

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

EDA Worksession
September 22, 2014
Municipal Center

- Call to Order The Champlin Economic Development Authority met in a Worksession and was called to order by President ArMand Nelson at 5:45 p.m.
- Roll Call Present were President ArMand Nelson and Commissioners Eric Johnson, Ryan Karasek and Bruce Miller.
- Excused Absent: Commissioner Kara Terry.
- Also present were Executive Director John Cox, Deputy Director Bret Heitkamp, EDA Secretary/City Clerk Roberta Colotti and City Attorney Scott Lepak.
- Approval of Agenda Motion by Commissioner Johnson and seconded by Commissioner Karasek to approve the agenda for the
(September 22, 2014) September 22, 2014 Worksession as presented. Voting in favor were President Nelson, Commissioners
Motion Johnson, Karasek and Miller. Voting against: none. Motion carried.
- Mississippi Crossings The Executive Director welcomed Jim McCaffrey and Julie Lux from Cassidy Turley who are representing
Marketing Plan the City in marketing the Mississippi Crossings project.
- Jim McCaffrey presented a list of development contacts, market responses, and active candidates as part of
 their marketing program. He reported that one of the interested parties is the Beard Group, a Twin Cities real
 estate developer.
- Julie Lux reported that another interested developer is Gray Star out of Texas. They offer a high end
 product. Their regional people have expressed interest and have forwarded this project on to their national
 headquarters for consideration.
- Mr. McCaffrey stated that the condominium market is returning only on a very limited level with two
 projects in Minneapolis, and one in the western suburbs with prices around \$700,000.
- Mr. McCaffrey stated that attached home sites are making a stronger come back with Millennials and
 Boomers looking for this type of housing in the \$350,000 or less price range.
- Ms. Lux reported that in their discussions with restaurant developers about this site, they have indicated the
 building cannot be free standing and still be economically viable. Instead it will need to be a piece of a larger
 building in order to be cost effective. In the current restaurant market 99% of the sites are leased unless they
 are owned by a national chain restaurant.
- Mr. McCaffrey stated that restaurants are a challenge to build.
- President Nelson asked if the proposed site location for the restaurant, off Hwy. 169, presented any
 challenges to potential restaurant developers.
- Ms. Lux reported that it will depend on where the developer wants to place the restaurant. Right now their
 main concern is economic viability. Another significant factor effecting interest levels is the restaurant's
 interest in expansion.
- Ms. Lux stated that it may require City subsidies to make a restaurant project viable.
- Commissioner Miller asked if removing the restaurant piece from the development would allow the City to
 market the site differently.
- Mr. McCaffrey stated that, by example, the Beard Group designed a plan with the restaurant at the other end
 of the development than we shown on the City's plans. He stated that with this project we are asking for a
 mixed use development and that does cause more angst because developers such as home developers know

that type of development best.

Ms. Lux stated that the Hopkins development project is an example where the mixed use, housing and retail, today has 100% of the housing leased and none of the retail space leased.

The Executive Director pointed out that in the Hopkins example they combined the housing and retail buildings whereas, our proposal shows these uses separated.

Commissioner Karasek asked if the proposed parking ramp has been an issue for developers.

Ms. Lux stated that the project may move forward with or without a parking ramp. Depending on the final design it might be easier to park the project without a ramp.

Mr. McCaffrey stated that currently, parking is not a top project question of developers. They are more concerned with if they can make rents and if there is a City subsidy with the project.

Ms. Lux stated that in their presentations to developers the project plans are presented as a concept but the property is offered as a blank site.

Mr. McCaffrey stated that if the developer has 250-300 housing units then structured parking will be necessary.

Commissioner Johnson requested a Pro Forma for the residential development piece.

The Executive Director stated that a Pro Forma could be prepared as requested.

President Nelson requested that monthly marketing program reports be submitted to the EDA Board.

The Executive Director reported that the Beard Group proposal would be submitted to the EDA Board at the next meeting.

Vacant Commercial
Highway Parcels
Development Options

The Executive Director stated that there are eleven undeveloped commercial parcels situated along the highway corridor. The parcels, platted between 1997 and 2005, are shovel ready and range in size from 31,000 to 326,700 square feet. Over the past two years, the owners of the representatives of eight of these properties have questioned if the City would be open to other uses besides commercial.

The Executive Director provided an overview of qualities of the eleven properties.

Council Consensus

It was the consensus of the Council to explore other land use option for the commercial properties as presented.

The Executive Director stated that site #7 was a remnant from the Emery Village Estate development. Last week, Banks Trust forfeited the property for taxes but retains the ability to repurchase the property for the back taxes and assessments (\$577,000) through early 2015. A representative of the Trust indicated they may be interested in donating the site to the City in consideration of a tax write-off. If accepted, the City would be responsible for the tax and assessment of obligations estimated at \$725,000 including future assessments. The property is zoned Commercial Office District (C-1).

The Executive Director recommended that the City Council explore the option to purchase this property given it's potential development future.

Council Consensus

It was the consensus of the Council to explore the opportunity to accept a land donation from the Banks Trust and their tax forfeited property.

The Executive Director asked what information the Board would like to see in relation to these sites for future discussions.

President Nelson requested that spreadsheets, pro forma's and tax implications be included with future

presentations.

Commercial Real
Estate Market

The Executive Director presented a written report listing the Multi-Tenant Commercial Buildings total leasable square footage and available square footage. The report indicated that there is a current vacancy rate of 7% which compares favorably to vacancy rates of 15.6%, 21% and 12.7% in 2010, 2012, and 2013 respectively.

Adjournment

The Economic Development Authority adjourned the Worksession at 6:54 p.m.

ArMand Nelson, President

Attest:

Roberta Colotti, CMC,
City Clerk/EDA Secretary