

KASSON ECONOMIC DEVELOPMENT AUTHORITY

REGULAR MEETING AGENDA

Kasson City Hall
Tuesday, June 4th, 2019
12:00 noon

- I. Call Meeting to Order**
- II. Approve Minutes of the Previous Meeting**
- III. Coordinator Report**
 - a. Small Cities Development Program**
 - b. Community Branding**
 - c. Dodge County Wind Transmission Line Proposed Routes**
- IV. Housing Study**
- V. Business Subsidy Policy**
- VI. Downtown Lots Committee**
- VII. Kasson Konnections Agenda**
- VIII. Other Business**
- IX. Items for July EDA Meeting**
- X. Adjourn**

Next meeting will be held on Tuesday, July 2nd, 2019

KASSON ECONOMIC DEVELOPMENT AUTHORITY MEETING

Tuesday, May 7th, 2019

12:00PM

MINUTES

Pursuant to due call and notice thereof, a regular meeting of the Kasson Economic Development Authority (EDA) was held at City Hall this 7th day of April, 2019 at 12:00PM.

The following members were present: Mayor Chris McKern, Tom Monson, Janice Borgstrom-Durst, Liza Larsen, and Richard Wegner.

Absent: Dan Egglar and Michael Peterson

The following staff members were present: Nicholas Ouellette, EDA Coordinator

Call to Order. Acting Chair Chris McKern called the meeting to order at 11:58AM

- I. Minutes of the Previous Meeting. Larsen moved to approve the minutes as submitted. Wegner seconded.

Ayes (5), Nays (0). Motion carried.

II. Coordinators Report.

- a. Housing Study & Shopko Meetings. Ouellette notified the board of the housing study draft presentation held at Dodge County, and the study was being finalized following community input. Ouellette noted his absence from the Shopko building meeting, and that since the meeting the building owners have selected a real estate agent to re-lease the building.
- b. Community Branding. Ouellette noted the Chamber would continue with the community branding project. Plans are being made to present the draft logo/imagery to the Chamber Board meeting on May 22nd.
- c. Community Roadside Landscape Partnership Program. Ouellette updated the board of the current status of the project, with the agreement mailed to MNDOT for their approval and signature.
- d. Abatement Project. Ouellette noted that the Kasson City Council approved the tax abatement project for Prairie Willows Estates at their last meeting.
- e. Business Subsidy Policy. Ouellette brought the Business Subsidy Policy Draft to the boards attention, requesting further meetings. Monson suggested collecting ideas from community members on the downtown lots activation.
- f. Other.

- III. RAEDI Membership. Ouellette asked the board if they would be interested in membership. Membership with RAEDI would be something to consider during budgetary planning for next year.

IV. Downtown Lots Committee. Ouellette asked the board if they would inform him on the status of a Downtown Lots Committee. Monson stated that Ouellette, Peterson, and himself would form the committee. Borhstrom-Durst suggested including volunteer support or a high school group for activation ideas. A meeting of the committee will be scheduled between the three to address next steps.

V. Kasson Konnections Agenda. Ouellette noted topics planned for discussion at the next Kasson Konnections were potential Shopko building uses and business activation strategies during Hwy 57 reconstruction. Monson noted the downtown lots activation would be a good topic for discussion.

VI. Business Façade Improvement Grant – Manorwood Association Inc. Application. Ouellette noted the application needed EDA approval before the project would move forward. Board members reviewed the application board agreed the project was eligible and met the criteria. Monson motioned to approve the application. Borgstrom-Durst seconded.

Ayes (5), Nays (0). Motion carried.

VII. Other Business. McKern noted Home Federal had begun renovations on their building. A guest, Mr. Zeigler, noted that Rochester will over 500,000 ft² of vacant retail space similar to Kasson's Shopko building.

VIII. Items for June EDA Meeting. McKern noted the updated Business Subsidy Policy could return to the agenda for more discussion. McKern also noted preliminary budget discussions could be held as well. Contingent on project completion, Monson would like a follow up report on the Manorwood Association Inc. facade improvement project. Monson noted Downtown Lots Committee could have updates to bring to the next meeting.

