the redevelopment of the Ratio/City Hall project.

Chirpich stated the EDA's Redevelopment Fund 408 holds the majority of the EDA's remaining fund balance. The outstanding balance on fund 408 is \$1,468,000. This excludes the \$310,000 earmarked for 2024's budget. After the loan of \$950,000 fund 408 will have \$518,000 remaining in the fund. The terms of the loan allow for three years of 0% interest. The Council can pay the loan back at any point in time and can do so early if the EDA finds an urgent need of funds. Staff estimates the proposed loan will be repaid within 3 years of the issuance date. In the unlikely event the loan is not repaid within 3 years, interest accrues at the rate of 1% to clarify that this is a loan and not a permanent transfer of funds to the City.

Questions/Comments from Members:

Szurek asked if the building would be on the lot that is being purchased or if the new building would be where the current building is. Hansen replied that the building would be on the lot on some level and that the building would be single story.

Szurek asked if the Public Works building would extend into the blue area that is indicated on the map in the Agenda Packet on page 40. Hansen explained that in the back of the building is the materials and transition storage area as well as two cold storage areas. He added that more space is needed, especially for the recycling center. The fueling station will remain open without a fence so that other departments are able to access it. He added that it will eventually be asked to be shut down since it is old and does not meet current code requirements.

Szurek asked when construction would begin. Hansen replied that it depends on the funding but once it is authorized construction will begin as soon as possible.

Jacobs asked if it was more advisable to replace the fueling station during construction or to wait until it is asked to be shut down. Hansen explained that there is a noncompliant letter for the fuel station but it is grandfathered in by the State due to the age of the tanks. The fuel station still met monitoring requirements which is why the State has allowed the City to keep the tanks there. It would be important to have a complete site plan so the City could know where the new tanks would be located.

Jacobs asked if it would be anticipated that there would be cost savings to do the entire project at one time. Hansen replied no since it is a specialized area and are not many contractors that put in fueling stations.

Buesgens noted that there is an area that is owned by SACA and asked if there was an area that would be used by the City. Hansen replied that he did not know since it is an area that needs to be developed further and would need to go through the site planning process.

Motion by James, seconded by Buesgens, to waive the reading of Resolution No. 2024-05, there being ample copies available to the public. All ayes of present. MOTION PASSED.

Motion by James, seconded by Jacobs, to approve Resolution 2024-05, a Resolution of the Economic Development Authority of Columbia Heights, Minnesota, approving an interfund loan from Economic Development Authority Redevelopment Fund 408 to City Capital Improvements Fund 411. All ayes of present. MOTION PASSED.

RESOLUTION NO. 2024-05

A RESOLUTION APPROVING AN INTERFUND LOAN FROM ECONOMIC DEVELOPMENT AUTHORITY REDEVELOPMENT FUND 408 TO CITY CAPITAL IMPROVEMENTS FUND 411

WHEREAS, by separate action, the City of Columbia Heights seeks to acquire certain real property at 675 37th Avenue Northeast for subsequent redevelopment within the City of Columbia Heights; and

WHEREAS, the City of Columbia Heights requires temporary financing for acquisition of said property; and

WHEREAS, the Economic Development Authority has determined that the proposed acquisition and redevelopment are consistent with its goals and purposes, and it has sufficient resources to provide such temporary financing; and

WHEREAS, the Economic Development Authority and the City agree to the following internal loan terms for this temporary financing:

1. Principal of \$950,000 will be advanced by the Economic Development Authority after the passage of this resolution.
2. Interest accrues at zero percent per annum during the three years following the issuance date.
3. Interest accrues at one percent per annum after the three years following the issuance date.

4. All principal and accrued interest will be repaid by the City of Columbia Heights on or before the redevelopment of the site.

NOW, THEREFORE BE IT RESOLVED, the Economic Development Authority of the City of Columbia Heights approves an interfund loan from Economic Development Authority Redevelopment Fund 408 to City Capital Improvements Fund 411 in the amount of \$950,000.

ORDER OF ECONOMIC DEVELOPMENT AUTHORITY

Passed this 4th day of March 2024	
Offered by:	Rachel James
Seconded by:	Kt Jacobs
Roll Call:	All ayes of present. MOTION PASSED.
	_____ Vice President
Attest:	
_____ Secretary	

4. Façade Improvement Grant Report Royal Restoration

Forney reported that this report pertains to Royal Restorations' 2024 Façade Improvement Grant application for their new location at 3984 Central Ave NE. Royal Restoration used to be located on the corner of 40th and Central but was required to move when the owner of 3988 Central Ave NE sold the building. They were able to take over the space of the chiropractor one building to the south. Paul Dingeman still owns the building but will be closing his chiropractic building. Royal Restoration is looking to replace the awning on the front of the building to reflect the change in business. Due to the color of the building, the awning will be replaced with a slightly different shade of blue or purple. They have obtained two bids for the replacement of the awning, with the lower of the two coming in at \$9,950. At this cost, Royal Restoration is eligible for reimbursement of \$4,750. Community Development Staff recommends funding the project in full. The movement of businesses from 3988 Central has been difficult for the community, but retaining at least one of the businesses from the move can be seen as a win. Renderings of the proposed sign and bids are included in the attached application.

