

To: HONORABLE MAYOR AND CITY COUNCIL.

FROM: Dave Maroney, City Administrator.

SUBJECT: Industrial Park Land Sale.

DATE: November 1, 2019.

BACKGROUND.

On October 15th I provided a general overview to the City Council about an economic development project that the Economic Development Authority (EDA) has been pursuing - further details accompany this Memorandum. Please review the materials and let me know if you have any questions and/or need further clarification relating to the project itself or the proposed public financing that the EDA is recommending and seeking your approval for.

REQUESTED COUNCIL ACTION.

To proceed, I am requesting your consent and authorization to: (1) secure professional assistance to prepare and process a *Tax Increment Financing Plan* to induce and facilitate development of Carstensen Trucking on Lot 3 Block One, Business Park North (PID 52.110.0030); and (2) draft an agreement to authorize a reduction to the Water Access Charge (WAC) from \$30,010 (6-inch) to \$5,600 and the Sewer Access Charge (SAC) from \$9,800 (6-inch) to \$5,600 with the total reduction of \$28,610 secured by and subject to a five (5) year forgivable loan as recommended by the EDA.

To: Economic Development Authority.
From: Dave Maroney, Director of Economic Development.
Subject: October 9, 2019 Agenda. Date: October 4, 2019.

Item 3 (D). Industrial Park Land Sale. Carstensen Trucking & Sons, Inc. of Hastings is searching for a location and site to expand their trucking business. During the past few months I have been working with Matt Carstensen (Owner) and Jenn Kelly (Office Manager) to discuss Cannon Falls and several site possibilities. These conversations have led them to sign an agreement to purchase the 9-acre property adjacent to Cannon Industrial Boulevard, west of Lorentz Meats – see the accompanying graphics. Matt, Jenn, John, Roxanne and I met on September 18th to further discuss the project and their request for public financing – tax increment financing (*TIF*) and a “reduced” Water /Sewer Access Charge (WAC/SAC). Both of these financial requests will require approval by the Council and a recommendation by the Authority is requested.

If approved, the *TIF Plan* would authorize up to a nine (9) year term (similar to Strike Tool/Banks Outdoors). Because the Code requires that the building must be “sprinkled” for fire protection, a six-inch (6”) water service is needed – the current WAC for a service this size is \$30,010. The proposed sewer connection is also a six-inch (6”) service with a current SAC of \$9,800.

In 2013 the City Council approved a “deferment” for a portion of the WAC due from Molenaar Medical, LLC (Olmsted Medical Clinic) – see the accompanying *Agreement*. We will discuss alternative terms Wednesday morning and prepare a recommendation for consideration by the City Council.

Item E. 2019 FEAST Sponsorship. The Southern Minnesota Initiative Foundation is seeking *Sponsors* for the 2019 *FEAST Local Foods Marketplace* (December 6 & 7, 2019) – see enclosures. The Authority has supported this event in several ways over the years through in-kind services and/or a financial contribution – are you interested in a sponsorship this year?

Item 3 (F). ED Project Updates:

Lee Chevrolet Property. Natural gas and electricity have been disconnected and the building is now scheduled for demolition on October 7th – 8th!

Cannonball Property. Dane Ralston (ATC Group) has completed a desk review of the *MPCA* records and recommends that the next steps to pursue are to complete an *Asbestos Report* for the building and a *Response Action Plan/Construction Contingency Plan*. Dane plans to meet with the EIC/EDA representatives the week of October 21st to present and discuss a proposed *Scope of Services/Fee Estimate* to complete the environmental evaluation. The EIC/EDA representatives are also discussing terms for an “*Agreement*” by and between the two organizations that will stipulate terms and conditions for our fiscal relationship relating to this project. To date, the EDA has invested \$500 to pay ATC Group to review the *MPCA* records.

