

City of Columbus
Economic Development Authority Meeting
01.08.20

The 01.08.20 meeting of the City of Columbus Economic Development Authority was called to order at 6:01 p.m. by President Jesse Preiner at the City Hall. Present were EDA Commissioners Jeff Duraine, Denny Peterson, Shelly Logren, Mark Daly, Executive Director Elizabeth Mursko, City Attorney Bill Griffith, and Assistant Secretary Jessica Hughes.

Also in attendance were – Kris King, Paul Peskar, and Cindy Angel.

1. **CALL TO ORDER – 6:01 p.m.**
2. **APPROVAL – 10.09.19 EDA Meeting Minutes**

Motion by Duraine to approve the 10.09.19 EDA Minutes. Seconded by Peterson. Motion carried unanimously.

3. **APPROVAL – 01.08.20 EDA Meeting Agenda**

Motion by Peterson to approve the 01.08.20 EDA Meeting Agenda. Seconded by Duraine. Motion carried unanimously.

4. **OPEN BUSINESS**

No report.

5. **COMMISSION OPEN DISCUSSION**

Wrap Up & Moving Forward – Phil Hoey and Tom Palmquist

Hoey and Palmquist came to the EDA meeting to share a presentation about what they have learned while having control of property in the NE I-35 Quadrant.

Hoey began by discussing the types of uses that were targeted for the property. He said that they spoke to people representing general retail (all major groups such as grocery, fuel, liquor, and coffee), apartments, hotels, and professional offices. In terms of marketing the property they used site signage, the Colliers website, local and regional broker sites, and e-mail blasts to the brokerage community. Hoey explained that they essentially did everything they could to market the property.

Hoey continued to show the last iteration of the site's concept plan, which includes the initial design of the apartment development. What is not reflected in the concept plan is minor changes that were made to the parking layout and the storm pond.

Hoey also discussed reasons that industry representatives indicated discouraged them from building in Columbus:

- Population density. Most developers compare Columbus to Forest Lake because of proximity. The reality is that the population density and income levels are not high enough within the .5 mile, 1 mile, and 3 minute drive time distances from the site. The previously mentioned distances do not consider the Forest Lake downtown district, which has a denser population. While it is true that the NE I-35 Quadrant is likely to see significant development in the near future, developers are more often persuaded by things like population density and traffic figures.
 - Palmquist said that the type of environment created on the site will generally need to be convenience, vehicular, and destination oriented. It will be important to have businesses in the area that can pull vehicles off I-35.
- Current site conditions. The past year/year and a half there has been significant construction in the area. The construction makes it difficult for interested parties to imagine what their development would look like when construction is complete. In addition, the site is not well equipped for any big box type retail sites. The largest possible development on the site is 20,000 – 25,000 square feet.
- Competition. The NE I-35 Quadrant site is inherently competing against other sites that are for sale in the state. Unfortunately for the City of Columbus, there has been a lot of turnover in the mid-size box spaces. Such closures create ideal opportunities for developers because it is more affordable to locate in existing construction rather than create new construction.
- Design requirements v. market. This item is more specific to the apartment project. Compared to other projects in the area, the design requirements for the Columbus project were extensive, especially the requirement of 25% masonry. The interior design included high end finishes. Because of the high quality of development, they were not able to make the cost fit with the market rate per unit.
- Parking. Hoey said there was never a significant conversation about what a realistic parking requirement would be.
- Timing. Hoey said that some developers simply prefer not being the first development in a new area.

Mayor Preiner asked Hoey if he felt that once HyVee is built it will encourage other developers to look locate in the NE quad? Hoey said that it depends on who you talk to. It is true that a project going vertical will be impactful because it validates the site, but others will still not be persuaded by this.

Mayor Preiner asked what the difference is in price between existing and new construction? Hoey said from a rent perspective existing construction is roughly half the price of building new.

In terms of price per square foot, new construction is \$30-\$35 per square foot, while existing construction is around \$20-\$25 per square foot.

Mursko asked Hoey if the Columbus HyVee store is listed on their construction schedule yet? Hoey replied that it is not. They are hoping to build the store in 2020 and there will be a five month construction period.

Hoey continued by providing additional information about the apartment proposal that did not go forward. The proposal was for high end apartments, and that proved to not be economically feasible on this site. The apartment developers tried to bridge the gap in funding by requesting assistance from the City. It was a \$25 million project, and they requested \$1 million in assistance. From Columbus' perspective that was a lot of money to ask for, but from the developer's perspective it was only 4% of the total project cost. Palmquist added that the developers agreed they would go forward with the project if they could get a 6.7% return, but the final pro forma only showed a return of 6.4%.

City Attorney Bill Griffith asked Hoey and Palmquist if they thought the City should still pursue that area as a test site? Hoey replied that multi-family housing is an important use for the overall success of the entire NE I-35 Quadrant. From that angle, it would be worth pursuing but the City may have to be open to providing economic assistance if they want a high-end apartment building.

Palmquist continued by saying that not having the regulatory ordinances finalized made it difficult for the multi-family housing developer. He encouraged the City to complete those ordinances before pursuing another multi-family housing development.

Hoey added that soil corrections on the site were an unforeseen cost that was not discovered until the end of the project and caused a lot of feasibility problems. The soil correction costs added \$300,000-\$400,000 in cost. Hoey encouraged the EDA to consider providing economic assistance to a multi-family housing project in this area, especially if they want high-end construction. The reality is that Columbus is in competition with all communities in Minnesota that have land for development. One way to be competitive with these communities and get good investment developments is for the City to provide economic assistance.

