

**AGENDA  
CITY OF LINDSTROM  
EDA MEETING  
Tuesday, January 8, 2019  
7:30 A.M.  
CITY COUNCIL CHAMBERS  
13292 Sylvan Ave., Lindstrom, MN**

**CALL TO ORDER/PLEDGE:**

**CALL OF ROLL:**

**CONSIDERATION OF AGENDA:**

**Additions:**

**Deletions:**

**CONSIDERATION OF MINUTES**

1. December 11, 2018 (pgs. 2-4)

**BUSINESS ITEMS:**

1. Reappointments, Chair (pgs. 5)
2. Fascia Loan, Greg Hawkinson (pg. 5)
3. Randy Kempenich, Night Art Gallery Business Subsidy (pgs. 6)
4. Grow In Lindstrom (pgs. 6)
5. 12895 Lake Boulevard Proposal (pgs. 7-8)
6. Strengthening the Core (pg. 9-10)
7. 2018 Development Projects (pgs. 11)
8. Financials (pg. 12)

**CORRESPONDENCE:**

**ADJOURNMENT:**

EDA Meeting Minutes  
December 11, 2018

**Members Present:** Chair Sheryl Campbell, AnnMarie Brink, Mike Hursh, Jim McCarville, Rob Doherty, Greg Shaleen, Kevin Stenson (backup for Keith Carlson)

**Members Absent:** Keith Carlson

**Also Present:** City Administrator John Olinger, Deputy Clerk Melissa Glenna, Chisago County HRA/EDA Nancy Hoffman, Gary Gerke, David Waldoch, Laurie Burington, Brian Farrell Northland Real Estate, Darren Lazan Landform President, Kurt Apfelbacher Dougherty & Company, Kirstin Barsness EDA Consultant, Shelly Eldridge Ehlers Inc., Chris Dubose (entered 8:15am)

**Call to Order / Pledge:** Chair Campbell called the meeting to order at 7:30 a.m.

**Consideration of Agenda:** Motion by Brink, second by Doherty, to approve the agenda. Motion passed 7-0.

**Consideration of Minutes:** Motion by Brink, second by Shaleen, to approve the minutes from the November 13, 2018, meeting. Chair Campbell added that the the Grow In Lindstrom final draft be deferred to the next EDA meeting January 8. Motion passed 7-0.

**Citizen/Public Comment:**

None.

**Business Items:**

**1. Fascia Loan, Greg Hawkinson 12818 Lake Blvd**

Greg Hawkinson and John Henrikson requested a fascia loan to replace windows and reside the front of their building located at 12818 Lake Blvd. They have obtained a quote from Manfredini Carpentry for \$5,150. Mr. Hawkinson and Mr. Henrikson are requesting a \$5,000 loan to finance the improvements. The City has \$6,491.28 available to loan. This will be the last fascia loan until repayments are received.

**Motion by Brink, second by Doherty, to approve a \$5,000 Fascia Loan for Mr. Hawkinson and Mr. Henrikson for 12818 Lake Blvd. Shaleen inquired whether fascia loans are recorded. Deputy Clerk Glenna answered yes. Motion passed 7-0.**

**2. Northland "Overlook" Apartments Tax Increment Financing Request**

Administrator Olinger introduced Kirstin Barsness, Economic Development Consultant, and Shelly Eldridge, Senior Municipal Advisor for Ehlers Inc., both of which are advising

staff for the EDA. Brian Farrell, Northland Real Estate, introduced himself as well as Darren Lazan, Landform President and Kurt Apfelbacher, Dougherty & Company.

Olinger clarified the EDA's charge is to consider the request for TIF assistance, not the merits of the project. The City Council has approved the project. The EDA is to review the TIF Assistance request and advise the City Council whether the City should participate and if so, at what level.

Shelly Eldridge, Senior Municipal Advisor Ehlers Inc., gave an overview of Tax Increment Financing (TIF). She explained that TIF takes the additional taxes generated by a development project to pay for certain eligible costs at the time of construction such as demolition, remediating soils, and property acquisition. Shelly explained that they are needing more backup information for the TIF request including the Gap Analysis, the Blight Study and the Assessor's Report. She also explained that the school district would be minimally impacted as TIF gets spread over the whole state. She noted the school aid formula gives schools money for each student. She further explained the TIF requested is a pay-as-you-go note with principal and interest that includes legal parameters so there is minimal risk to the city. A Developer's Agreement would also be signed. Shelly noted that to qualify for TIF, the statement "But for TIF, the project will not go forward" must be met. Shelly also read the definition of blight. She noted that 51% of the structures in the TIF district need to qualify as blight. Shelly commented there are extra ordinary costs that would come into play for the gap analysis such as the underground parking and the demolition of the existing structures. She also noted a project of this type would be the first in Chisago County.

