

Minutes of the Proceedings of the Economic Development Authority of the City of Champlin in the County of Hennepin and the State of Minnesota Pursuant to Due Call and Notice Thereof

Work Session
February 13, 2017
Municipal Center

- Call to Order The Champlin Economic Development Authority met in Work Session and was called to order by President Ryan Karasek at 6:17 p.m.
- Roll Call Present: President Ryan Karasek and Commissioners Jessica Tesdall (Ward 1), Eric Johnson (Ward 2), Nate Truesdell (Ward 3), and Ryan Sabas (Ward 4).
- Absent: None.
- Also Present: Executive Director John Cox, Deputy Director Bret Heitkamp, EDA Secretary Roberta Colotti, and City Attorney Scott Lepak.
- Approval of Agenda Motion by Commissioner Johnson and seconded by Commissioner Sabas to approve the agenda for the (February 13, 2017) February 13, 2017 Work Session as presented. Voting in favor were President Karasek, Commissioners Tesdall, Johnson, Truesdell and Sabas. Voting against: none. Motion carried.
- Motion
- Development Agreement: The Executive Director presented a draft Development Agreement with Mann Theatres which will be Mann Theatres: Champlin presented at a public hearing on January 27, 2017 for formal action. He stated that the Development Cinema 14 Agreement is based on the terms outlined in the Letter of Intent. He noted that the previously identified issue of aggregate change orders has been addressed in the Development Agreement.
- Commissioner Tesdall stated that in Article IV Construction of Minimum Improvements, Section 4.2 Construction Plans, (b), that if Mann Theatres desires to make any material change to the construction plans after their approval by the EDA that the EDA shall issue any rejection of the proposed change within 10 days. Commissioner Tesdall noted that the EDA Board does not meet every 10 days and asked how the timeline would be met.
- The Executive Director stated that the City Attorney is reviewing options such as Administrative review. He stated that issue will be addressed in the final Development Agreement.
- Commissioner Johnson stated that administrative review could be used for change orders from zero to a set dollar amount but over that Board approval should be required.
- Commissioner Tesdall stated that to the point of accumulative change the Board might want to set a limit on the number of administrative changes.
- The Executive Director stated that he is currently envisioning a \$50,000 limit for administrative change order approval.
- Commissioner Tesdall stated that number appears to be high.
- The Executive Director confirmed that the Board was mostly concerned with reductions not additions to the project.
- President Karasek stated that the development of a party room is open ended in the current plans and he questioned if that should be made a requirement, noting that it would likely bring the project up to the \$4 million originally discussed.
- The Executive Director stated that the agreement allows the Board to withhold financing if certain elements are not in the plan.
- President Karasek noted that the Champlin Farmers Market is currently held at the Ice Forum and he

suggested exploring the option of hosting the Market at the Champlin Theatre.

Business Subsidy Policy

The Executive Director stated that government entities that provide business subsidies are required to adopt a business subsidy policy and follow certain statutory procedures in awarding the assistance. In 1999, the EDA adopted a policy prior to assisting LifeTime Fitness. That policy is outdated and should be modified prior to assisting Mann Theatre. He presented the draft policy for review and noted that a public hearing has been scheduled for February 27th at which time formal action will be taken on the draft policy.

Commissioner Truesdell stated that he is concerned with the impact of the job creation and minimum wage standards on a business that experiences a slowdown in production and the possible compounding effect a job requirement could have resulting in total shut-down of the business.

The Executive Director stated that not all subsidies need to be defined by job creation and that the EDA can customize the subsidy to fit unique business circumstances through a waiver process.

President Karasek questioned the statement that the City would not waive its fees as part of a financial assistance package, specifically related to Sewer Availability Charge (SAC) & Water Availability Charge (WAC).

The Executive Director stated that the Board could draft the policy to set the wage standard at minimum wage and to allow for waiving of SAC/WAC fees. Alternatively, the Board could set higher standards in the policy and negotiate individual agreements based on their unique business needs, within the public purpose standards.

EDA Board Consensus

It was the consensus of the EDA Board to proceed with the Business Subsidy Policy as presented for formal review at the February 27, 2017 Public Hearing.

18 West River Parkway: Building

The Executive Director reported that in 1995 the EDA purchased the auto repair shop at 18 West River Parkway. Since, the shop has been leased on a month to month basis to John Paul's Auto. The tenant has given notice that he will be shuttering his business and vacating the building at the end of February.

The Executive Director recommended that the EDA Board temporarily mothball the building and allow staff time to prepare redevelopment options and approaches for the corner of Dayton Road & T.H. 169. He stated that alternatively the Board could immediately enter into a new lease agreement with Jim Merkl, the owner of Sinclair who has expressed an interest in the building or demolish the building for future reconstruction.

Commissioner Tesdall stated that she recently met with Mr. Merkl and he is also interested in a possible land swap. She expressed her support for reviewing options with Mr. Merkl regarding the future of the corner of Dayton Road & T.H. 169 as the City moves forward.

President Karasek stated that the T.H. 169 project plans that are being developed at this time will tie into the plans for the corner of Dayton Road & T.H. 169 and therefore it makes sense to wait to take action on the future of the building at 18 West River Parkway.

EDA Board Consensus

It was the consensus of the EDA Board to take no action on the future of the building at 18 West River Parkway and to allow time for staff to prepare redevelopment options and approaches for the corner of Dayton Road & T.H. 169.

Development Updates

The Executive Director reviewed his written status report outlining the current retail, restaurant, commercial and housing developments.

Recess/Reconvene
Adjournment

The Champlin Economic Development Authority recessed the meeting at 6:55 p.m. and reconvened the meeting at 7:37 p.m. The Board adjourned the Work Session at 8:17 p.m.

Ryan Karasek, President

Attest:

Roberta Colotti, CMC,
City Clerk/EDA Secretary