IX. Adjourn. Monson moved to adjourn the meeting. Larsen seconded.

Ayes (5), Nays (0). Motion carried and meeting adjourned.

The next EDA Meeting will be held on Tuesday, June 4th, 2019 at Kasson City Hall.

Minutes Submitted by: _____
Nicholas Ouellette, EDA Coordinator

Economic Development Authority Coordinators Report

Nicholas Ouellette
May 7, 2019 – June 4, 2019



Business Retention Visits & Meetings

1. Komet Apartments
2. CEDA Annual Meeting
3. Downtown Lots Committee
4. ED Professionals Group

DNR Local Trail Connection Grant

The application was successfully submitted to the Minnesota DNR by Stephanie Lawson. Award announcements are expected to be posted in June/July 2019.

Downtown Lots Committee

The Downtown Lots Committee met for the first time in May. Discussion revolved around the basic elements needed prepare the space for activation. The committee also discussed the opportunities for community engagement/involvement with the project.

Kasson Konnections

The next Kasson Konnections meeting is scheduled for June 6th at 9:30AM. A topic for discussion will be downtown lots.

Community Roadside Landscape Partnership Program

The City has received the signed Cooperative Landscape Agreement from MNDOT. MNDOT will survey and stake out the area before landscaping work begins.

SCDP Grant Application – No New Updates

Kasson has been awarded the Small Cities Development Program Grant

Dodge County Comprehensive Housing Needs Analysis

The final version of the Comprehensive Housing Needs Analysis has been published. Access the final report is available here:

https://www.co.dodge.mn.us/news_detail_T32_R199.php

Prairie Willow Estates Fourth

The Prairie Willow Estates Fourth project is currently in the planning review phase.

Shopko

No new updates.

Dodge County Wind High Voltage Transmission Line New Proposed Routes

New routes were proposed for the Dodge County HVTL, which run through downtown Kasson and along the city's perimeter. Council approved the submission of a letter expressing the City's concerns with the new proposed routes.

Community Branding

The Chamber Board has reviewed the preliminary branding sketches. Feedback has been given to Franz Reprographic for the next round of design work.

Business Façade Improvement Grant

Manorwood application approved at the May 7th EDA meeting. No new applications have arrived. Methods to promote and raise awareness of the program are being explored.

Business Subsidy Policy – City of Kasson

Briefly discussed at the May 7th EDA meeting. Discussion of the policy is on the agenda for the June 4th EDA meeting.

Other Notes**Potential Townhome/Apartment Developments**

Ben Kall is continuing to explore the feasibility of his proposed Komet Apartments project.

Infill Lot Developments – No New Updates

May 24, 2019

The Honorable Chris McKern
Mayor, City of Kasson
401 5th Street
Kasson, MN 55944

Dear Mayor McKern:

I am pleased to inform you that your application for a 2019 Minnesota Small Cities Development Program Grant (SCDP) has been approved for funding in the amount of \$517,500, pending our expected award from the Department of Housing and Urban Development (HUD). Grant Agreements will be issued once DEED receives its award from HUD.

DEED staff will provide implementation training in early June which your city must attend. We will also be providing topic specific trainings in early September. It is very important that those responsible for the grant administration and reporting attend these training sessions.

Michelle Vang is the DEED representative assigned to your grant. For additional information, please contact Michelle at michelle.vang@state.mn.us or (651) 259-7504.

Congratulations on this grant award to help enhance your community development efforts.

Regards,



Steve Grove
Commissioner

cc: State Senator David Senjem
State Representative Duane Quam
Buffy Beranek, Deputy Director, Southeast Minnesota Multi-County HRA

Dodge County Comprehensive Housing Study – East Submarket Brief

Population and Demographics

- The population of Dodge County in 2018 was 20,822.
- The East Submarket accounts for 57% of the population in Dodge County.
- The East Submarket is forecast to add the greatest number of new residents (1,600+) and households (650+) between 2018 and 2030.
- Married households without children and other family households (ex. single-parent household) are growing in Dodge County, while the number of married households with children are declining.
- The largest proportional population growth is expected for the population ages 65-74 (44.8%).
- By 2025, the largest adult age cohort in Dodge County will be those ages 35-44 and 45-54, each group representing 18% of the population.