Kirstin Barsness, Economic Development Consultant, added that the developer is responsible for any short fall on a TIF note. She also noted that the City's Finance Department would track the TIF by amortization. If the principal is paid of early the TIF can be decertified early. She clarified the developer is using HUD's underwriting guidelines which are tight so the City can have greater confidence in the project including the rental rates.

Darren Lazan, Landform President, explained that their proposed development is compatible with the City's Comprehensive Plan. He noted that the site is unique being on the water and would bring the housing needs that have been identified in the Chisago Lakes area. It would also add to a walkable downtown. He clarified the TIF requested is 5 million and is a pay-as-you-go. If they fall short—it's on them. He noted they are asking for funds back that they pay in and the existing tax will continue to be paid. He explained this is a 25 million investment with 18 million in hard costs. He clarified the substantial contributions that they are making including \$500,000 towards water and sewer and \$200,000 in park dedication fees. He explained the City will be receiving \$1,000,000 in revenue from the 10% administration fee part of the TIF. He further explained part of the gap is because the rents obtainable here are less as compared to Forest Lake or White Bear Lake with the costs to construct being the same. Darren also noted they are waiting for the assessed value report from the County Assessor's Office in order to get their information to Ehlers.

EDA members discussed agreement to the principle of TIF for this project but that more details are needed for the Council to make a decision. It was also noted that the market rents only cover part of the mortgage and TIF will aid in the project. Also clarified was that if the property was sold, a new owner would need to obtain a new gap analysis to determine a need for TIF.

**Motion by McCarville, second by Doherty, to recommend to the City Council that they consider awarding Tax Increment Financing assistance based on receipt of the gap analysis, County Assessor opinion and the LHB Blight Report. Motion passed 6-1; Brink opposed.**

**Motion by Hursh, second by McCarville, to recommend to the City Council based on the findings of the gap analysis to consider a level of Tax Increment Financing. Motion passed 7-0.**

**Adjournment: Motion by Brink, second by Doherty, to adjourn the meeting at 8:55 a.m. Motion passed 7-0.**

Respectfully submitted,

Melissa (Missy) Glenna  
Deputy Clerk/Admin Assist

## **STAFF REPORT**

**MEETING DATE: January 8, 2019**

**SUBMITTED BY: Administrator Olinger**

**ITEM: reappointments, chair**

The City Council chose not to reappoint Mr. Doherty. The Council appointed Ms. Katie Werman Roche to fill his term. There is still one open position vacated by Mr. McCarville. The City will advertise.

Each year the Commission appoints a Chair.

**ACTION TO BE CONSIDERED:** Take nominations and appoint a chair

## **STAFF REPORT**

**MEETING DATE: January 8, 2019**

**SUBMITTED BY: Administrator Olinger**

**ITEM: Fascia Loan, Greg Hawkinson, 12818 Lake Blvd**

Mr. Hawkinson and John Henrikson previously requested a Fascia Loan; however, they have sold their property and have rescinded their loan request.

**ACTION TO BE CONSIDERED:** No action

## **STAFF REPORT**

**MEETING DATE: January 8, 2019**

**SUBMITTED BY: Administrator Olinger**

**ITEM: Randy Kempenich Wine Bar/Restaurant/Art Gallery**

Randy Kempenich sent a letter (see attached) requesting business incentives including grant money to assist with costs associated with expanding his Art Gallery to include a Wine Bar and Restaurant.

Mr. Kempenich is referring to the “Grow in Lindstrom” program that was funded but never created. The EDA is waiting for the details of the “Grow in Lindstrom” program.

**ACTION TO BE CONSIDERED:** No action

## **STAFF REPORT**

**MEETING DATE: January 8, 2019**

**SUBMITTED BY: Administrator Olinger**

**ITEM: Grow in Lindstrom**

Staff has not completed the program guidelines.

**ACTION TO BE CONSIDERED:** No action

## **STAFF REPORT**

**MEETING DATE: January 8, 2019**

**SUBMITTED BY: Administrator Olinger**

**ITEM: Randy Kempenich – 12895 Lake Blvd.**

In November, Mr. Kempenich proposed constructing a building with retail on the first floor and housing on a second and third story. The EDA signed an exclusive agreement with Mr. Kempenich providing 120 days to submit a proposal.

Mr. Kempenich met with Staff the first week of 2019 with his proposal. Staff requested Mr. Kempenich finalize his plans and submit them for EDA review. The plan submittal did not make the EDA packet deadline.

