



## Minutes

### Roseville Economic Development Authority (REDA) City Council Chambers, 2660 Civic Center Drive Monday, February 25, 2019 – 6:00 p.m.

#### 1. Roll Call

President Dan Roe called to order a meeting of the Roseville Economic Development Authority (REDA) in and for the City of Roseville at approximately 6:00 p.m. Voting and Seating Order: Willmus, Groff, Etten and Roe

**Present:** President Dan Roe and Board Members Robert Willmus, Jason Etten, and Wayne Groff.

**Others Present:** Attorney Martha Ingram, Executive Director Pat Trudgeon, Community Development Director Janice Gundlach, and Housing & Economic Development Program Manager Jeanne Kelsey, Stacie Kvilvang, Ehlers.

#### 2. Pledge of Allegiance

#### 3. Approve Agenda

Etten moved, Willmus seconded, approval of the agenda as presented.

**Ayes: 4**

**Nays: 0**

**Motion carried.**

#### 4. Public Comment

President Roe deferred public comment to the beginning of the City Council meeting.

#### 5. Business Items

##### a. Adopt Resolution Approving The TIF Plan For TIF No. 21 Colder Products Company Redevelopment

Community Development Director Janice Gundlach provided a brief summary of this request as detailed in the staff report and attachments dated February 25, 2019.

Housing and Economic Development Program Manager Jeanne Kelsey reviewed the two actions needed by the EDA for approval of the TIF Plan.

Ms. Janelle Whitmeyer, President and Mr. Bryan Thompson, CFO of Colder Products Company (CPC) made a presentation of the request to the EDA.

Member Etten asked if the building was being constructed with the potential to add on to it in the future for growth.

Mr. Thompson reviewed the rendering of the building showing where expansion is possible.

Member Groff asked for clarification on the jobs. He understood there were 380 jobs with 188 jobs at the \$15 range.

Mr. Thompson stated the numbers the EDA has are from 2017 so a little dated. The new counts are 165 salaried workers today at the \$90,000 - \$100,000 range and expect to add another sixty jobs over the next four to five years.

President Roe asked if there were any questions the Members had for staff.

Member Groff stated Ms. Kelsey mentioned an interfund loan with some possible future costs the City is not aware of and he wondered what those might be.

Ms. Kelsey stated right now an interfund loan is set up to reimburse the City if there were any needed, identified costs associated with the project upfront. She was anticipating no costs, however this property has had a lot of blight over a period of time so if there is anything that could possibly come up as a situation related to helping the development to continue to move forward, the City may provide some financing to take care of some of those items and the loan would provide the City the ability to reimburse itself for those associated costs associated until there is a development agreement.

President Roe thought the idea with the interfund loan authorization is, absent that, the cost would be reimbursed either through Tax Increment Note bonding or would be paid through the TIF proceeds or reimbursed as TIF funds are collected as costs are incurred over the course of the project. But if there is something that needs to be done upfront and that cash is not available, the City would use funds from existing EDA funds to front some of those costs. This allows a mechanism to quickly access funds.

Member Etten stated in the updated RCA it is mentioned the building as being 150,000 square feet and the Ehlers report, when looking at project information and tax capacity put it at 176,693 square feet. He wondered how that changed the tax calculations or the TIF financing.

Ms. Kelsey stated based upon the preliminary runs that Ehlers has provided, once the City is done, a development agreement will address all of the funds that are under this plan because it is a concept plan that was only reviewed today. The other thing is that the costs that are projected for this development have also been done at an older valuation of possible per square foot that the

assessors office would have. Once the plan is revised and the City knows it is moving forward, Ehlers will refine their estimates which then will be a part of the development agreement that CPC will also see. She noted the City did not see the cost for the 20,000 square feet to be reduced because the cost to construct this type of structure on the site will probably increase. She indicated staff will bring everything forward with the final underwriting and the 'but for', it has to meet the 'but for' the whole time for those additional costs or a reduction in cost.

Member Etten asked if there was a potential that the City will have to put more into the TIF with the different potential evaluations.

Ms. Kelsey stated if there was a reduction to 153,000 from the 170,000 projection then that might change the number of underwriting of the TIF dollars.

Member Etten did not think the value of the property would increase if the square footage were to drop 26,000 square feet and would probably require a longer TIF or something along those lines.

President Roe thought the information is all assumptions at this point that can change, including the tax rate. Ultimately, he thought the City committed in the past through resolutions of the EDA to only a certain amount of assistance, which is the limiting factor, as he understood it.

