



WRIGHT COUNTY
Economic
Development
Authority

MEETING MINUTES
ECONOMIC DEVELOPMENT AUTHORITY

MAY 16, 2022

DATE APPROVED: JUNE 20, 2022

Darek Vetsch, President
Christine Husom, Vice-President
Mark Daleiden
Mary Wetter
Michael Kaczmarek
Phil Kern
Josh Gehlen

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- Members Present:** Darek Vetsch, Christine Husom, Mark Daleiden, Mary Wetter, Mike Kaczmarek, Josh Gehlen, and Phil Kern
- Others Present:** Clay Wilfahrt, Elizabeth Karels, Greg Kryzer, Heather Lemieux, Matthew Detjen, Jolene Foss (Wright County Economic Development Partnership), David Kelly (City of Buffalo); Remote: Lee Kelly, Lindsey Meyer
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I. Approve Previous Meeting Minutes

EDA Member Christine Husom moved to approve the April 18 Economic Development Authority (EDA) meeting minutes. The motion was seconded by EDA Member Mary Wetter and carried 7-0.

II. City/Township Updates – Buffalo

David Kelly, Community Planning and Economic Development Director for the City of Buffalo, made a presentation providing a community update for the Wright County. He said there are lot of moving parts and projects ongoing in Buffalo.

Kelly provided a development update on residential highlights. In 2021, there were 78 single-family home permits issued – down from 85 in 2020, which has been a trend throughout the state of downward departures in 2021. Those 78 permits have a valuation of \$23.46 million. He said that has followed a trend in Wright County of continued and sustained growth. The were 193 total building permits issued to date this year with a valuation of \$10.59 million. In 2021 through mid-May there were 289 building permits issued, but the value was less (\$7.75 million). He said the difference can be attributed to both higher costs and the higher value of some of the projects. The building permits cover several areas, including remodels, re-roofing, house additions, mechanical upgrades, etc. Kelly added that demand continues to grow in Buffalo despite rising costs and supply chain concerns. He said the city anticipates experiencing continued growth in population over the next five to 10 years as the west metro of the Twin Cities continues to expand westward.

EDA Chairman Darek Vetsch asked what sort of residential lot inventory Buffalo has and how many lots are open for construction. Kelly said the city is running short on buildable land within the city limits, adding that the city is working on a comprehensive plan through the year 2040. One of the calculations the city will look at is how to properly steer the growth. Vetsch asked Kelly where the city anticipates future growth will be concentrated. Kelly responded to the north along Hwy. 25 and the land near the Coborn's site. He said there are two 31-unit apartment complexes being constructed in that area. The demand for residential multi-family properties is booming because there currently are almost no vacancies. Vetsch asked if the infrastructure in the city has the capacity to handle expansion to the north and east. Kelly said the comprehensive plan will address those issues, adding that most growth will likely be in the north and northwest area of the city.

Vetsch asked about the usage rate of the revitalization grants that the city has entered into. Kelly said the city received a Small Cities Development Program Grant from Minnesota DEED (Department of Employment and Economic Development), which is targeted for specific areas of a community. In Buffalo that was an area northwest of the downtown area and another southeast of downtown. Residential homeowners could access up to \$21,000 in grant funding, with a \$1,000 match from the Buffalo HRA (Housing and Redevelopment Authority). In all, nine grants were awarded. In addition, there were eight DEED grants available for commercial properties that awarded \$30,000 with a \$5,000 matching contribution from the Buffalo HRA. Kelly said the reinvestment in the downtown area of Buffalo is critical because any city is only as strong and as vital as its downtown.

Kelly went over some of the commercial development that took place over the last year, which included new businesses, commercial properties under new ownership and OutDoWork Suites, which is a fully-leased business that is meeting the

increased demand for remote work options and coworking spaces. Other downtown business owners have expressed interest in similar workspaces.

Kelly highlighted Buffalo's economic development/planning projects. The 2040 Comprehensive Plan, also known as the "Buffalo Community Plan" is going to be the guiding path for the city for the next 20 years. If all goes as planned, the documentation of the plan will be finalized in September 2020. The city will be diving into areas it has previous not taken on that are addressed in the plan, such as water conservation. Online permitting is an effort to be at the forefront of making permitting easier for residents and businesses.

Kelly said the city's business expansion and retention survey was recently completed and approximately 20 businesses responded. The city has explored the feasibility and demand for a new industrial park. The city's current industrial park has neared capacity and was built 35 years ago. As part of the industrial park component, Buffalo is looking into identifying key industries and sectors to target for relocation to the city. Taking a cue from the City of St. Michael, Buffalo is looking to create a listing of available commercial and industrial land on the city's website.

