



Economic Development Commission Agenda

June 22, 2021 | 7:30 a.m.

Ash Conference Rooms and Microsoft Teams Platform

Please note: The June 22nd, Economic Development Commission meeting is taking place virtually due to COVID-19 and at City Hall. Members of the public may join the meeting using a PC, Mac, iPad, iPhone, or Android device. Members of the public can access the meeting online at woodburymn.gov/virtualmeetings.

Public comments will be accepted during the meeting by using the link to the virtual meeting to join the meeting and then submitting a question or comment via the online Q&A feature within the meeting. Questions regarding this meeting will be taken between the hours of 8:00 a.m. to 4:30 p.m. via karl.batalden@woodburymn.gov or by calling 651-414-3438 and leaving a voicemail message.

1. Call to order and introductions
2. Approval of meeting minutes – May 25, 2021 EDC Meeting
3. Economic Development Strategic Plan kickoff
4. Project updates
5. Adjourn

Attachments:

1. May 25, 2021 EDC Meeting Minutes
2. EDC Memo 21-03

The City of Woodbury is subject to Title II of the Americans with Disabilities Act, which prohibits discrimination on the basis of disability by public entities. The City is committed to full implementation of the Act to our services, programs and activities. Information regarding the provisions of the Americans with Disabilities Act is available from the City Administrator's office at 651- 714-3523. Auxiliary aids for disabled persons are available upon request at least 72 hours in advance of an event. Please call the ADA Coordinator at 651-714-3523 (TDD 651-714-3568) to make arrangements.

CITY OF WOODBURY
ECONOMIC DEVELOPMENT COMMISSION MINUTES

May 25, 2021

Pursuant to due call and notice thereof, a meeting of the Economic Development Commission was held at Woodbury City Hall, 8301 Valley Creek Road, on the 25th day of May, 2021.

ITEM 1. CALL TO ORDER AND ROLL CALL

Chair Craig Johnson called the meeting to order at 7:30 a.m.

Upon roll call the following members of the EDC were present: Craig Johnson; Kimberly Moore; Vice-Chair, Emanuel Ekstrom, David Hoelzel, Kwadwo Adutwum, Michael Zoladkiewicz, Pamela Morke, Bill Routt, Eric Schurr, Katie Westfall, and Joseph Ward.

Absent: none

Also present: Anne Burt, Mayor; Janelle Schmitz, Community Development Director; Karl Batalden, Community Development Coordinator; Jamie Thoen, Administrative Assistant, and Jason Aarsvold; Ehlers, Inc.

ITEM 2. APPROVAL OF MEETING MINUTES—FEBRUARY 23, 2021 EDC MEETING

MOTION: Pam Morke moved to approve the minutes from the February 23, 2021 meeting.
SECOND: David Hoelzel
VOTE: All in favor: Craig Johnson, Kimberly Moore, Emanuel Ekstrom, David Hoelzel, Kwadwo Adutwum, Michael Zoladkiewicz, Pamela Morke, Bill Routt, Eric Schurr, Katie Westfall, and Joseph Ward
Against: None
ABSENT: None

ITEM 3. UPDATES TO TAX INCREMENT FINANCE (TIF) POLICY

Karl Batalden, Community Development Coordinator, provided an introduction to TIF along with historical context to how the tool has been used in Woodbury. Mr. Batalden also described the lenses through which the policy updates were being proposed as well as an overview to the significant areas of change.

What is TIF: Mr. Batalden stated that it is a state-authorized economic development financing tool. Mr. Batalden said it has a wide range of uses such as but not limited to affordable housing, economic development, and redevelopment. Mr. Batalden discussed how the tool is used and noted that TIF financing can assist one parcel or multiple parcels. When a TIF district is created, the City establishes or “locks in” what is called the current base valuation. Mr. Batalden continued that the City, the County and the School District continue to receive taxes based on that base valuation throughout the life of the TIF district. Mr. Batalden continued explaining how the nature of TIF can remedy situations in which properties are declining in value and how results from development or redevelopment activity then boost the tax base. Mr. Batalden discussed TIF and how its usage can be economically positive for a city and gave examples on how that shows true. Mr. Batalden discussed the assumptions with Woodbury’s TIF District #15

that was approved in 2019 and showed a map of where the historical TIF districts were located in the City.