Housing

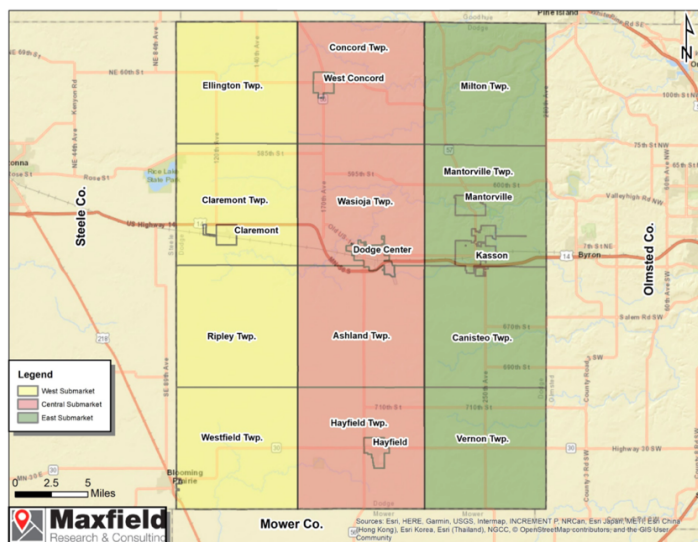
- Dodge County has a 1.2% vacancy rate.
 - A healthy rental market maintains a vacancy rate of roughly 5%
 - There was 1 vacancy for the 48 total affordable units in Dodge County
- The East Submarket accounts for 77% of multifamily units in Dodge County.
- The largest proportion of housing stock in the East Submarket was built post-2000.
- In Dodge County, 18% of owner households and 38% of renter households are estimated to be cost-burdened by rent (>30% of income spent on housing needs)
 - However, this percentage of households are lower than statewide levels
- Median home values for owner-occupied homes were the highest in the East Submarket, at \$198,375 in 2016
- Median contract rent (pre-utilities) was highest in the East Submarket, at \$552/month in 2016
 - 2016: (Statewide - \$785/month)(Rochester - \$753/month)(Kasson - \$543/month)
 - Median gross rent ranges from \$666-\$695/month across Dodge County
- Demand for market rate rentals in Dodge County through 2025 is 199 units
 - Demand for market rate rentals in the East Submarket through 2025 is 133 units
- Recommended housing types to meet demand are highlighted by the chart on the next page

Employer Survey

- Employers expressed a desire for more rental options in Dodge County.
- Employers feel the lack of apartments make it difficult to attract new employees, who may find nowhere to live initially.
- Employers noted that home prices in the East Submarket are rising as households move there in order to be closer to Rochester, and that households from Rochester move to Dodge County to find more affordable housing.

EAST SUBMARKET HOUSING DEMAND 2018-2025				
HOUSING CATEGORY	SUBMARKET	HOUSING TYPE	RECOMMENDED	UNITS NEEDED
General Occupancy For Sale Housing	Single Family	Entry Level	NO**	310
		Move-Up	YES	
		Executive	YES	
	Multifamily (ex. Town-homes)	Entry Level	YES	71
		Move-Up	YES	
General Occupancy Rental Housing	Market Rate Rental	Apartment Style	YES	133
		Townhome Style	YES	
	Affordable Rental	Apartment Style	YES	46
		Townhome Style	YES	
	Subsidized Rental	Apartment Style	YES	30
		Townhome Style	YES	
Active Adult Senior Housing	Affordable Rental		YES	36
	Subsidized Rental		NO	0
	Market Rate Owner		YES	25
	Market Rate Rental		YES	58
Service Advance Senior Housing	Congregate		YES	44
	Assisted Living		YES	5
	Memory Care		YES	18