Harvest Fest. Summary results: (a) thirty (30) vendors selling lots of product; (b) hundreds of consumers and visitors enjoying the event; (c) extremely supportive and gracious hosts at Artisan Plaza; and (d) a great weather day! Dianne Howard and Michelle Sandeen did an outstanding job planning, coordinating and promoting *Harvest Fest 2019*! Many of the vendors suggested that this become a “monthly event” but our two Farmers Market Managers have not given their consent, yet?! The 2019 *Vendor* list is provided FYI.

David L. Harris
Architect

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303.429.4027 dhh@dhla.com

DATE: _____

BY: _____

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PROJECT NAME: _____

LOCATION: CANNON FALLS, MN, INDUSTRIAL PARK

CONCEPTUAL SITE PLAN DEVELOPMENT SKETCH FOR CARSTENSEN TRUCKING

DATE: SEPT 5, 2019

PROJECT NO: C-19-3086

A-1 OF 1

PROPOSE TO DEVELOP THE SITE TO ACCOMMODATE A GROWING TRUCKING BUSINESS

MAX TRUCKS ON SITE TO START: 8

MAX TRAILERS ON SITE TO START: 12

EMPLOYEES: 6

PROPERTY INFORMATION

PARCEL ID NUMBER: 521100041, 521100030

ADDRESS: CANNON INDUSTRIAL PARK BLVD & NORTH PARK DRIVE, CANNON FALLS, MN

OWNER: WILLIAM A. FITZGERALD TRUST, 2555 LENOX CT, ST. JOSEPH, MN 55902

CONTACT: CARSTENSEN TRUCKING, 19745 OWENS AVE., CANNON FALLS, MN 55603, 651-437-2783, mail: carstensen@hotmail.com