What are the lenses applied to the update: Mr. Batalden discussed the three lenses regarding the TIF Policy update. Mr. Batalden said there were a variety of lessons learned from TIF District #15. Mr. Batalden also discussed how the implementation steps from the 2021 Housing Action Plan may impact how the City uses TIF going forward. Lastly, Mr. Batalden noted that the City needs to bring the language in the TIF Policy to current.

Nine items of context-

The EDC Memo included nine items with significant change:

1. Adding Housing to Purpose Section
2. Commitment to using TIF sparingly
3. Restructure jobs vs. housing language
4. Condensing the Policy Section
5. New language re housing and other goals
6. Define roles of advisory commissions
7. Define the role of the FA
8. Commitment to long-term benefits to the community
9. Updated language regarding length of districts.

Ms. Morke asked what would happen if a project were to be accepted by the Planning Commission but the Economic Development Commission finds it inconsistent with the TIF Policy. Mr. Batalden noted that the City Council is the ultimate arbiter of TIF regardless of the findings of the EDC and that there are no situations when TIF is a matter of right.

Craig Johnson added that the Economic Development Commission is “advisory”.

Janelle Schmitz confirmed the Mayor and Councilmembers really look to these advisory groups for assistance in the decision-making process. Ms. Schmitz and Mr. Batalden confirmed the order of the process and the role in reference to each commission and final decision-making process.

Michael Zoladkiewicz asked from a holistic standpoint what the City is trying to achieve with the proposed amendments to the TIF Policy. He asked if the City is trying to make it easier for TIF to be used or more restrictive. Mr. Batalden said he wouldn't say either way, but that the policy should provide more clarity and consistency so when a developer comes in and asks, staff have a better framework in terms of when does it make sense to use this tool.

Mr. Johnson said that the questions were answered to what changes were made to TIF and thought it would be good to move into why changes were made to TIF.

Pam Morke asked whether the TIF Policy should focus on housing projects serving residents earning 50 percent or 60 percent of area median income (AMI) given the language in the 2021 Housing Action Plan. Mr. Batalden clarified that the 2021 Housing Action Plan emphasizes the

use of TIF for projects serving 50 percent AMI projects but that there may be times when the nature of the project or additional public policy benefits would justify the use of TIF for 60 percent AMI projects.

Pam Morke asked staff to clarify the statutory references in the TIF Policy. Mr. Batalden and Jason Aarsvold, the City's Financial Advisor, confirmed that the statutory reference is correct.

Joe Ward asked how we selected the items on the list and the reason the particular items were selected and can we possibly propose another item. Mr. Batalden said the items were selected based on the language in state law regarding how TIF can be used. Mr. Batalden noted that if the EDC propose additional topics, the policy could be further amended.

Bill Routt asked why we restrict ourselves if ultimately the City Council has the sole ability to decide to go forward or not. Mr. Batalden replied that while the City Council makes the ultimate decision on matters regarding TIF, it is helpful to have a policy so that staff can provide information and direction to the development community.

Mr. Routt said this approach makes perfect sense but his contention is to be careful not to restrict yourself more than necessary. Mr. Batalden added that the City Council has the ability to vary from the TIF Policy as they consider TIF applications.

Joe Ward said that these are incentives rather than restrictions.

Dave Hoelzel added that the table in the TIF Policy should be introduced with standard language including a clause that states "including, but not limited to" or similar.

Mr. Ward noted that there are other areas of public policy within the 2040 Comprehensive Plan that have been implemented and/or directed and voted on by the City Council. He offered that the TIF Policy could include a component to provide an incentive regarding energy conservation or construction activity to improve the energy efficiency of a building. Mr. Ward continued that one of the major components of greenhouse gas emissions are buildings and the condition of many buildings leads to high heating costs to tenants. Mr. Ward added that greenhouse gas emissions, and maintenance cost to buildings that are built at a lower conservation level are higher so it may be an advantage both to a builder as well as tenants for the TIF Policy to consider energy efficiency and sustainability. He added that we could add another bullet in the table on page 2 of the draft policy to promote and incorporate design elements such as resource and energy conservation as well as use of renewable energy including solar and geothermal in new development and redevelopment. Mr. Ward finished that this would be a way to incentivize as opposed to regulate. Mr. Ward noted that he had e-mailed staff prior to the meeting with his comments regarding sustainability and asked that his e-mail be retained with the record.

Emmanuel Ekstrom said he agreed and offered that the City could add other items such as social issues or principles of diversity, equity and inclusion.

