

**Unapproved
Minnetonka Economic Development Advisory Commission
Meeting Minutes**

**March 22, 2018
6 p.m.**

1. Call to Order

Chair Yunker called the meeting to order at 6 p.m.

2. Roll Call

EDAC commissioners present: Jay Hromatka, Lee Jacobsohn, Jacob Johnson, Melissa Johnston, Jerry Knickerbocker, Megan Luke, and Charlie Yunker were present.

Chair Yunker welcomed Hromatka and Luke to the commission.

Staff present: Community Development Director Julie Wischnack, Economic Development Housing Manager Alisha Gray, and Economic Development Coordinator Rob Hanson.

3. Approval of Nov. 27, 2018 Minutes

Johnston moved, Knickerbocker seconded a motion to recommend that the EDAC approve the minutes from the Nov. 27, 2018 meeting as included in the agenda. Jacobsohn, Johnson, Johnston, Knickerbocker, and Yunker voted yes. Hromatka and Luke abstained. Motion passed.

4. 2019-2023 EIP

EDAC was reviewing the old EDAC document for staff to create the 2019-2023 EIP. All project pages will be updated accordingly.

Gray and Wischnack reported.

Wischnack clarified the distinction between this document and other policy documents of the city. This is different from the comp plan in that it is meant to show Minnetonka's investment into different programs outlined in the city's comprehensive plan.

Johnson asked why the Minnetonka Home Enhancement Loan fund projections are relatively inflated compared to previous years. Gray explained that current market forces and the CEE taking over administration will make the process more accessible for individuals. Johnson further asked if we are allocating enough to the program based on perceived demand. Gray explained that interest and repayments determine how much would be allocated year in and year out.

Jacobsohn asked what the difference is between the Small Projects Loan and the Minnetonka Home Enhancement Program. Gray explained the repayment terms and income limits which are the major differences.

Jacobsohn asked if maximum loan amounts are detrimental towards getting projects completed. He questioned if the city should look at potentially less restrictive guidelines to encourage more participation in the program. Gray responded that staff would investigate for the next draft of the document.

Knickerbocker asked for clarification on CDBG admin amounts. He wanted to make sure that there was no duplication in admin amounts that the city would receive. Wischnack explained that this draft of the EIP that the committee was looking at was the prior year document and that the admin amounts would be changed.

Knickerbock asked about the amount on the Music Barn (TIF pooling page). He commented that the amounts need to be revised.

Gray explained that staff will receive updated TIF projections in 2019 from Ehlers.

Johnson asked for more explanation on the concept of the Next Generation Program. Wischnack explained that it was a concept that predates WHALT. There was originally no way to create single-family affordable housing in Minnetonka. She stated that staff will consider alternative methods or audiences to take on ownership of properties.

Johnson asked if CDBG programming that is deemed effective should be considered for alternative financing should the federal government cut CDBG funding in the future. Gray explained that repayments will help offset anticipated funding losses in the future.

Johnson asked for clarification on measures regarding Greater MSP's tracking of businesses assisted and what exactly a media headline is. Staff responded that Natureworks was one company that was assisted, Gray further commented that a tech company inquired and was working through Minnetonka and Greater MSP. Gray explained that Greater MSP tracks whenever a business from Minnetonka is mentioned in media headline.

Luke asked how the city determines the value of its investment into Greater MSP. Gray explained that Greater MSP has created an economic dashboard to show its success across the metro. Greater MSP is important in that it can advocate for the region and the city globally.

Johnson asked if the city should be allocating more dollars to Open for Business as it is one of the successful programs. Wischnack explained that MCCD staff would notify the city if they felt that they were doing more work than for what they were being paid. Gray mentioned that she would send out the list of businesses helped by Open to Business to the commissioners.

Staff clarified that in the updated draft, SAC/REC deferment numbers would be updated to reflect that the program is in place currently.

Johnson asked for clarification on the number of businesses that were supported through the Hennepin County Economic Gardening program. Gray responded that in 2017, two businesses were helped in the program.

Knickerbocker asked when strategic marketing would be implemented. Gray explained that staff was waiting for the city's brand to be established. The newsletter is being created and will be issued this summer.

Luke asked for clarification on why the expenditures for Metro Transit are shown as zero. Wischnack responded that since we are an opt-out community the money that Minnetonka would receive is directly going to Metro Transit instead due to the city's service contract with Metro Transit.