Motion by Jacobs, seconded by Márquez-Simula, to waive the reading of Resolution No. 2024-06, there being ample copies available to the public. All ayes of present. MOTION PASSED.

Motion by Jacobs, seconded by Dibba, to adopt Resolution No. 2024-06, a Resolution of the Economic Development Authority of Columbia Heights, Minnesota, approving the form and substance of the façade improvement grant agreement, and approving authority staff and officials to take all actions necessary to enter the authority into a façade improvement grant agreement with Royal Restoration Inc. All ayes of present. MOTION PASSED.

RESOLUTION NO. 2024-06

A RESOLUTION OF THE ECONOMIC DEVELOPMENT AUTHORITY OF COLUMBIA HEIGHTS, MINNESOTA, APPROVING THE FORM AND SUBSTANCE OF THE FAÇADE IMPROVEMENT GRANT AGREEMENT, AND APPROVING AUTHORITY STAFF AND OFFICIALS TO TAKE ALL ACTIONS NECESSARY TO ENTER THE AUTHORITY INTO FAÇADE IMPROVEMENT GRANT AGREEMENT WITH ROYAL RESTORATION INC

WHEREAS, the City of Columbia Heights (the “City”) and the Columbia Heights Economic Development Authority (the “Authority”) have collaborated to create a certain Façade Improvement Grant Program (the “Program”); and

WHEREAS, pursuant to guidelines established for the Program, the Authority is to award and administer a series of grants to eligible commercial property owners and/or tenants for the purposes of revitalizing existing store fronts, increasing business vitality and economic performance, and decreasing criminal activity along Central Avenue Northeast, in the City’s Central Business district, pursuant to a Façade Improvement Grant Agreement with various property owners and/or tenants; and

WHEREAS, pursuant to the Program, the City is to coordinate a surveillance camera monitoring program by placing surveillance cameras on some of the storefronts that are part of the Program for the purposes of improving public safety in and around the Central Business District; and

WHEREAS, the Authority has thoroughly reviewed copies of the proposed form of the Grant Agreement.

NOW, THEREFORE BE IT RESOLVED that, after appropriate examination and due consideration, the Authority

1. approves the form and substance of the grant agreement, and approves the Authority entering into the agreement with Royal Restoration Inc
2. that the City Manager, as the Executive Director of the Authority, is hereby authorized, empowered, and directed for and on behalf of the Authority to enter into the grant agreement.
3. that the City Manager, as the Executive Director of the Authority, is hereby authorized and directed to execute and take such action as they deem necessary and appropriate to carry out the purpose of the foregoing resolution.

ORDER OF ECONOMIC DEVELOPMENT AUTHORITY

Passed this 4th day of March 2024

Offered by: Kt Jacobs
Seconded by: Lamin Dibba
Roll Call: All ayes of present. MOTION PASSED.

Vice President

Attest:

Secretary

5. EDA Priorities and Goals Discussion 2024

Forney explained that Staff wanted to bring forward various information and open up for discussion on what the EDA’s priorities and goals are. Currently the EDA Budgets \$310,000 per year for the following three programs:

Façade improvement grant program:

The Façade Improvement Grant program offers grants of 50% of a projects cost up to \$5,000 for Façade improvements to commercial buildings. Currently the EDA Budgets \$50,000 for the program which includes the installation of cameras on participating businesses. Over the life of the program the EDA has averaged approximately 4 grants per year. The largest expenditure of the program is the installation of cameras at various businesses. In 2023 the EDA paid just over \$32,000 dollars to place cameras on 5 separate businesses.

Fire Suppression Grant Program:

The Fire Suppression Grant program offers grants of 50% of the project cost up to \$30,000 for fire suppression upgrades. The EDA currently budgets \$60,000 per year and utilizes both available grants. Staff have also had a lot of interest from businesses at the start of 2024. On average it costs a business approximately \$80,000 to run a water line to the building and build out the fire suppression system. Of the course of the program, the City has released three Fire Suppression grants totaling \$104,436.

Commercial Revitalization Program:

The commercial Revitalization Program is a wide-ranging program that has been tailored to acquire legally non-conforming single-family properties that are zoned commercially. While there is no specific program language, the EDA has budgetary requirements on the fund. These requirements allow for the EDA to utilize the funds for the purchase and redevelopment of commercially non-compliant properties. In the past couple of years this funding has been utilized to purchase a multitude of properties along Central Ave for future redevelopment. The EDA funds this initiative at \$200,000 per year.