Mr. Batalden said different cities use TIF in different ways. He explained that TIF should be a financing tool of last resort, and the proposed policy reaffirms the City's desire to use TIF sparingly.

Kim Moore said she did like the idea of adding language connected to "other" as a broader way to incorporate public benefits into a decision to create a TIF district, rather than specific language regarding energy or sustainability.

Joe Ward gave examples where you could broaden the scope in item 2 as a suggestion. He also reiterated a range of public policy positions included in the 2040 Comprehensive Plan. Mr. Ward wants to ensure that the TIF Policy fully and effectively aligns with the 2040 Comprehensive Plan, especially with regard to sustainability.

Mr. Batalden highlighted that the City added a section in Chapter 2 of the 2040 Comprehensive Plan that focuses on emerging trends and changing technologies. Recognizing how quickly the technologies change with regard to sustainability, he asked the group if they would be comfortable with adding a philosophical statement about the importance of sustainability at the bottom of the first page of the proposed TIF Policy rather than adding an additional point within the table on the second page. The EDC members agreed with this approach.

Ms. Morke requested confirmation that the TIF Policy effectively states that TIF should only be considered as a funding source of last resort. Kimberly Moore agreed and noted that this is stated in a couple of different ways throughout the document.

Katie Westfall said she was looking at redline number ten and asked why the item that required developers to provide at least 20 percent was redlined and what the thinking was behind that and how it would be measured.

Mr. Batalden responded by the reason behind this is that the City is trying to be less subjective with a specific percentage but rather formalize that the third-party financial advisor would be tasked with evaluating the proposal in terms of revenue streams coming in, etc.

Mr. Aarsvold provided information about how Ehlers underwrites a proposal to ensure that developers are not receiving undue enrichment and that the sources and uses are appropriately structured for TIF financing.

Katie Westfall asked if there are standard metrics or does the City just look at every project that comes in.

Mr. Aarsvold confirmed and gave examples of different project that are reviewed in a consistent manor.

Eric Schurr asked about the technical consideration number eight and the redlined item in regard to eliminating the need to provide a minimum assessed value agreement. He asked if that opens the discussion of what the true base value is.

Mr. Aarsvold said it doesn't affect the base value at all, but rather when the project is built it will have a minimum taxable value that will generate a prescribed amount of Tax Increment that will never be lower. He gave examples.

Mr. Batalden summarized the EDC's discussion regarding the TIF Policy and confirmed that the EDC is proposing to make three changes to the proposed amended TIF Policy regarding the:

1. Inclusion of language connected to energy efficiency and sustainability in the first paragraph of the "Policy Considerations" section on page 2;
2. Use of the phrase "but not limited to the following" in the Policy Consideration regarding affordable housing immediately preceding the table on page 2; and
3. An option for "other" within the table on page 2.

MOTION: Eric Schurr moved to approve the proposed TIF Policy including the three changes referenced above.

SECOND: Joe Ward

VOTE: All in favor: Craig Johnson, Kimberly Moore, Emanuel Ekstrom, David Hoelzel, Michael Zoladkiewicz, Pamela Morke, Bill Routt, Eric Schurr, Katie Westfall, and Joseph Ward
Against: None

ABSENT: Kwadwo Adutwum, left the meeting at 8:30 a.m.

ITEM 4. OVERVIEW OF PROPOSED 2021 ECONOMIC DEVELOPMENT STRATEGIC PLAN PROCESS

Mr. Batalden noted that future meetings would entail discussions connected the Economic Development Strategic Plan and split it into two phases. Phase one would be "Exploration Activities" and hope that coming out of phase one, certain key industry sectors would be identified. Phase two would be a "Deep Dive" from a data perspective.

ITEM 5. PROJECT UPDATES

Ms. Schmitz provided a verbal project update.

The meeting of the EDC adjourned at 9:03 a.m.

Respectfully submitted,

Karl Batalden, Community Development Coordinator

Approved by the Woodbury Economic Development Commission on June 22, 2021



Economic Development Commission Memorandum 21-03

To: EDC Members
From: Karl Batalden, Community Development Coordinator
Date: June 18, 2021
Re: June 22, 2021 EDC Meeting

The Economic Development Commission (EDC) is scheduled to hold a meeting on June 22, 2021, at 7:30 a.m. both in the Ash Conference Rooms of City Hall and via the Microsoft Teams platform.