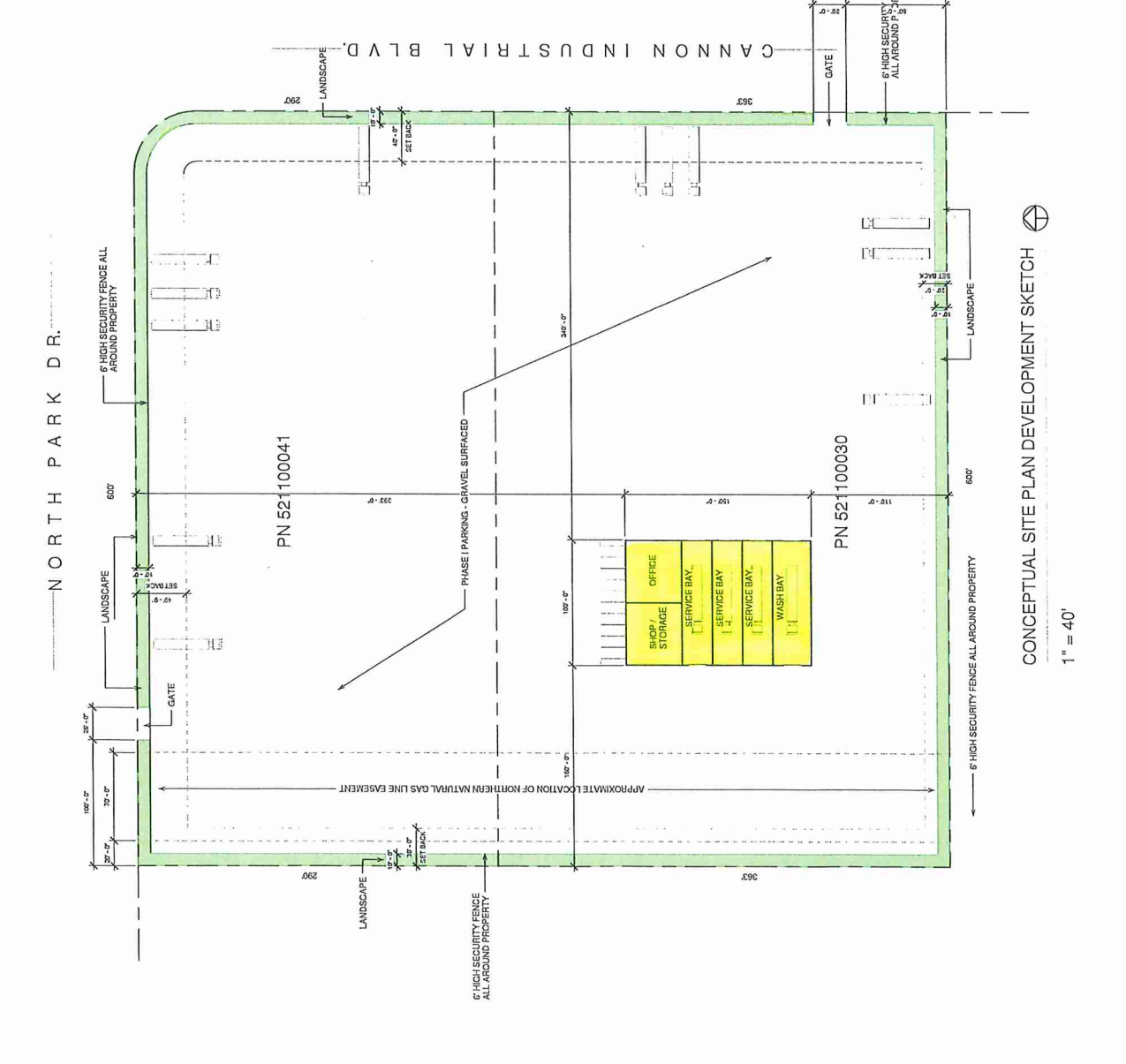
DEVELOPMENT INFORMATION

PROPOSE TO DEVELOP THE SITE TO ACCOMMODATE A GROWING TRUCKING BUSINESS

MAX TRUCKS ON SITE TO START: 8

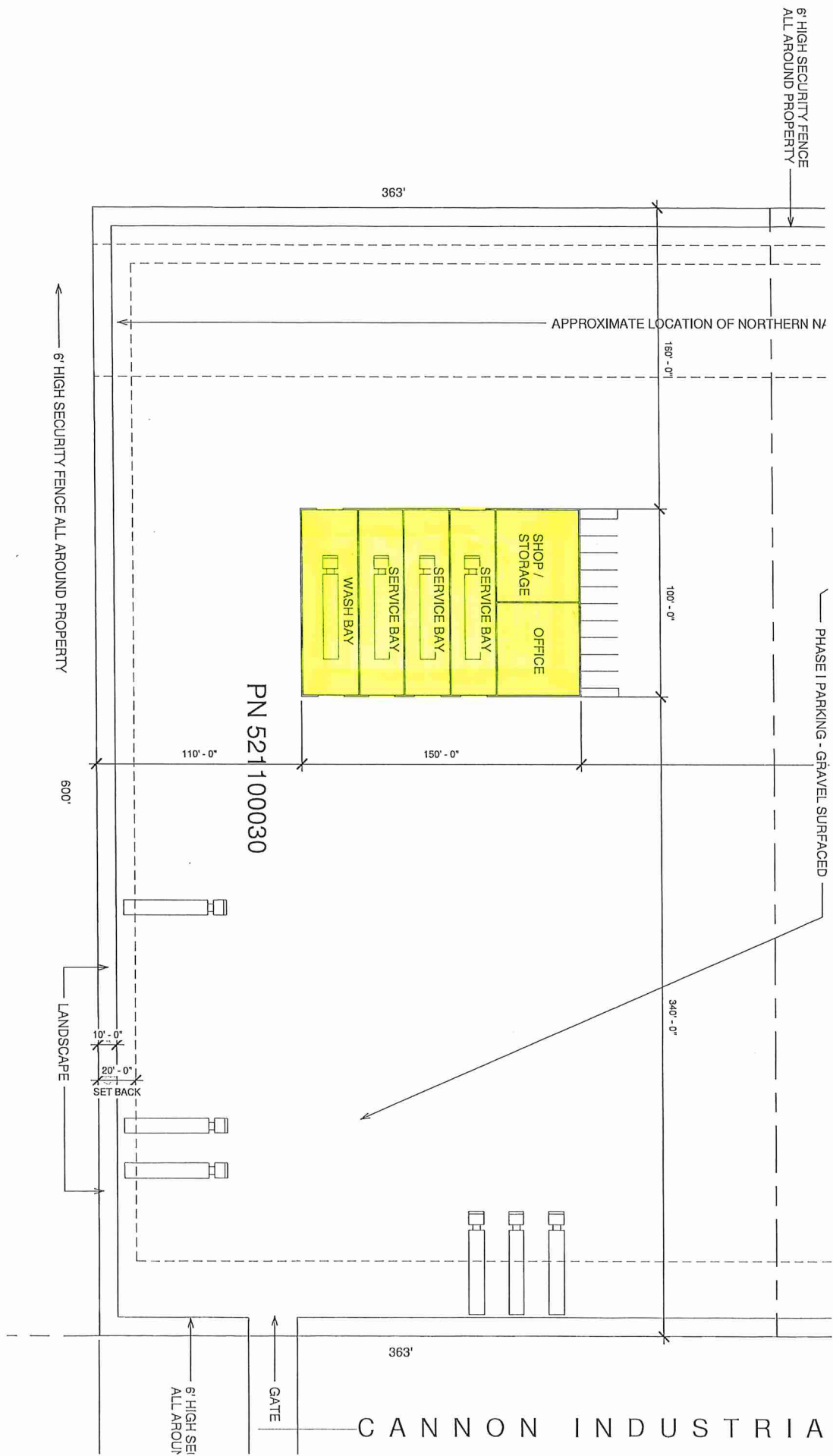
MAX TRAILERS ON SITE TO START: 12

EMPLOYEES: 6



CONCEPTUAL SITE PLAN DEVELOPMENT SKETCH

1" = 40'



OTHER FEES:

Fences (residential)	\$35.00
(commercial)	\$75.00
Drainage Plan Review	\$100.00
Construction Deposit/Connection Deposit	\$2,000.00 (new residences, 1% of costs but not less than \$200 for other projects)
Water Meter & Pressure Regulator for Commercial, Industrial, Institutional	City cost plus 5% and sales tax
Water System Access (WAC)	
Residential	\$556.00
(Includes Water Meter & Recycling Setup)	
Commercial, Industrial, Institutional	
Group 1 (3/4" – 1")	\$5,600.00
Group 2 (1.5" – 2")	\$9,800.00
Group 3 (3" – 4")	\$17,150.00
Group 4 (6" – 8")	\$30,010.00
Sewer System Access (SAC)	
Residential	\$194.00
Commercial, Industrial, Institutional	
Group 1 (4")	\$5,600.00
Group 2 (6")	\$9,800.00
Group 3 (8")	\$17,150.00
Group 4 (10")	\$30,010.00

Utility Costs

Water User Charges

Effective with the January 1, 2014 billing, the following rates shall apply for residential, multi-family, commercial and industrial users of City water:

1. Base Charges:
 - a. The base residential water charge shall be \$5.46 for the month.
 - b. The base commercial/industrial water charge shall be \$5.46 for the month.
2. Residential Usage Charges:
 - a. The water charge shall be \$2.31 per 100 cu. ft. per month for usage up to 300 cu. ft. for the month.
 - b. The water charge shall be \$2.88 per 100 cu. ft. for usage between 301 cu. ft. up to 900 cu. ft. for the month.
 - c. The water charge shall be \$3.60 per 100 cu. ft. for usage between 901 cu. ft. up to 6,000 cu. ft. for the month.