Ms. Kvilvang stated the EDA budget is a maximum budget in the TIF plan which is why the \$176,000 was used. When this comes back with the final plan the EDA will see the final number. This is a maximum number for the TIF plan and everything else will fall under this budget. She noted the total TIF budget is close to four million dollars which includes interest, principal, administrative costs and other fees.

Member Willmus asked what the date will be for fixed market value.

Ms. Kvilvang stated this will be for pay 2019, assessed in 2018 and paid in 2019.

Member Willmus asked what staff is estimating the valuation at right now.

Ms. Kvilvang stated it is approximately 3.6 to 3.8 million.

President Roe offered an opportunity for public comment.

Ms. Dannah Thompson

Ms. Thompson wondered if the \$15 minimum wage ends up coming to Roseville, what will happen with the agreement the City ends up making with

CPC. Is there some type of liability for CPC to continue the contract or will the City be left holding the bag. She also asked if an employee comes to this location that has been making a wage of \$15 an hour, how will the employee be expected to go from where the employee is currently at to this new location in Roseville, especially with limited transportation. If CPC is not able to succeed is the City, then left holding the bag and is there any type of back up plan to hold CPC accountable for the money the City is financing for them. She also wondered what the value was of City Policy outlining subsidies for head of household and living wage jobs when subsidies given to companies like CPC who are expressly trying to avoid a \$15/hour minimum wage.

Mr. Tim Callahan

Mr. Callahan stated he was confused because there was discussion about 170,000 square feet or 150,000 square feet and the plan shows a building that is 114,000 square feet. He wondered what the correct number was.

President Roe believed the building was two stories and the plan is a portion of the building.

No one else wished to speak to this issue.

President Roe stated in terms of the questions asked, he believed that if CPC was no longer able to continue in business the TIF district remains in place but if there is no purpose for the use of the funds continuing, the funds can no longer be collected, then the City would need to decertify the District within a certain amount of time and any funds that have been collected and not been expended, have to be given back to the taxing authorities. He stated as to the questions related to the \$15 wage, he did not know what CPC might do if the \$15 minimum wage came into effect in Roseville. He believed CPC would have to address that question.

Ms. Whitmeyer indicated CPC is already generally paying \$15/hour on average for the production staff and hourly workers. She stated in order to be competitive and attract and maintain workers the company wants to make sure it is paying a fair wage and have intent over the next few years to get more towards the \$20/hour wage. Keeping with market, it is a very hot labor market right now and CPC is looking for employees. She noted the Company is not trying to avoid paying the \$15/hour wage and is trying to stay within the area and close to the St. Paul office in order to keep the good employees the company has.

Willmus moved, Etten seconded, adoption of REDA Resolution No. 34 (Attachment A) entitled, "Resolution Adopting A Modification To The Development Program For Redevelopment Project No. 1, Establishing Tax Increment Financing District No. 21 – Colder Products, And Adopting A Tax Increment Financing Plan."

### Discussion

Member Willmus stated several years ago when Council took some time to really drill down and look and have a more comprehensive discussion of when and how and where the City is going to use TIF, one of the things that came out of that conversation pertained to jobs and he certainly thought that this project, initially bringing the City 165 jobs that are in the 90-100 thousand dollar range and the additional 60 in four to five years is something that he thinks fits well within that policy and something he supports. This is also an opportunity to move forward with some significant redevelopment efforts in that area which is something that the City has been looking to secure for decades. He thought this is something that will fit right in with Roseville and thought CPC will be a great fit and a great partner and he looks forward to the success of the project.

Member Etten concurred.

Member Groff indicated he was pleased CPC answered the questions he had. He thought the City needed to figure out transportation if the public wanted to use public transportation to get to those business areas. He indicated he will support the resolution.

President Roe indicated he was also supportive of this business project.

**Ayes: 4**

**Nays: 0**

**Motion carried.**

Willmus moved, Etten seconded, adoption of REDA Resolution No. 35 (Attachment C) entitled, "Resolution Authorizing An Interfund Loan For Advance Of Certain Costs In Connection With Tax Increment Financing District No. 21 – Colder Products."

**Ayes: 4**

**Nays: 0**

**Motion carried.**

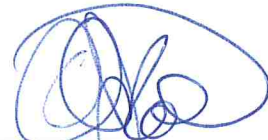
#### 6. **Adjourn**

Groff moved, Etten seconded, adjourning the REDA meeting at approximately 6:37 p.m.

**Ayes: 4**

**Nays: 0**

**Motion carried.**



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Daniel J. Roe, President

ATTEST:



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Patrick Trudgeon, Executive Director

