

**OSSEO ECONOMIC DEVELOPMENT AUTHORITY
REGULAR MEETING MINUTES
November 7, 2011**

1. ROLL CALL

President Kevin Rebman called the regular meeting of the Osseo Economic Development Authority to order at 7:00 p.m., Monday, November 7, 2011.

Members present: Allan Hartkopf, Terry McNeil, Chris Mercadante, Duane Poppe, and Kevin Rebman.

Members absent: Will Lienemann and Dan Sadler.

Staff present: Executive Director Jeffrey Dahl and City Attorney Loren Magsam.

Others present: Ron Barger.

2. APPROVAL OF AGENDA

A motion was made by Poppe, seconded by Hartkopf, to approve the Agenda as presented. The motion carried 5-0.

3. APPROVAL OF MINUTES – October 3, 2011

A motion was made by Poppe, seconded by Mercadante, to approve the minutes of October 3, 2011, as presented. The motion carried 5-0.

4. MATTERS FROM THE FLOOR – None.

5. SPECIAL BUSINESS – None.

6. ACCOUNTS PAYABLE

Dahl presented the EDA Accounts Payable listing.

A motion was made by Poppe, seconded by Hartkopf, to approve the Accounts Payable (Listing 110711EDA, run 11/03/11, 12:23 PM, for \$4,560.66). The motion carried 5-0.

7. OLD BUSINESS – None.

8. NEW BUSINESS

A. DISCUSS ATTRACTING LODGING OPTIONS TO THE CITY

Executive Director Jeffrey Dahl stated this item was discussed at Matters from the Floor at recent City Council and EDA meetings. Staff has spoken with Dave Looby, Executive Director of Minneapolis Northwest Conventions & Visitors Bureau, about options.

According to Looby, the hospitality industry has been hit particularly hard during the recession. Most new hotel developments in the metro area have been built close to major entertainment centers like the Earle Brown Center, West End Shopping Center, and Mall of America. Looby

indicated that Osseo has a disadvantage in terms of attracting a hotel because of its small size, lack of a major entertainment center, and lack of interstate traffic.

Some comments regarding revenue opportunities associated with a hotel development are as follows:

- The Minneapolis Northwest Conventions and Visitors Bureau is financed by a hospitality sales tax from its member communities of Brooklyn Park, Brooklyn Center, and Maple Grove. Those communities do receive a small percentage (5%) of the hospitality tax for associated administration. Looby reported that this percentage usually amounts to a nominal fee, typically about a few thousand dollars.
- Per State Statutes, the City is able to charge an additional hospitality sales tax that would require approval by the state legislature.
- Development of a hotel would likely increase the municipal tax base similar to any other similar sized commercial redevelopment.
- With out a detailed analysis, it is difficult to determine what other revenues a hotel would generate to the local economy. However, hotel guests are more likely to patronize local businesses than other kinds of uses.

As for land use, a hotel would likely need 1-2 acres. Outside of a bed and breakfast type facility downtown, the most logical location for a hotel would be along County Road 81 close to Highway 169. This type of use would be consistent with the City's existing Zoning Code and Land Use Plan (area zoned C-2, Highway Commercial District and Office).

The City can provide a hotel developer with Tax Increment Financing (TIF) if the development meets all of the applicable requirements. Currently, TIF District 2-8 straddles the south side of County Road 81 and could be enlarged until July 2012. TIF could ultimately help assist with acquisition, site prep, environmental, and demolition costs associated with a redevelopment project. In order to attract a hotel development in the future, the EDA would likely need to hire a consultant to solicit hotel developers or allocate more staff time for this purpose--if it is a priority. This type of development would likely require a significant subsidy from the City.

EDA members offered no specific direction relating to this discussion.

B. DISCUSS ADDING COUNTY ROAD 81 COMMERCIAL AREA TO ARCHITECTURAL DESIGN GUIDELINES FINANCIAL ASSISTANCE PROGRAM

Dahl stated EDA Commissioner Sadler had asked previously that this item be placed on the agenda for discussion, and the EDA agreed to this discussion.

The ADG Program has existed for approximately ten years. The intent of the program is to create an incentive for business owners along Central Avenue to upgrade their façade consistent with a "traditional" main street-style design (brick and glass, wood signs, gooseneck lighting, etc.). Since its commencement, the EDA has:

- Allocated a total of \$80,000 for the program;
- Reimbursed nine requests (not including pending application) for approximately \$52,000; and
- Approximately \$28,000 in the General Fund remains earmarked for the ADG Program.

Since the program's inception, the Planning Commission has played a critical role in recommending whether each ADG application meets the intent of the ADG Program.

This item is on the agenda to consider broadening the program to business owners outside of the Central Business District (CBD), or more specifically, the County Road 81 corridor and Jefferson Highway, potentially.

Positives

1. Expanding the program would likely increase the number of requests.
2. Expanding the program would level the playing field in terms of business incentives available for all commercial buildings.
3. Expanding the program would likely increase investment along the County Road 81 and Jefferson Highway commercial corridors.

Negatives

1. The ADG Program was created with the intent to revitalize the CBD with the traditional character of "main street." Co Rd 81 and Jefferson Highway commercial corridors are not "main street" districts.
2. Expanding the program might overwhelm the remaining \$28,000 allocation.
3. CBD properties have unique challenges and more of a need for this type of program.

Rebman stated the areas along Co Rd 81 and Jefferson Hwy are unlike the downtown area, and the needs for each district vary. He asked if the Planning Commission should evaluate potential changes since that group implemented the ADG Program.

Poppe asked if a small group of EDA members and Planning Commission members might discuss potential changes.

McNeil said he thought the current ADG Program has run its course. Potential changes to the program might include an element of competition for reimbursement dollars, a scoring system to evaluate applications, and annual review of the overall program. He offered to be an EDA representative for a committee to discuss this program.

Rebman asked how businesses along Co Rd 81 and Jefferson Hwy would fit in the ADG Program.

McNeil stated the idea of "historic" character or improvements might evolve to be for general redevelopment. Alley entrances for CBD businesses could be included, also.

Mercadante said there could be revamping of the current ADG Program before adding components for Co Rd 81 and Jefferson Hwy. He also volunteered to be on a committee with McNeil to discuss this further with the Planning Commission.

Rebman stated Commission member Sadler should be consulted about being on a committee for this purpose since he had requested the matter be considered. If Sadler does not care to be on a committee, Rebman offered to be on the committee with McNeil and Mercadante.

Dahl said he would seek three members from the Planning Commission to be on a committee to discuss revamping and/or expanding the ADG Program.

9. REPORTS OR COMMENTS: Executive Director, President, Members

Dahl stated a Veterans Day event would be held on Wednesday, November 9, at First Avenue Commons, from 9 a.m. to 6 p.m. Mercadante said various simulators would be part of this day long event.

McNeil asked if there is an update for the Block 6 project. Dahl said nothing is new, at this point.

Mercadante asked if there was an update for the Iten Building. Dahl stated a draft Development Agreement might be ready for the December EDA meeting.

Rebman noted an upcoming Osseo Senior High concert.

10. ADJOURNMENT

A motion was made by Poppe, seconded by Mercadante, to adjourn at 7:26 p.m. The motion carried 5-0.

Respectfully submitted,

LeAnn Larson
Deputy Clerk