Kelly explained the economic development priorities for downtown Buffalo. These include wayfinding installation for pedestrians and business in the downtown area, creating a vacancy list for downtown storefronts, the feasibility of a fine dining restaurant and the future of Buffalo Cinema – a key building in downtown Buffalo. He added that the city and the Buffalo HRA have made an investment in downtown façade improvement and a commercial repair program.

Lastly, Kelly discussed the development philosophies for the City of Buffalo moving forward. These include capitalizing on the growth of the west metro area of the Twin Cities, ensuring that all growth is environmentally and financially sustainable, consider the importance of community amenities in all development, minimizing risks and costs wherever possible, leveraging existing resources and entities, thinking long-term while remaining cognizant of the short-term impacts and continuously striving to improve. Husom said she regularly hears from Buffalo residents about the lack of a grocery store in the downtown Buffalo from the time Coborn's left its downtown location. She added that it didn't need to be a big grocery store chain like the Cub and Coborn's on the outer edge of town, just somewhere where people in the downtown area can make a quick stop to pick up amenities.

RECOMMENDATION: Informational only.

III. Revolving Loan Program

Vetsch began the discussion by saying that this topic was sent back to staff to make modification to the language in the Revolving Loan Program (RLP) documentation. Project Administrator Elizabeth Karels said the RLP documentation was reduced from five pages to three and asked the EDA Board members if they wanted to proceed with the revised language. She added that, in the Request for Board Action, funding options were identified, an amount was specified and where the funds would come from.

Vetsch said many of the changes dealt with concerns raised by EDA Board members that wanted language spelled out more clearly that access to the RLP was open to other cities and townships. Being able to change the funding amount would allow other municipalities to make requests for RLP funds. Scoring criteria for projects was also included in the revised document used as the basis for the awarding of funds. Vetsch strongly encouraged the EDA Board to approve the revised documentation so the program can move forward. Drainage Coordinator Matt Detjen said that a project on County Ditch 34 in Delano would be perfect for this program when funds are available. It is behind in the planning process from the County Ditch 33 project in Monticello, which is first project seeking funding through RLP.

Husom said projects like this would be a good way to expand the EDA. Vetsch said this program will accomplish a lot in terms of projects that can't get outside funding, which would likely make them a problem for years. EDA Member Mike Kaczmarek asked why the interest amount and payback period that was part of the first draft and not in the second draft. Vetsch said the interest rate would be done on a per-case basis. He said that currently there could be little to no interest charged, but, if the economy continues to struggle, the time may come where a higher interest rate may be necessary. Kaczmarek asked about the amount of money that is in the program. Vetsch said the program was initiated with \$2.5 million in funding as a benchmark for future planning to have a stable, set amount in the fund. The county board would have the authority to put additional money into the fund, but it wasn't recommended.

Assistant County Administrator Clay Wilfahrt said the \$2.5 million allocation amount for the RLP fund was arrived at by working with the finance team to look at what dollars the county had in unallocated fund balance and what obligations the

county had coming in the future, such as expenses related to the dental clinic and potential levy buydowns in the future. The finance team determined what its comfort level was of unallocated money for into the RLP and arrived at \$2.5 million. Vetsch pointed out that the levy buydown would be approximately \$32-33 million, while the dental clinic expenses would be \$200,000 at most. Assistant Finance Director Heather Lemieux said all costs were taken into account to arrive at the \$2.5 million RLP figure. Husom said that Community Dental is fundraising, so there may not be \$200,000 coming from unallocated funds going toward that project.

EDA Member Mary Wetter said in the Request for Board Action the transfer of funds to the EDA wouldn't take place until after the final sale of the Human Services Center (HSC) and asked why the transfer was written to be contingent on the sale. Karels said it would mitigate risk in the event county priorities shifted. She said the target date to transfer funds isn't until the fourth quarter of 2022, which will be after the sale is expected to be completed. Lemieux said the county is merely trying to be financially responsible to put in the safeguard of waiting to transfer the \$2.5 million in the RLP until after the sale of the HSC is complete.

Kaczmarek asked Lemieux to confirm that Wright County has not received the \$1.4 million in state bonding money yet that is earmarked for the dental clinic. Lemieux said Karels has received an update that the expectation is that the money will likely be received by the end of May. Kaczmarek asked what would happen if the \$1.4 million wasn't received or if it was potentially reduced. Karels said the \$1.4 million has been approved and set aside in the state bonding bill, but the county has to go several procedural steps to access the money, which the county is very close to completing.

