



HEDRA AGENDA NOTES
August 10, 2017
6:30pm

II. MINUTES

Please see the attached HEDRA Meeting minutes from the July 13th regular meeting for your review and approval.

III. BILLS

July Bills

Frattonone Companies	*\$141,431.25	Hudson – Interior Flooring Removal – Payment 1
Ram Excavating	*\$109,713.81	Hudson – Interior Soil Removal – Payment 1
Stantec Consulting	*50,669.82	Hudson – Environmental Consulting
Houseal Lavigne	\$12,040.19	Admin – Vermillion Street Corridor – Payment 1
EDAM Lodging	\$340.38	Admin – EDAM Conference Lodging
Econ Dev Assoc of MN	\$305.00	Admin – EDAM Conference Registration
Morgan Hill	\$241.14	Admin – Mileage Reimbursement
Tyco Security	\$128.37	Hudson – Maintenance - Security
Xcel Energy	\$109.84	Hudson - Power
Centerpoint Energy	\$59.88	Hudson – Electricity

** Reimbursable Expense*

Please see attached general ledger detail from the last two months for further information.

IV. BUSINESS

A. Award Contract: Vapor Intrusion Mitigation System (VIMS) Installation – Hudson Manufacturing

We have received one bid for installation of VIMS for Hudson Manufacturing. The sole bidder, Clean Vapor, LLC was also the designer of the bid specifications for the project. The proposed bid of \$433,900 is being reviewed by our environmental consultant, Stantec for potential award at the meeting. Contract activities would be fully funded through existing grants.

ACTION – Award the Vapor Intrusion Mitigation System Installation to Clean Vapor, LLC in the amount of \$433,900 upon review by Stantec. Please see the attached bid response for further information.

B. Authorize Amendment to Business Industrial Park Land Price

The City of Hastings, through its Land Credit Program/Land for a DOLLAR, offers fully serviced lots for one dollar per acre. This program allows businesses greater ability to invest in buildings/capital improvements and job creation, instead of raw land.

The market value of the land, which is currently listed in program requirements as \$71,874/acre or \$1.65/s.f., is held as a deferred loan against the property and, upon completion of certain job, wage, and construction improvement values, the loan is satisfied, with no further obligations.

After review of current market value conditions of the properties in the industrial park, we found that, according to the Dakota County Assessor’s Value, the average price/acre to be \$66,988.97 and average price/s.f. to be \$1.54 (see chart and map below).

Lot	Dakota GIS Market Valuation	# Acres	Price/Acre	# s.f.	Price/s.f.
1	\$ 130,800.00	2.00	\$ 65,400.00	87,205	\$ 1.50
2	\$ 188,600.00	2.89	\$ 65,259.52	125,733	\$ 1.50
3	\$ 202,600.00	2.58	\$ 78,527.13	112,552	\$ 1.80
4	\$ 65,300.00	1.00	\$ 65,300.00	43,545	\$ 1.50
5	\$ 88,800.00	1.36	\$ 65,294.12	59,226	\$ 1.50
6	\$ 75,900.00	1.16	\$ 65,431.03	50,616	\$ 1.50
7	\$ 78,600.00	1.20	\$ 65,500.00	52,431	\$ 1.50
8	\$ 81,500.00	1.25	\$ 65,200.00	54,354	\$ 1.50
AVERAGE			\$ 66,988.97		\$ 1.54



Therefore, we are proposing a change to the Land Credit Program/Land for a DOLLAR guidelines.

In the short-term, we are proposing that the market valuation be updated to reflect \$66,988.97/acre and \$1.54/s.f.

Additionally, and as a long-term guideline, we are proposing that we conduct an annual review of the market valuation for industrial park property, setting the price according to the average valuation set by the Dakota County Assessor.

ACTION – Provide authorization to update proposed program guidelines.

V. REPORTS AND INFORMATION

A. Preliminary 2018 HEDRA Budget

The 2018 preliminary HEDRA budget has been reviewed by the Finance Committee of City Council (Chair Vaughan, Braucks, and Balsanek). HEDRA activities would continue to be funded through a maximum assessment of the HRA Levy (generating \$356,119) and through the HRA and Industrial Park Fund Reserves as follows:

HEDRA - Operating Requests		
	2018 Budget Request	2017 Budget
Revenues (excluding levy)		
5300 Intergovernmental	-	-
5400 Charges for Services	3,300	-
Other	352,819	344,819
	<u>356,119</u>	<u>344,819</u>
Expenditures (excluding salaries)		
6200 Supplies & Materials	600	600
6300 Services and Charges	78,390	91,250
6400 Miscellaneous	2,620	5,000
	<u>81,610</u>	<u>96,850</u>

Requested changes to:	
Operating revenues	11,300 3.28%
Operating expenditures	(15,240) -15.74%

New Initiatives for 2018 include:

- **Expand Residential Rehab Loan Program - \$40,000**
 - Current Residential Rehab Loan Program is limited to historic structures
 - Propose expanding Residential Rehab Program City-Wide
 - Current program provides assistance for up to 50% of rehabilitation costs
 - \$20,000 maximum loan amount
 - 10 year loan, interest and payment free for the first year
 - Existing program has granted 31 historic rehab loans totaling \$600,000 in the last 20 years.

- **Economic Development Marketing - \$5,000**
 - Attend 3-4 local economic development tradeshow and real estate events to market economic development opportunities in Hastings.
 - Funding utilized for event registration and to prepare promotional information.

- **Vermillion Street Corridor Plan Implementation - \$20,000**
 - Provide funding to implement priorities identified by the Vermillion Street Corridor Plan
 - Specific priorities to be further defined upon plan completion in early 2018.
 - Implementation items may include consultant assistance in areas of real estate, business assistance, TIF, or environmental.