**ACTION TO BE CONSIDERED:** No action

# ECONOMIC DEVELOPMENT PLAN

**PROJECT NAME:** Oak Street and Highway 8, Southwest corner

**PROJECT OBJECTIVE:**

To develop first story retail space and either second story for-purchase town homes/studio apartments/commercial space and Newell Ave. town homes.

**PROJECT ACTION PLAN:**

To purchase properties on Newell and Highway 8, combine them into a single parcel, tear down buildings and market the property to a developer.

**Properties:**

| Address          | Owner                             | PID  | Estimated value | Current use                  | Lot size | Zoning |
|------------------|-----------------------------------|--|-----------------|------------------------------|----------|--------|
| 12900 Newell Ave | Chris Baxter                      | 15.00281.00  | \$200,000       | Duplex                       |          | CBD    |
| 12890 Newell Ave | Janice Reil                       | 15.00280.00  | \$126,900       | Commercial, vacant           |          | CBD    |
| 12895 Lake Blvd  | Duane Reil                        | 15.00213.00<br>15.00071.00                               | \$136,300       | Residential, Rental property |          | CBD    |
| 12875 Lake Blvd  | Pung Properties                   | 15.00215.00<br>15.00214.00<br>15.00278.10<br>15.00072.00 | \$93,800        | Commercial                   |          | CBD    |
| 12865 Lake Blvd  | Diversified Mortgage, Ryan Berner | 15.00216.00<br>15.00073.00<br>15.00278.00                | \$103,000       | Commercial, vacant           |          | CBD    |
|                  | City of Lindstrom                 | 15.00070.00<br>15.00212.00                               |                 | Commercial, vacant           |          | CBD    |
| 12880 Newell     | Lois/Steve Soper                  | 15.00279.00  | \$157,600       | Residence                    |          | CBD    |



## **STAFF REPORT**

**MEETING DATE: January 8, 2019**

**SUBMITTED BY: Administrator Olinger**

**ITEM: Strengthening the Core - Update**

The EDA has agreed on the four elements that make a downtown successful; Infrastructure, Marketing, Variety of Goods and Services, and Customer Service. Here is a summary of what we are doing.

### **Infrastructure;**

**Fascia Loan Program** – We have \$6,491.28 to loan. So far we have loaned \$51,492.28.

**Highway 8 Task Force Update** – The next meeting is in February.

### **Marketing;**

#### **Lindstrom Properties –**

Park and Highway 8- still vacant

E-Cig place by Fire Hall

Big Scotts, (2); Restaurant and Salon spaces empty

Old Juice Factory completely empty

Dinner Bell- project is approved, waiting on TIF application

### **Customer Service:**

**Variety of Goods and Services:** the City is working to expand the variety of goods and services through the Grow in Lindstrom Program. Program guidelines are still being developed.

11/7/2018

FASCIA LOAN PROGRAM  
Summary

| DATE            | Applicant                                     | Project                    | Loan Amount      | Pay Back Plan                   | Principal Balance Remaining | Comments         |
|-----------------|---|----------------------------|------------------|---------------------------------|-----------------------------|------------------|
| 8/21/2014       | Lindstrom Bakery - Bernetta Coulombe          | Gutters, Downspouts        | 4,309.00         | \$200/monthly                   | \$0.00                      | PAID OFF         |
| 9/18/2014       | Skinnners - Tim & Glenette Sperry             | Awning                     | 4,230.28         | \$150/quarterly                 | \$1,827.97                  | Last pymt 2/22   |
| 10/14/2014      | Gustav's - MaryAnn & John Jindra              | Windows                    | 1,911.14         | \$100/monthly                   | \$0.00                      | PAID OFF         |
| 10/14/2014      | Greg Shaleen - 12770 Lake Blvd                | Roofing, Gutter, Downspout | 3,250.00         | Annual pymt \$325 + interest    | \$1,950.00                  | Last pymt 2024   |
| 12/18/2014      | Renee Lynn Photography - Renee & Ronald Dabil | Awning                     | 3,030.00         | Annual pymt \$303 + interest    | \$1,818.00                  | Last pymt 2024   |
| 3/17/2016       | Carol Hamlin - The Oven Mitt                  | Awning, Signage            | 5,000.00         | \$85.47/monthly                 | \$2,531.24                  | Last pymt 4/2021 |
| 4/21/2016       | Chad Hansen - A-Pro Pool & Spa                | Pylon Sign                 | 5,000.00         | \$43.80/monthly                 | \$4,160.68                  | Last pymt 5/2026 |
| 5/19/2016       | Gregg Hawkinson - 12835 Lake Blvd             | windows                    | 4,568.00         | Annual pymt \$482.30 + interest | \$3,690.40                  | Last pymt 6/2026 |
| 7/20/2017       | Nick & Draw Enterprises - 30660 Lincoln Road  | Storefront improvements    | 5,000.00         | Annual pymt \$527.91 w/interest | \$4,522.09                  | Last pymt 7/2027 |
| 9/12/20017      | Chad Nelson Law Office                        | Windows & Doors            | 5,000.00         | \$85.47/monthly                 | \$4,019.89                  | Last Pymt 2022   |
| 7/3/2018        | Gustafs Eatery - Deannah & Ed Muha            | ADA Compliant Sidewalk     | 5,000.00         | 43.80/monthly                   | \$4,761.69                  | Last Pymt 2028   |
| 9/19/2018       | Adeline Properties - Janell & Craig Gornik    | Curbs & Sidewalks          | 5,000.00         | 43.80/monthly                   | \$4,960.36                  | Last Pymt 2028   |
| <b>TOTAL</b>    |   |                            | <b>51,298.42</b> |                                 | <b>534,242.92</b>           |                  |
| Current Balance |   | \$6,491.28                 |                  |                                 |                             |                  |