** Entry-level housing often requires financial assistance, need will be met by existing housing stock



The figure on the left illustrates the three submarkets within Dodge County. The major population centers within each submarket are as follows:

- East Submarket (Green)
 - Kasson
 - Mantorville
- Central Submarket (Red)
 - West Concord
 - Dodge Center
 - Hayfield
- West Submarket (Yellow)
 - Claremont

City of Kasson
401 Fifth Street SE
Kasson, MN 55944

May 23rd, 2019

Minnesota Department of Commerce
85 7th Place East
Suite 280
Saint Paul, MN 55101

To Whom it May Concern,

Thank you for the opportunity to provide information regarding the proposed high-voltage transmission line (HVTL) routes with respect to current and future urban development in Kasson. Proposed routes for the HVTL will intersect established neighborhoods, downtown, Kasson-Mantorville schools' campus, as well as planned future developments.

In 2018, Kasson completed a comprehensive plan called "Kasson Upward 2040". This plan serves as an expression of the community's vision for the future and a strategic map to achieve that vision. The plan is a guiding document that informs policies and action steps meant to achieve the community of Kasson's vision. The comprehensive plan includes the future land use plan, which is referenced in this letter (Figure 1). The core community value of Kasson is the small-town identity, which frames the context of future urban development.

Downtown is the heart of Kasson and serves as a hub for cultural and economic activity in the region. Downtown Kasson is distinctive in character and unique in form from the rest of the city. The vitality of downtown requires careful consideration for the impact of future projects to enhance (or detract) from its unique character. The presence of HVTL along the train tracks through downtown will detract from the existing vitality and historic aesthetic of downtown Kasson.

The most northerly proposed HVTL route would bisect the Kasson-Mantorville School District campus, which consists of the high school, middle school, elementary school, and community education center. The campus is situated between the cities of Kasson and Mantorville. The campus was recently expanded in 2017, cementing the area for continued institutional/public use. Future institutional growth is expected to occur within the institutional/public land use zones in Figure 1. The campus serves as an anchor for future residential development in north Kasson.

Greenways (Figure 2) abut the HVTL routes at numerous locations. The City of Kasson aims to integrate greenways with the urban environment, especially in new developments. Greenways are also potential sites for recreational trails. Very little development is allowed within the greenways, which are intended to be passive spaces with small town character and vistas.

The effect of HVTL's on existing and future residential development is tangible. Route D imposes a smaller perimeter around Kasson's long-term growth areas. This perimeter affects the availability of viable land for the City of Kasson to expand.

The proposed routes intersect with long term growth zones identified in the comprehensive plan future land use map. The presence of a HVTL could affect the urban form and viability of future residential development in these areas. Planned projects such as the westward extension of 16th Street NW (Figure 3) are meant to accommodate future residential and commercial development in northwest Kasson.

Residential development is planned to continue east of Kasson, as seen in Figure 4. The presence of HVTL along the railroad line would impact this development. The future land use plan indicates residential developments will continue in far northeast Kasson. The City of Mantorville constructed a sewer force main that delivers their wastewater to the City of Kasson Wastewater Treatment facility. Infrastructure will accommodate future residential growth in the area, as development continues in the corridor between Kasson and Mantorville.

There are a number of developments in Kasson planned or expected in the next two years:

1. 16th Street NE is planned for reconstruction in 2019.
2. Storm sewer project is expected to occur in 2019/2020 (Figure 5).
3. Construction of residential development in east Kasson in 2020 (Figure 4).
4. Highway 57 Reconstruction project planned for 2021.
5. The City has purchased property on the corner of Hwy 57 and 16th Street NE for a future round about; a project that will require realignment of power poles in that area.
6. The City is in discussions with Dodge County for the construction of 16th Street NW, trail connections (Figure 2) and the development of a storm pond as early as 2020. (Figure 3)

In light of the residential and institutional growth, underway and anticipated, and the future land use as outlined in the City of Kasson Comprehensive Plan, I respectfully submit that the current options to locate electric transmission lines to the south of Highway 14 in Kasson are better option for the City, County and Township residents.

