

**Minnetonka Economic Development Advisory Commission  
Meeting Minutes**

**July 27, 2017  
6 p.m.**

**1. Call to Order**

Acting Chair Happe called the meeting to order at 6 p.m.

**2. Roll Call**

EDAC commissioners present: Michael Happe, Lee Jacobsohn, Jacob Johnson, Melissa Johnston, and Jerry Knickerbocker were present. Ken Isaacson and Charlie Yunker were absent.

Staff present: Community Development Director Julie Wischnack and Economic Development Housing Manager Alisha Gray.

City councilmembers present: Tony Wagner and Brad Wiersum.

**3. Approval of May 25, 2017 Minutes**

Johnson moved, Jacobsohn seconded a motion to recommend that the EDAC approve the minutes from the May 25, 2017 meeting as included in the agenda with a modification to reflect that Knickerbocker was absent the entire meeting. Happe, Jacobsohn, Johnson, and Johnston voted yes. Knickerbocker abstained. Yunker and Isaacson were absent. Motion passed.

**4. Preliminary Budget 2018**

Gray reported.

Knickerbocker asked if the funds in the development account would roll over to the next year or go back to the city's general fund. Gray said that the funds would stay in the development account.

Johnson appreciated Gray pulling together the numbers for GreaterMSP. The open for business program is great and should keep going regardless of what Hennepin County does. He encouraged the city council to look at an entrepreneurship and education piece for K-12 programs.

Happe agreed that a \$25,000 investment resulting in 139 jobs earning a high wage is a good return.

Gray continued the report.

Happe explained that the \$25,000 a year for Homes Within Reach is to cover ongoing maintenance.

Knickerbocker asked how the city would reconcile its priorities with what a county board may decide for CDBG funds. Gray stated that she hoped to serve on the committee to represent Minnetonka's previous recipients of the funding. All of the organizations have been notified that the county will be taking over the process. Wischnack added that commissioners could have input and Gray would represent the city on the county board.

Gray continued the report.

Knickerbocker asked for what amount staff would request an increase in funding for 2018. Gray stated that the EIP indicates \$100,000. There is an available fund balance that will probably stay at \$151,000 until September. Commissioners are welcome to provide feedback.

Knickerbocker did not support giving money to Homes Within Reach to purchase one or two houses in Minnetonka. Their business model does not work well in Minnetonka anymore due to the high price of housing and so many businesses flipping houses.

Happe recalled that the EDAC discussed recommending that the city council discontinue the program after winding down for three years. There would be \$100,000 for 2018 and \$100,000 for 2019 and nothing after that.

Jacobsohn asked if there could be more of a demand for the loans because the loans have not been available for a while. Gray stated that is possible.

Johnson asked what would be spent on SWLRT; what would the \$75,000 provide; and what portion of the \$25,000 for business outreach was not spent. Wischnack heard from the SWLRT office that things are looking positive because the local commitments are ready. Right now, it appears that federal funds will be available. The \$75,000 would be used to develop the SWLRT. The \$2 million was part of the solution to the funding gap the first time, two years ago. The HRA Levy is not funding the entire \$2 million. That money could be allocated for other programs if not used for the SWLRT.

Gray explained that staff has been working toward the creation of the city's strategic brand before creating a brochure for the business outreach program. The existing loan balance of \$25,000 should be sufficient through 2018.

Jacobsohn was hesitant to increase the amount. He thought the business outreach marketing fund could do without additional money in 2018. The housing programs have a \$150,000 balance which could last through 2018. He recommended an HRA Levy of \$175,000 which would allocate \$100,000 for WHAHLT and \$75,000 for the SWLRT.

Johnson agreed, but suggested providing \$50,000 for the housing programs. The HRA Levy would then equal \$225,000. The HRA Levy has stayed at \$175,000 for a number of years, but, from a percentage stand point, the balance is starting to go down. The reason for keeping something in housing programs would be to create a sustainable program that would then fall off the budget a number of years from now.

Knickerbocker was torn. He looked at what would benefit the most residents of Minnetonka. The need can be met with the increased appropriation added to the existing funds. The loans could provide for 25 to 30 different families in Minnetonka. Homes Within Reach would spend the same amount of money and provide possibly two houses. Advertising things well is important. He did not know if that would be the right amount of money or not. He favored scratching Homes Within Reach and putting the money and emphasis on things that help the most number of families.

Johnson thought it would be important to give something to marketing the open to business program, maybe \$5,000 - \$10,000. The commitment to the SWLRT is made at the city council level. He agreed with Knickerbocker regarding eliminating funds to Homes Within Reach, but a commitment for the next three years has been made. Shortening the length of time or decreasing the amount of the commitment needs to be considered. The housing programs benefit the largest number of residents in Minnetonka. He suggested recommending at least \$150,000 for housing programs and \$50,000 to Homes Within Reach.