## **STAFF REPORT**

**MEETING DATE: January 8, 2019**

**SUBMITTED BY: Administrator Olinger**

**ITEM: Development Updates**

- **Rosehill Resort**-The final plat was approved. It is too late in the season, construction starts next spring.
- **Dinnerbell/Lindstrom Apartments**-the Final Plat was approved. The City Council is considering an application for TIF assistance.
- **Sunset Meadows**-Final Plat is the next step, they have a year.
- **Morning Sun Phase 2 and 3**-Final Plat is approved.
- **Lakes Region EMS Facility**-Under construction, January completion.
- **Enchanted Cove**-Final Plat extension requested at the November Council meeting.
- **Chisago Lakes High School Community Center**-Under construction.
- **Lindstrom Mini Storage Solutions – Kyle Johnson** –Under construction.
- **Downtown North 1<sup>st</sup> Avenue Electric Undergrounding** – Council agreed to warranty electric services. Need signatures.

11/30/2018

**EDA Balances**

|                         |                 |                   |
|-------------------------|-----------------|-------------------|
| Cash Balance 11/30/2018 | \$1,332.00      | Beginning Balance |
| Future                  | \$28,472.00     | Taxes Dec 2018    |
| Future                  | <u>\$600.00</u> | Remaining Rent    |
| Balance                 | \$30,404.00     |                   |

|                    |                  |  |
|--------------------|------------------|--|
| Remaining Expenses | -\$2,800.00      | Administration                                 |
|                    | -\$835.00        | Per Diems                                      |
|                    | \$0.00           | Insurances W/C & Liability                     |
|                    | -\$369.00        | Supplies, Postage, Dues & Subscriptions, Legal |
|                    | \$0.00           | Advertising (Brochures)                        |
|                    | -\$15,500.00     | Locate In Lindstrom Program                    |
|                    | \$0.00           | EDA Breakfast                                  |
|                    | \$0.00           | Conferences & Mileage                          |
|                    | \$0.00           | Maple St Property Liability Ins                |
|                    | \$0.00           | Newell House Taxes , Ins, R & M                |
|                    | \$0.00           | Oak & 8 Property Liability Ins                 |
|                    | \$0.00           | Panel One Property Liability Ins               |
|                    | -\$5,000.00      | Industrial Park Sign                           |
|                    | -\$5,000.00      | Chisago Co HRA (Holmquist Bldg)                |
|                    | \$0.00           | Payback Panel One to General Fund              |
|                    | -\$300.00        | Lindstrom Commons Engineering                  |
|                    | -\$300.00        | Lindstrom Commons Planning                     |
|                    | <u>-\$300.00</u> | Lindstrom Commons Legal                        |
|                    | -\$30,404.00     |  |

|                        |                     |
|------------------------|---------------------|
| Expected Revenues      | \$30,404.00         |
| Remaining Expenditures | <u>-\$30,404.00</u> |
| Balance Year End 2018  | \$0.00              |

|  |             |
|--|-------------|
| <u>Unbudgeted Expenses included in Balance</u> |             |
| <u>Lindstrom Commons</u>                       |             |
| Title Work                                     | \$6,500.00  |
| Legal Fees                                     | \$3,198.00  |
| Engineering Fees                               | \$4,480.00  |
| Planning                                       | \$746.00    |
| Survey   | \$300.00    |
| RE Peterson                                    |             |
| Oak Street Boulders                            | \$1,000.00  |
|  | \$16,224.00 |