Sincerely,

Theresa Coleman
City Administrator

FIGURE 1: Future Land Use Plan from the City of Kasson Comprehensive Plan

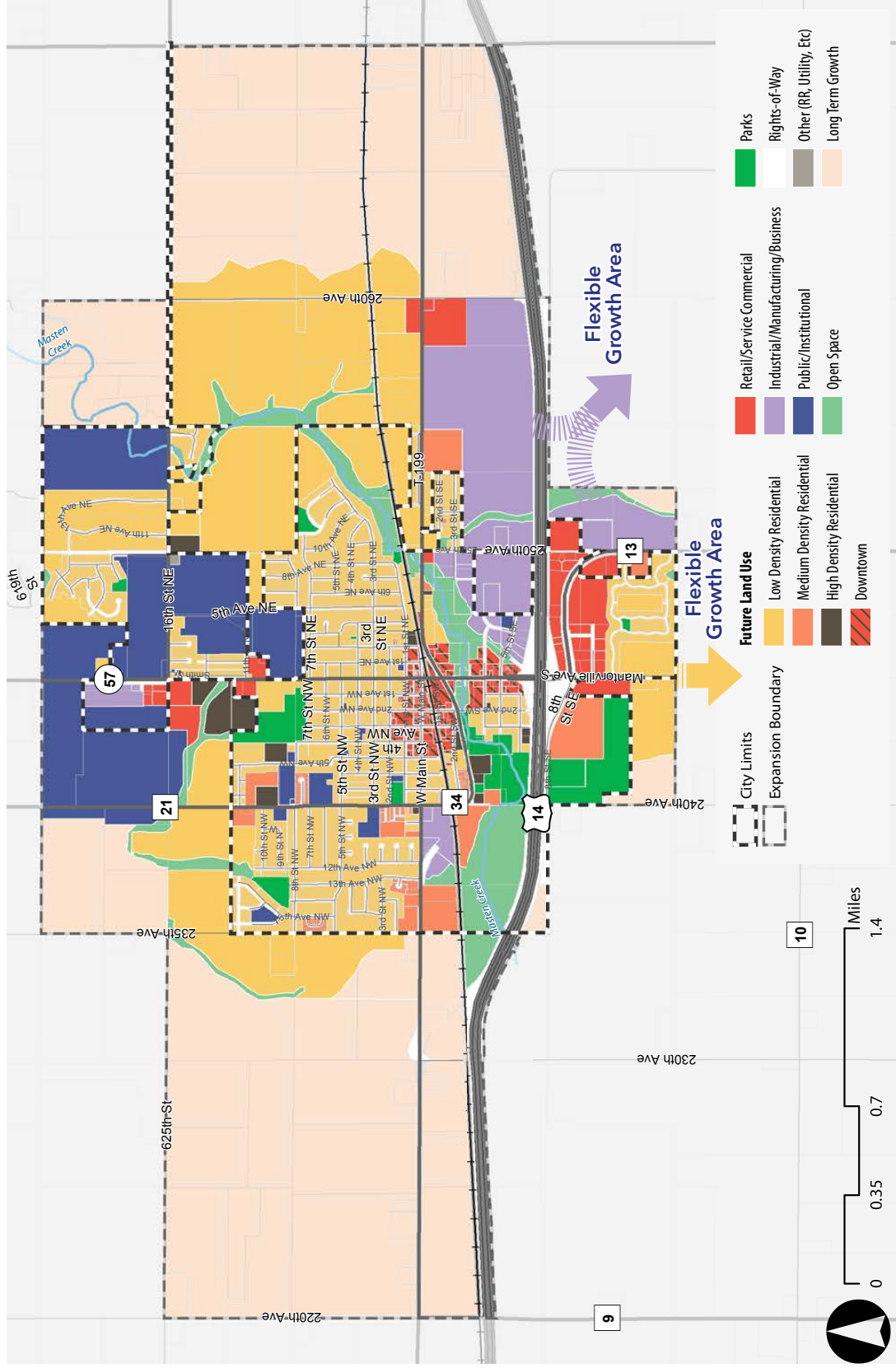


FIGURE 2: Potential Greenways and Trails from the City of Kasson Comprehensive Plan