B. Vermillion Corridor Plan

In conjunction with the 2040 Comprehensive Plan, staff hosted a booth at Rivertown Days to spread awareness and gain feedback regarding the Vermillion Street Corridor Study. Additionally, the Vermillion Street Project Website is active – allowing individuals the opportunity to complete a resident survey, a business survey and/or utilize the mapping tool. Our next step will be the Business and Community Workshop, Key Person Interviews and Coalition Meeting/Update, which will be held September 11-13. More details to follow.

C. ULI Visit

The ULI Workshop was held on July 19th. The panelists identified many strengths of Hastings, while also providing great insight and ideas on how to build on those strengths to prepare ourselves to take advantage of future development opportunities.

Some key takeaways included:

- Authenticity is important and is a great asset of Hastings.
- Know your brand. Tell your story.
- Small initiatives can pay big dividends. Build upon small successes.
- Be thoughtful about the financial role that Hastings wishes to play in (re)development deals. Craft this carefully and communicate it to the development community.
- Work in partnership with developers to “sell the community”.

Panelists include:

- Tony Schertler, Dakota County CDA
- Bill Beard, The Beard Group
- Julie Kimble, Kimble Consulting
- Danyelle Pierquet, Landform Professional Services

Please see the attached ULI Summary for further information.

D. Hudson Development

Below is a summary of Hudson Development activities. Changes from the previous update are noted in red.

Purchase and Development Agreement – The agreement been signed by all parties, we are awaiting resolution of the following in order to transfer the property:

- **Section 106 Review** – The City has completed a Section 106 Review of historic impacts (as required to use the \$600,000 EPA Cleanup Grant). SHPO has issued a Conditional No Adverse Effect Letter to EPA to allow funding to be used for remediation. Approval is conditioned on the successful completion of the Historic Tax Credit Application for the site. Staff has received authority from EPA to begin environmental remediation activities.
- **Environmental Remediation** – EPA funds can now be spent on the following environmental activities:
 - **Exterior Contaminated Soil Excavation** – Exterior soil work has been completed.
 - **Interior Floor Removals** – Removal of non-load bearing walls within the building has been completed by Confluence at their expense. Interior flooring over crawl space areas have been removed.
 - **Interior Soil & Debris Removal** – Ram Excavating has completed soil and debris removal activities.
 - **Vapor Intrusion Mitigation System (VIMS)** – Bid scheduled for HEDRA award on August 10th. Work to conclude by mid-September.
 - **Environmental Completion Documents** – Environmental Documents have been submitted to MPCA for final approval, MPCA's comments on the preliminary submittal have not been substantive.
 - **Grant Award** – The City has been awarded an additional \$250,000 from Dakota CDA to assist with environmental cleanup. Funds can be used upon transfer of the property.
- **Parking and Landscaping** – The City Council authorized submittal of an amendment to the grant agreement on July 24th. Staff will be submitting the amendment shortly for Met Council review.

- **Amendment to Purchase and Development Agreement** – Both HEDRA and City Council have authorized an amendment to the purchase and development agreement.
- **Amendment to Plat** – Confluence seeks approval to subdivide the Hudson property into three parcels as follows:
 - Existing building, including East fire pit area
 - Parking lot/future expansion area to the west of west wing of building.
 - Riverfront park area in northwest corner.
 The request will be brought before the Planning Commission in the near future.
- **Architectural Approval – SHPPO & US Park Service** –Plans have been submitted to both parties in order to satisfy Historic Tax Credit requirements. Review letters from both have been received the developer is working through details to secure approval.
- **Transfer of Property** – We are working towards transfer of the property in the fall.

E. Commercial Real Estate

CBRE continues to market HEDRA owned commercial and industrial property. *Information will be submitted separately.*

F. Commercial Vacancy

	Available August, 2017	Available July, 2017	Net Change
Downtown	11	8	+3
Highway 55	10	9	+1
Vermillion Street	18	18	0
Industrial Park	3	3	0
TOTAL	42	38	+4

- **Evansen Art Studio** at 202 East 2nd Street is available for lease. It appears he will moving to a different downtown location
- 314 East 2nd Street (**Gahn Dentistry**\(**Rupp Chiropractic**) is available for sale
- 114 East 2nd Street (**Divine Inspirations**) is available for lease.
- Space is for lease at the Lawrence Building located at **1125 South Frontage Road.**

G. Development Activity

- **Purchase of City Property at Highway 55 & Pleasant Drive** – On July 10th the Planning Committee of City Council recommended moving forward with a potential sale of a 0.65 acre City-owned parcel located at the northwest corner of Pleasant and Highway 55. The City Council will hold a public hearing on August 7th to declare the property as excess to allow future consideration.
- **Artspace Hastings Lofts** – The 3rd floor of the building has been opened to occupancy by residents! The 2nd and 1st floor should be open in the coming weeks. There appears to be one and possibly two tenants for the first floor commercial space.
- **Caturia-Smidt Funeral Home Relocation** – Caturia-Smidt has submitted a rezoning application to rezone the Knights of Columbus Building located at 3075 Vermillion Street to allow for relocation of the funeral home. Caturia plans to demolish the existing building for construction of a new funeral home and crematory. The Planning Commission is scheduled to review the rezoning on August 14th.
- **Lightbourn Properties – CrossFit HSC** – On August 7th the City Council is scheduled to take action on the property sale, land credit, and site plan applications to allow the project at 2950 Lightbourn Court.

ATTACHMENTS

- HEDRA Minutes – July 13, 2017
- HEDRA Bills – July 2017
- VIMS Bid Response – Clean Vapor, LLC
- ULI Meeting Summary