Forney added that the EDA also utilizes the Anoka County HRA Levy to fund various projects and

initiatives as opportunities present themselves. The fund currently has \$147,585.

Forney explained that the new programs that will begin this year include the Metropolitan Affordable Sales Tax. The City will be receiving approximately \$260,000 per year in funds spent on affordable housing initiatives. To begin the utilization of the funds the City will be establishing an Affordable Home Improvement Loan and NOAH Preservation Program. The remaining funds will be utilized for a variety of partnerships and initiatives as opportunities present themselves.

Forney reviewed the goals from the Council. In 2023 The City Council went through an in-depth goal setting session:

Thriving and Vibrant Destination Community

- a. Flourishing business districts, restaurants, and entertainment.
- b. Redevelopment to meet community needs.
- c. Stable/rising property values.
- d. Revitalize existing housing.
- e. Recognize and support small businesses and incubators.
- f. Attainable housing for all stages of life.
- g. Promoting public art and supporting artists. h. Welcomed, engaged, and connected rental community.

Forney explained that Staff looked through all the similar size or slightly larger cities within the metropolitan area and found the following city run grant programs. During this research Staff found a large amount of state and nonprofit programs that will be added to the City's website moving forward. Forney presented the following information:

West St. Paul has a Façade Grant similar to Columbia Heights's with grants up to \$10,000.

Bloomington offers a Sewer Availability Charge Grant to assist business moving to the community.

Anoka offers a fire suppression grant program with grants of \$1-\$3.50 per sq ft.

Blaine offers a fire suppression grant program along with a small business improvement loan program. Which aims to increase tax base, improve blighted properties, increase employment, and bring properties into conformance with existing city and state codes.

Brooklyn Center offers three major programs. First, they offer a revolving loan program for facades, build outs, capital purchases, or construction. Loans have a fixed 2% interest rate and have a minimum of \$5,000 and Maximum of \$100,000. Second, they offer a small business micro-loan to be used for working capital, inventory, equipment, and general operations, with loan amounts up to \$50,000. Last, they offer both Sewer Availability Charge deferral and reduction programs.

Brooklyn Park Offers: A Microbusiness Loan Program which funds loans ranging from \$1,000 to \$10,000 for small businesses. This program is meant to help businesses fund critical projects and build business credit and payment history. A Real Estate Equipment Loan Fund which provides

loans from \$50,000 to \$300,000 for businesses seeking financing for equipment, working capital, and more. Last, a Sewer Availability and Water Access Charge Deferral Program which allows eligible businesses and property owners to pay the costs of up to 10 SAC and 10 WAC over 5 years at 3% interest.

Coon Rapids offers two city run programs. The Coon Rapids Commercial/Industrial Loan Fund lends money for land, building, machinery, or equipment. The loans offered must be 50% of project cost up to \$200,000. The second program they offer is the Coon Rapids Commercial Fix up Fund which targets exterior building improvements and site improvements. This is funded in the form of a loan of up to \$150,000.

Forney added that the goal of this session is to sit down with the EDA and get a feel for the priorities of the commission. While not specifically a goal setting session staff want to get an understanding of the EDA's priorities and discuss potential new initiatives for staff to pursue.

Questions/Comments from Members:

Buesgens asked how many cameras have been installed through the Façade Improvement Grant. Forney replied that he did not have the exact number but could report back.

Buesgens asked how cameras that need to be replaced are funded. Forney replied that if a camera needs to be replaced, Staff will come back to the EDA.

Dibba asked what the timeline would be to include street lights. Chirpich replied that the Police Department is still trying to secure grant funding for that.

Buesgens asked if the City would have to own the property in order to do a business incubator (like in Brooklyn Park) or if it could be shared with another entity in the City as a partnership. Chirpich replied that there are great partnership opportunities.

Chirpich explained that Staff believe that commercial revitalization is in a good place and to keep the funding. The fire suppression grant is picking up in popularity and Staff like where the funding is at. Staff wonder if there is a redirect for the Façade Improvement Grant and potentially expand in an art component through a public art grant and to include in the façade grant landscaping elements that are permanent. He added that there was a concept for the City to look at a commercial loan program through the EDA with a low interest 2% gap program.

Buesgens asked if there was a reason the City would prefer to do permanent landscaping. Chirpich explained that Staff want to ensure that the landscaping lasts. Buesgens suggested partnering with businesses to do something like a rain garden and promote using low maintenance native plants. Jacobs added that she would like to see trees included in the landscaping.