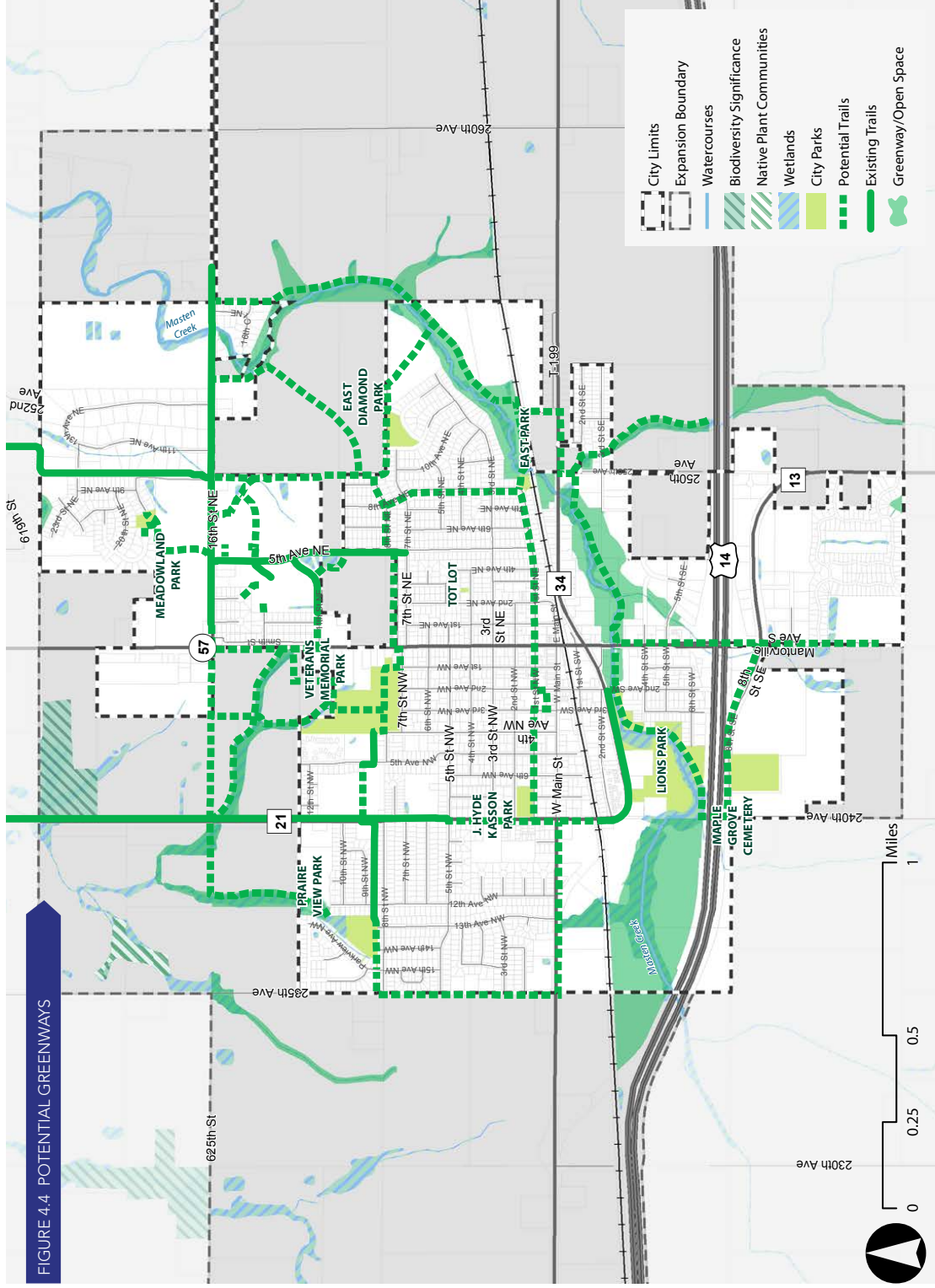