Chair Yunker asked if the HRA Levy increase was indicative of a trend for future HRA Levy amounts. In response to Chair Yunker's question, Wischnack explained that the funds from the HRA Levy would be used for the loan program and payback of SWLRT. Gray explained that WHAHLT is expected to be \$100,000 in 2019 and reduced to \$25,000 in 2020.

Gray noted the recommended changes to the report. She will do a more thorough update when commissioners review the EIP again in May.

5. Business Development Strategy

Gray reported.

Johnson commended staff for putting the document together. He suggested that listening sessions be utilized. He found those useful. Gray stated that the first newsletter could include a survey that would ask if an interested party would like to meet with staff or participate in a listening session or focus group.

Johnson thought that the city could play a role in networking events as well, especially for small businesses. He suggested partnering with The Commons. He thought face to face meetings may be more effective.

Knickerbocker thought the strategy was well thought out and put things in order. He noted that outreach had 30 business contacts in 2017. He questioned why something with a proven track record would not continue and expand. Gray explained that staff is working with the TwinWest Chamber of Commerce and the Greater MSP in 2018 and 2019.

Jacobsohn agreed with commissioners' comments regarding communicating and listening to the existing businesses. He suggested creating a Minnetonka Round Table for business owners and visiting new businesses to ask what struggles the owner had to establish the business. Gray stated that the newsletter could be used to find if there is interest for a round-table discussion.

Johnson commended staff on identifying one person, Hanson, as the single point of contact.

6. Staff Report

Gray and Wischnack reported:

- There was a ruling in favor of the Metropolitan Council that dealt with environmental issues and a bridge in Minneapolis for the SWLRT. Bids will be opened in May and awarded in August. Construction could begin in September. Service could begin in 2023.
- Staff meets with MTC quarterly.
- There is a big reconstruction project being proposed for Ridgedale Drive.
- Shady Oak Road is in a holding pattern until tax credits are issued.
- A monopole is being built on Williston Road near the water tower.
- Minnetonka Hills Apartments is expected to begin construction in a few months.
- Midwest Mastercraft is framed.
- Mesaba Capital, which is now called "Havenwood," is under construction.
- Crest Ridge Senior Housing on County Road 73 and Interstate 394 is under construction.
- The RiZe at Opus is under construction.
- A brewery company is proposing to locate in an industrial area of Baker Road.
- The flying simulation business, iFly, will begin construction at Ridgedale Shopping Center soon.
- Active Adult Apartments on the Ridgedale Shopping Center property south of JCPenneys is moving forward.
- The remodeling fair was held in February. The attendance was good.
- Minnetonka secured \$1.8 million in grants for the Mariner and \$210,000 from the LHIA Account. WHAHLT also received funding.
- An application can be submitted on line for the Welcome to Minnetonka Home Enhancement Loan.
- Staff met with county staff and is now looking at how CDBG funds will be allocated for projects. The maximum loan amount of \$5,000 has not been increased since 2005. The loans have been providing temporary fixes for larger repairs. There are currently 222 outstanding deferred loans for \$5,000 or more for a total of \$1.1 million that could be repaid. The number of home sales completed in a year in Minnetonka is rising. Increasing the loan maximum amount up to \$15,000 is being considered to meet the spend-down requirement and allow for necessary, permanent fixes. The loan would be forgiven if the borrower lives in the house for 10 years or paid if the house would be sold or refinanced prior to 10 years. There is no interest and no payments. Knickerbocker supported increasing the loan amount. The amount has not kept up with inflation. Wischnack noted that there is a correlation between helping more people with smaller loan amounts and providing larger loan amounts to fewer people. The qualifying income limit for an applicant of the CDBG program is restricted to up to 80 percent of average median income. Funds are distributed according to a city's census track, poverty ratings, and other factors. Luke suggested providing a loan program to assist specifically seniors with house maintenance.
- Hanson is on the county's committee that handles public service requests. A report with the results will be provided at the next meeting.

Chair Yunker thanked staff for putting together the year-end report.

8. Other Business

The next SLUC meeting will be March 21, 2018 at 11:30 a.m. in Golden Valley.

The next EDAC meeting is scheduled for Thursday, April 19, 2018 at 6 p.m.

9. Adjournment

Knickerbocker moved, Johnson seconded a motion to adjourn the meeting at 8 p.m. Motion passed unanimously.