Hansen mentioned that Buesgens' idea could be a good program to look at for the stormwater utility. The City has helped give grants to residential properties in the past to support rain gardens. If the Council is interested in a program like that, the stormwater utility would be the funding

source. He added that it would be a good time to look into that because the bonding in the debt repayment is coming off in 2024. He added that the City provides trees and help folks get trees planted.

Buesgens asked if money used for artwork could be cumulative each year, especially if there was a year where the funding was not used. Chirpich replied that that is how he saw it working.

Buesgens asked who would evaluate and approve the art since there is no art commission and added that it was something to think about in the future. Chirpich replied that the EDA would approve and evaluate the art until an art commission was created.

James explained that the item she is most interested in is expanding the façade improvement grant program to include other things that have to do with landscaping and art. She added that she likes the idea of the gap funding for businesses. She asked what “last available” meant for businesses for the gap funding and if it meant showing personal capital or investment capital to prove to the City that they tried. Chirpich replied to vet borrowers, the City would partner with a bank or Central Minnesota Community Development Corporation where the City could turn it over to one of those options and they would do the review.

Jacobs asked what the amount for the façade program was. Chirpich replied \$50,000 with a max of \$5,000 and a 50% match. A \$10,000 project would get the City \$5,000. Jacobs asked what the average has been. Forney replied \$4,000. Jacobs explained that she did not want to start the art funding amount at \$10,000 but would be more interested in started at \$5,000. Buesgens disagreed. Jacobs clarified that she did not want \$5,000 for the total amount available for art, but for each project to limit it to \$5,000. Buesgens stated that prices can range from \$10,000 to \$100,000.

Forney explained that Staff would like to get a feel from the EDA on what topics or items they would like Staff to bring back with additional details or research.

Buesgens stated she would like to learn more about art, and fourplexes with the NOAH program.

Márquez-Simula thanked Staff for bringing the goals from the Council back to the EDA. She added that it was mentioned that the escrow fund could also be a way to build up funds for art. Police have mentioned cameras inside apartment buildings if managers approved and wondered if it was something the EDA would want to look into.

James asked Dibba what would help create new businesses and jobs in the City. Dibba replied that from his experience, the number one obstacle he had in trying to have a business in the City was the location. He added that his friends who have businesses in other cities typically have additional help from those cities. Businesses typically struggle the first 2-3 years, but if there is help to find resources, that can help the business a lot.

Jacobs asked Dibba what prohibited him from started a business in Columbia Heights. Dibba replied that it was the location since he was trying to find a storefront area that also had high visibility.

Márquez-Simula explained that she liked the micro loan idea and including a landscaping designer. She added that a graphic designer could be included to help with the website, or menus, etc. Forney noted that it could be tied into Open to Business which is a County run program. Dibba added that it could be helpful to have small business loans available, or help with basic business support like book keeping.

Spriggs agreed with the ideas the EDA liked such as the art concept and the public infrastructure that would be permanent. He asked if some of the permanent landscaping would be torn out during the Central Avenue redevelopment. He mentioned an idea of compiling a list of businesses that could be included in the City's newsletter in order to give businesses more visibility. Buesgens noted that while she was in Maple Grove she noticed that the city would put out advertising for the businesses in their city.

James asked if business could use the Open to Business resource and then the City could use it as a request for loan applications. This would help the City from having to advise as much as well as incentivize the program.

Buesgens noted that it has been difficult to fill large office space locations and asked if that was true for small businesses as well. Forney replied that it is completely different and added that it is nearly impossible to find restaurant locations right now because the demand is so high.

Spriggs asked if the lot located near 47th Avenue and Central Avenue was a site that was being considered for redevelopment. Forney replied that there are two lots and one of them was owned by Hyvee but recently sold it to the owner of the other lot. The City does not know what the plans are for the site.

BUSINESS UPDATES

Chirpich explained that there would be another façade grant for a new business coming to town. Forney added that the new business will be selling Turkish treats and nuts. During the previous Council meeting, the Council had interest in deconstructing the 39th Avenue properties. He added that the City sold a property to Habitat for Humanity last week. The asbestos abatement has been completed on 94 144th Avenue and the 39th Avenue properties. The Fire Department is getting ready to start their project of burning the single family house on 39th Avenue.

Forney added that Krash Drums is continuing to move forward. Rail Werks has their façade up and will be receiving the façade grant this week. They are working on getting their liquor license. Staff were reached out by a homeowner on Central Avenue to sell their home to the City.

James asked if there was an update on the grocer on 44th Avenue. Chirpich replied that they are doing a site visit on April 3, 2024.

ADJOURNMENT

Motion by Jacobs, seconded by Buesgens, to adjourn the meeting at 6:18 pm. All ayes. MOTION

PASSED.

Respectfully submitted,



Mitchell Forney, Community Development Coordinator