1. **Call to order and introductions**
2. **Approval of May 25, 2021 EDC meeting minutes**
3. **Economic Development Strategic Plan kickoff**

The work product of the EDC for the remainder of the year will focus on the update to the City's economic development strategic plan (EDSP) which is an important implementation step of the City's 2040 Comprehensive Plan.

For this first kickoff meeting, the EDC members will have the opportunity to meet the consulting team that will be assisting with the process. Specifically, Brad Scheib from HKGi and Grant Martin from LOCi Consulting will be facilitating the project as well as guiding the EDC through the data and benchmarking components of the process.

Staff anticipates that the EDSP process will be split into a first phase focusing on the definitions, purposes, and roles and resources related to economic development in the community in June and July and then future phases that explore specific industrial sectors with the desire of creating effective economic development benchmarking and indicators for the use by City staff, advisory commission members, elected officials, and the public at-large. The ultimate deliverable of the EDSP process will likely create an EDSP that will be less of a policy document and more of a series of implementation and action strategies.

This update to the EDSP is an implementation step of the City's 2040 Comprehensive Plan and specifically focuses on economic development rather than the community as a whole. The EDSP process will use the nine guiding principles of the 2040 Comprehensive Plan's economic development chapter as its guiding principles. These nine guiding principles are:

1. Optimize development and redevelopment opportunities by ensuring there is an adequate supply of sites and buildings to meet the demand for commercial and industrial development, redevelopment and reinvestment.
2. Retain existing industrial and commercial businesses and assist companies with their expansion needs where appropriate.
3. Attract quality businesses to further expand employment opportunities and tax base in the City.
4. Increase awareness of Woodbury as a premier destination for businesses.

5. Support reinvestment in and redevelopment of properties including the reuse or removal of vacant buildings to spur investment in the community.
6. Encourage a variety of housing opportunities to support the workforce needs of existing businesses and attract new industry to the community.
7. Identify and prioritize infrastructure improvements to prepare for and accommodate economic growth.
8. Utilize a context-sensitive, solutions-based approach to providing infrastructure to meet the needs of current businesses and provide for future growth opportunities.
9. Serve as a resource to businesses and commercial property owners on local programs to support energy efficiency, renewable energy, waste reduction and recycling.

In addition to these guiding principles, which will set the framework for the EDSP, staff will review with the EDC members the already completed economic development policy work related to the implementation of the 2040 Comprehensive Plan. Staff proposes to begin the conversation with the “what” and the “why” so that the EDSP process can fully explore the “how”.

The June 22nd meeting of the EDC will include introductions of the team and the strategic planning process, affirmation and review of the guiding principles to provide context, a discussion of the role that various groups and agencies as well as the market play regarding economic development, and a discussion of how we know if our economic development plan is successful.

Staff anticipates a review in July of the City’s policy statements regarding emerging trends and changing technologies as well as discussions regarding Woodbury’s economic development strengths, weaknesses, opportunities, and threats. These discussions will help complete the first phase in terms of exploring the definition of a successful EDSP and identification of potential barriers in the process.

From an end deliverable perspective, staff is recommending that the EDSP be structured somewhat similarly to the 2021 Housing Action Plan which can be considered as a precedent project. In order to better visualize what the end deliverable may look like, you can view the [2021 Housing Action Plan](#). In addition, a review of Chapter 3, “[Vision and Guiding Principles](#)” as well as Chapter 6, “[Economic Development](#)” of the 2040 Comprehensive Plan will also provide additional background and context.

Meeting Attendance

With regard to meeting attendance, for this June 22nd meeting, members may still choose between attending virtually or in-person. However, given nature of the work connected to the EDSP update, staff requests that members attend in-person to the extent feasible.

In addition, the Minnesota Legislature provided a limited exception under which members of a body (such as the EDC) may participate from a remote location that is not open to the public. Beginning July 1, 2021 under Minnesota Statutes, Section 13D.02, if a Commissioner chooses to attend remotely, they will need to provide the location from which they will be participating, and the location must be accessible to the public. Staff will provide an update at the meeting

regarding the legal requirements for participation in meeting following July 1, 2021.

4. Project updates

If time allows, staff will provide a verbal project update.

5. Adjourn

Respectfully submitted,

Karl Batalden
Community Development Coordinator

cc: Mayor and Councilmembers
Clint Gridley, City Administrator
Angela Gorall, Assistant City Administrator
Janelle Schmitz, Community Development Director
Brad Scheib, HKGi
Grant Martin, LOCi Consulting