Kaczmarek shared commentary from some of his constituents from the previous EDA meeting. He spoke around the county with different cities and townships – some that are EDA members and some that are not – to see if there was more interest from non-EDA members to join if they could potentially access the RLP funds. The feedback he got from non-members that being part of the RLP alone wouldn't be reason for them to sign up to join the EDA. He added that those he spoke with didn't believe the county should be involved in loaning money out. EDA member jurisdictions he spoke with agree with the economic development plan, but also don't think the county shouldn't be lending money out of the county fund balance.

EDA Member Phil Kern said that a significant element of this discussion is the funding level from the county, which he said was not something for he or EDA Member Josh Gehlen – who are not county commissioners on the EDA board – to chime in on. He said he appreciated the changes that were made in the revised draft of the RLP presented. He said stating the purpose of the program to facilitate economic growth by converting rural stormwater systems in county ditches to city stormwater systems creates an appropriate nexus for the county to partner with cities and townships on these types of projects. Previously, the verbiage simply stated “infrastructure” – which covers a wide gamut of potential uses. By focusing directly on the conversion that will be necessary to convert from rural ditch systems to city stormwater systems it is a good fix. He said he is glad the EDA Board isn't just looking at one project, because he has heard of a couple of other projects that would qualify under the revised designation to utilize these funds.

Vetsch said the goal is to avoid residents along county ditch systems spending hundreds of thousands of dollars to make improvements only to have a municipality come in a few years later and transfer the current ditch system into a city stormwater system, making money invested in the ditch system a worthless investment. The RLP would gap instances like that to provide funding to build up the system earlier and developers would pay for those infrastructure pieces when they develop these properties. Vetsch added it's a good investment for county funds because it will allow development that otherwise landowners would likely oppose because of the investment made for improvements that would vanish.

EDA Member Mark Daleiden asked when it can be expected that the HSC sale would be completed. Assistant County Attorney Greg Kryzer said that, at the time of the signing of the intent to purchase, there is a 180-day due diligence period. Karels added that the buyer will be on site the week of May 16-20 and more will be learned after the site investigation. She said the 180-day due diligence period along with the 60-day period for closing if fully extended would make November the absolute latest for closing.

Daleiden made a motion to approve the Revolving Loan Program. The motion was seconded by Husom for discussion. Gehlen agreed that the RLP is a worthwhile program, especially how it has been tailored from the first draft of the scope of the fund and the changes made in the second draft. He said he hopes that the EDA will consider non-municipality type projects as well because there is a need in the townships. Townships find themselves at a current disadvantage because they don't have many of the funding programs available to them that cities and counties can access. He said his understanding was the EDA was formed to investigate economic development specific to the sale the old Government Center and Human Services Center and the premise of what could be done to improve economic development using the proceeds from the sale of those two properties. Gehlen added that he hoped some of RLP funds or funds from the sale of the buildings could be used to attract or retain businesses in the county to promote tax base growth.

Vetsch called for a vote and the motion to approve the Revolving Loan Program with the new guidelines and documentation spelled out. The motion passed 6-1 with Kaczmarek voting against the program.

RECOMMENDATION: Approve the Revolving Loan Program and the guideline documents that were presented in the second draft to the EDA.

IV. 2022 EDA Annual Meeting Reminder

Vetsch said the meeting is scheduled for 6 p.m. Wednesday, June 8 at the Wright County Board Room. Karels said the only question is what the budget would be for food and beverages at the event. Vetsch said the expectation is that between 18 and 26 people will be attending. Vetsch felt there should be something because it is expected to last between 90 minutes and two hours and the meeting is happening over the typical dinner hour. Husom said it might not be a bad idea to have food because some may be scrambling to get there after work. Daleiden said he thought cookies, coffee and bottled water would suffice. Vetsch said there should be a variety of beverages.

RECOMMENDATION: Authorize staff to provide cookies and beverages for the June 8 EDA Annual Meeting at the Wright County Board Room.

V. Action Items/Agenda for the Next Meeting

1. City/Township Updates
2. Recap of the EDA Annual Meeting
3. An update on building Government Center redevelopment in downtown Buffalo
4. An update on the sale of Human Services Center
5. Tax abatement discussion
6. EDA by-laws

RECOMMENDATION: Place the stated items on the agenda for the next EDA meeting.

Meeting adjourned at 9:33 a.m.

EDA minutes submitted by John Holler, Communications Specialist