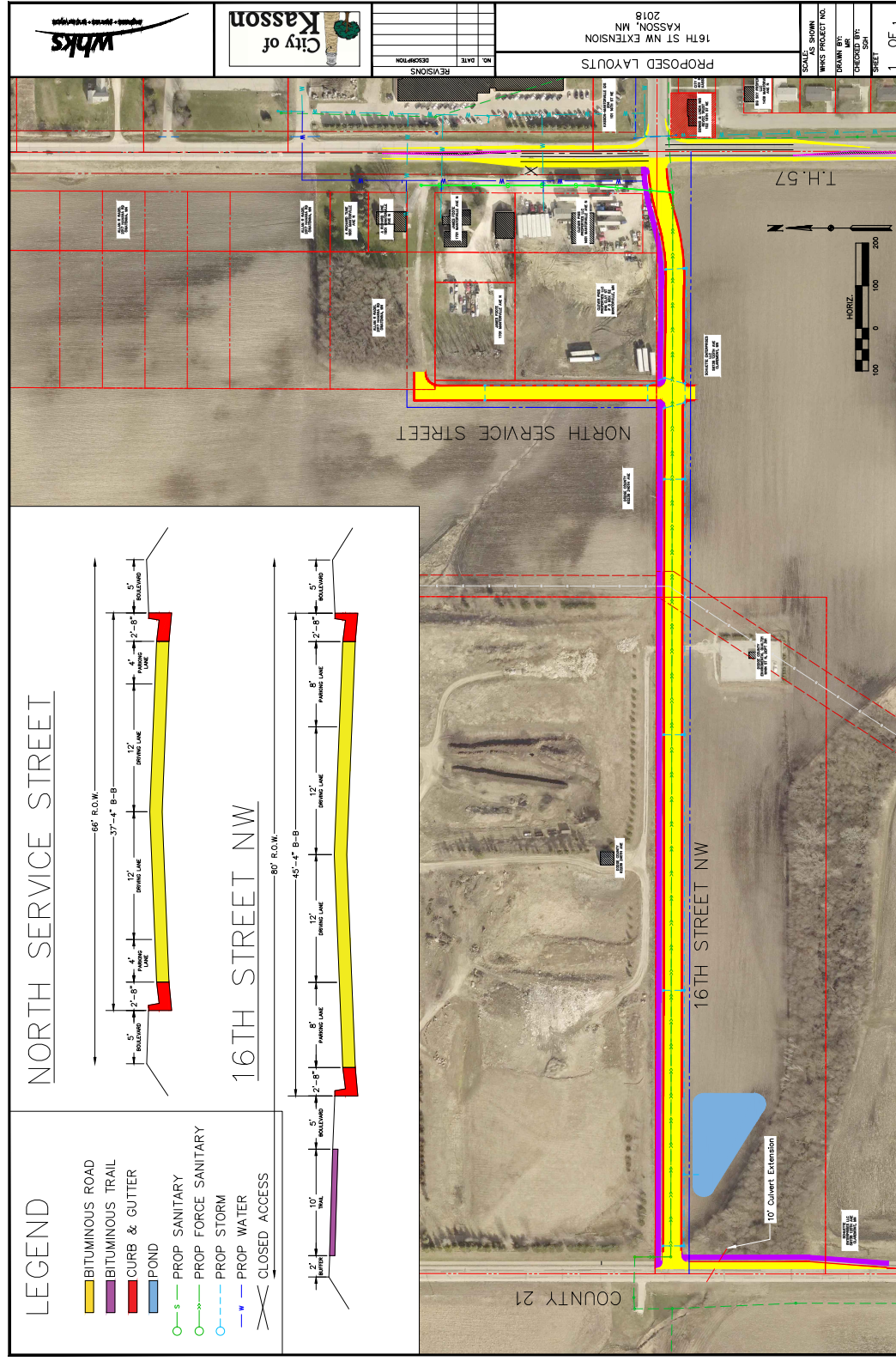