Happe asked if Johnson agreed with \$100,000 for housing, \$0 for WHAHLT, \$75,000 for SWLRT, and \$10,000 for business outreach. Johnson said that he could do \$50,000 for Homes Within Reach, but limit the amount after the next go around.

Happe confirmed with Knickerbocker that he would recommend \$100,000 for housing programs, \$0 for WHAHLT, \$75,000 for SWLRT, and \$25,000 for business outreach.

Jacobsohn noted that WHAHLT needs \$25,000 a year for maintenance. Happe agreed.

Happe recommended going with the balances for the housing program and business outreach that they already have. The city already has a commitment to WHAHLT and the SWLRT.

Gray noted that six years of a \$100,000 commitment to the housing program fund would make the fund self-sustaining.

Johnson asked if it would be worse to give Homes Within Reach \$50,000 for the next two years or \$100,000 now and \$0 the year after. Wischnack explained that Minnetonka started Homes Within Reach. The tactical plan has been laid out. It would be hard to explain changing it now, but budgets are completed annually. One house provides 99 years of affordability. A rehabilitation lasts approximately 15 to 20 years. Gray noted that Homes Within Reach uses Minnetonka's funds to leverage additional dollars from other sources.

Happe noted that the EDAC makes a recommendation to the city council which makes the final determination.

Knickerbocker could live with \$175,000.

Johnson favored \$25,000 for housing programs; \$75,000 for Homes Within Reach; \$75,000 for SWLRT; and elimination of the \$25,000 for business outreach. Knickerbocker would support that allocation which would total \$175,000.

Johnston asked what would be lost if business outreach would not be funded. Gray explained that the \$25,000 was not used in 2016 in anticipation of the strategic branding that will be created for the city. The existing \$25,000 would be used for creation and postage of a brochure. The current \$25,000 would probably cover the first business mailer, but there may not be enough left to do additional outreach in 2018.

Johnson moved, Jacobsohn seconded a motion to recommend that the city council adopt a resolution allocating HRA Account funds as follows: \$25,000 for housing programs; \$75,000 for Homes Within Reach; \$75,000 for SWLRT; and \$0 for business program outreach for a total of \$175,000 in the preliminary budget. Happe, Jacobsohn, Johnson, Johnston, and Knickerbocker voted yes. Yunker and Isaacson were absent. Motion passed.

Happe reviewed staff's recommendation for the allocation of the development account.

Knickerbocker felt that all of the allocations are for worthwhile items.

Knickerbocker moved, Johnston seconded a motion to recommend that the city council adopt a resolution allocating Development Account funds as follows: Open to Business \$15,000; GreaterMSP \$25,000; and pre-development activities \$50,000 for the 2018 preliminary budget. Happe, Jacobsohn, Johnson, Johnston, and Knickerbocker voted yes. Yunker and Isaacson were absent. Motion passed.

## 5. Staff Report

Gray reported:

- The project office produced videos that provide a visual analysis of the SWLRT in St. Louis Park and Minnetonka.
- There are two new changes to Metro Transit routes. Route 9 will add service from downtown to Minnetonka later on weekends. Route 675 is being changed to Route 645.
- Highland Bank is almost done.
- Cherrywood Pointe is under construction.
- The high school arena is done.
- A grading permit has been issued for the Ridgedale Library.

- Prestige Preschool and Unmapped are now open.
- The city council postponed action on Minnetonka Hills Apartments to allow time for a redesign.
- Hopkins High School has a garage being built on its site in addition to the grading for the synthetic fields.
- Midwest Mastercraft has applied for a conditional use permit.
- The grading for Ridgedale restaurants will begin tomorrow.
- Lecesse should begin demolition in two weeks.
- TCF is under construction.
- There will be open houses for the Shady Oak Road redevelopment project August 2, 2017 in the morning, noon, and evening.
- Billboards will be active through October 31, 2017 advertising the business program.
- Gimick is closing its housing resource center. The Center for Energy and Environment is being considered to be the city's new loan administration provider and CRF would continue to be the loan servicer. Slight revisions to the guidelines are being considered.
- The 2017 allocation for the CDBG program came in at around \$157,000.

## **6. Other Business**

A joint EDAC, city council, and planning commission tour is scheduled for Thursday, August 3, 2017 at 5 p.m.

There is a joint city council and EDAC meeting scheduled for Monday, August 14, 2017 at 5 p.m.

The next EDAC meeting is scheduled for Thursday, August 17, 2017 at 6 p.m.

A link will be provided to commissioners for housing and demographic information that will be reviewed at the next comprehensive guide plan committee meeting on August 23, 2017.

## **7. Adjournment**

Happe adjourned the meeting at 7:45 p.m.