Hoey and Palmquist thanked the EDA for their time working with the City. Overall they felt like the site needs uses which will leverage the traffic on I-35 and TH 97, and noted that a commercial development in a rural community like Columbus will look differently from developments in other communities that have more density. The EDA thanked them for their presentation.

2020 Goals List

At this time Mursko took the EDA through the 2020 Goals List.

Legislative Initiatives

The City's Legislative team is working toward the goal of claiming \$1.2 million of LRIP funds for the north extension of W. Freeway Drive from the roundabout. Griffith said that some authors are interested in drafting the bill and there will be a meeting soon with the County to discuss language. It may be prepared in time to introduce to the legislature at the beginning of their session.

Marketing the City of Columbus

Mursko said that the TH 97 bridge over I-35 is almost completed and has a new Columbus logo imprinted on it.

Hegland said that at a previous meeting a representative from MnDOT discussed the design for landscaping at the TH-97 and I-35 interchange. She asked if this should be a marketing goal for 2020? The EDA agreed that it should, and Mursko said she would contact the MnDOT representative to ask them to attend a future meeting to discuss.

At the last EDA meeting there was also discussion about naming the NE I-35 Quadrant and possibly including a monument sign. City Planning Technician Ben Gutknecht compiled a presentation with name proposals and examples of monument signs.

If a monument sign is built, it could be paid for with LRIP money. In order to use LRIP money for the sign, the City would need to have an idea of the materials to be used by February.

The sign would be located at the corner of the realigned Hornsby Street and TH-97. Griffith said that the City Engineer had concerns about a sign with a high profile, due to possibly obstructing views of the intersection.

Logren said she is uncomfortable finalizing the name of the NE I-35 Quadrant when it is still unknown what types of businesses are going to locate there. Hegland said that her understanding was that the EDA could finalize the materials and design for the sign and add the name at a later time.

Mursko went through the list of 12 monument sign examples that Gutknecht presented. The consensus from the EDA was that they liked the design of signs 6, 3, and 5. Griffith said that the City Engineer can create a drawing with the sight view triangle to ensure the sign is placed in the proper location. The EDA agreed to discuss the name for the quadrant at a later date and Mursko said that the costs for the sign design will be brought back to a future meeting.

Attracting New Development and Businesses

Work is also being done to attract new business and retain current business. Mursko noted that studies show that the most business growth comes from current businesses. She added that previous discussion about doing business visits from the Council would be a good idea to understand what the current business' needs and desires are.

Electronic Newsletter

Mursko reported that Public Communications Coordinator Jessica Hughes is using the electronic newsletter to advertise the ColumBiz networking event and will continue to do so for future events.

Mursko asked the EDA to let her know if they have any further ideas for the 2020 Goals List.

Griffith said that after hearing the presentation today from Hoey and Palmquist, he was wondering if the EDA would be interested in having him create an economic development toolbox that would detail the options that City has for providing assistance to potential developers. The EDA agreed that would be a good idea. Mursko said that she would also consult the City's public finance attorney Tammy Omdal to get her input.

Motion by Duraine to accept the 2020 Goals List with the addition of designing the TH 97 and I-35 interchange landscaping and developing an economic development toolbox for economic assistance. Seconded by Daly. Motion carried unanimously.

Jon Rausch Resignation

Mursko reported that Job Rausch has submitted his resignation from the EDA.

Motion by Hegland to accept the resignation from Jon Rausch. Seconded by Peterson. Motion carried unanimously.

Annual Meeting and Report

Mursko reported that the first EDA meeting of the year is where officer positions are filled. With Rausch's resignation, there is a vacancy for the at-large position on the EDA. This year the Vice President and Treasurer positions are up for election.

Motion by Logren to nominate Hegland for Vice President. Seconded by Duraine. Motion carried unanimously.

Motion by Hegland to nominate Logren for Treasurer. Seconded by Duraine. Motion carried unanimously.

Public Communications Coordinator Jessica Hughes submitted the EDA Annual Report for consideration. It is an overview of general economic development happenings from the last year. Once the report is approved it will be posted to the City's website.

Motion by Daly to approve the 2019 EDA Annual Report. Seconded by Duraine. Motion carried unanimously.

Branding Subcommittee Update

Logren reported that the branding subcommittee has been holding regular meetings. The first branding subcommittee event will be a networking event held at Running Aces Harness Park on 01.23.20. Logren said that she would like to request that the Council members personally deliver invitations for the event to businesses.

The branding subcommittee is also sending out a survey to businesses and residents of the City to understand the perception that people have of Columbus.

Lastly, Hughes explained that the plan for events in 2020 is to hold informal networking events during three of the four quarters of the year, and for a ColumBiz Business Breakfast to be held during one quarter. Hughes recommended that the business breakfast be held in April, as they have been in previous years.

Motion by Hegland to hold the ColumBiz Business Breakfast in early April at Aces Hotel, subject to the hotel’s availability. Seconded by Daly. Motion carried unanimously.

6. EXECUTIVE DIRECTOR’S REPORT

Mursko reported that the 240 EDA Fund balance will be circulated with Treasurer Logren and then distributed to the remaining EDA members.

Treasurer’s Report

100 EDA General Fund Loan	\$877,645.00
240 EDA Fund	\$ XX

7. NEXT MEETING DATE

The next EDA meeting is scheduled for 04.08.20 from 6:00 p.m. – 7:00 p.m.

8. ADJOURNMENT

Motion by Daly to adjourn. Seconded by Duraine. Motion carried unanimously.

Meeting adjourned at 7:47 p.m.

Respectfully Submitted:

Jessica Hughes, Public Communications Coordinator