FIGURE 3: 16th Street NW Extension



BUSINESS SUBSIDY POLICY CITY OF KASSON

The following business subsidy criteria are intended to satisfy the requirements of Minnesota Statutes 116J.993 through 116J.995, as amended (the “Act”). The term “City” means collectively the City of Kasson and the Kasson Economic Development Authority. The term “project” means the development or property with respect to which the business subsidy is provided. The term “business subsidy” means all financial assistance deemed to be a “business subsidy” pursuant to Section 116J.993, subd. 3 of the Act.

A. Criteria

To broaden the tax base, encourage quality construction, develop and enhance employment base, promote the highest and best use of the land and provide more and better services to the citizens of Kasson, it is the policy of the City of Kasson and the Kasson Economic Development Authority to encourage strong, viable growth and development for the residential, commercial and industrial areas of the City.

The City has a broad range of powers to assist community development; including tax increment financing, tax abatement, various grant opportunities and bonding. Therefore, when appropriate, the City will use its authority to financially participate in a project to accomplish community goals.

Financing from the City of Kasson is not intended as a “first dollar” investment or as a bid in competing with another City, but as a gap financing tool designed to enhance the viability of strong businesses with a sound reason to be in Kasson.

The City’s participation in a project can benefit the community by attracting development, creating employment and housing opportunities, and assisting in financing redevelopment to remove blight.

The City will consider and give preference to the following criteria when considering the approval of business subsidies:

1. **But-For Test.**
The City in its sole discretion will determine whether or not there is a substantial likelihood that the project would not move forward without assistance requested. It is acceptable for this test to be supported solely upon the representations of the applicant.

Projects that do not meet this test will not be granted business subsidies.
2. **Redevelopment.**
Projects that remove, prevent, or reduce blight or other adverse conditions of property, thereby protecting the City’s property values and the general public health, safety, and welfare.
3. **Attraction of New Business.**
Projects that attract or retain competitive and financially strong commercial and industrial companies, which offer the potential for significant growth in employment and tax base.

4. **Highest and Best Land Use.**
The use of the business subsidy will encourage quality construction and promote the highest and best use of land, consistent with the City's Comprehensive Plan.
5. **Needed Services.**
Projects that provide a needed service in the community, including health care, convenience, and social services.
6. **Unmet Housing Needs.**
Projects that provide housing needs not currently available in the community.
7. **Economic Feasibility.**
The applicant must demonstrate that they have the experience and financing necessary for the project and that the project can be completed in a timely manner.
8. **Impact on City Services and Infrastructure.**
Projects that do not significantly and adversely increase the demand for City services.
9. **Job Creation.**
Projects that create and/or retain jobs which pay at least the higher of the current Federal Minimum Wage or State of Minnesota minimum wage, plus appropriate benefits.

Whenever the City invests public funds or agrees to voluntarily forfeit tax or other revenue that benefits private development projects, those projects should create and/or retain the greatest number of FTE jobs that pay a living wage possible for the residents of the City and the surrounding region. The City may take into account the special needs of small or growth-phase businesses with potential to create high paying jobs in the future.
10. **Tax Base.**
Projects that will directly and indirectly increase the City's tax base and generate new property tax revenue.
11. **Incentive for Additional Future Development.**
Projects will create potential for additional future development.
12. **Compatibility with Development Plans and Neighborhood.**
Proposed projects are compatible with the City's overall development plans and objectives and are compatible with the neighborhood in which they will be located.

B. Guidelines & Evaluation

1. Construction of a project shall not commence until the appropriate City approvals have been given to the application for financing.
2. The City will evaluate each request for a business subsidy on a case-by-case basis and reserves the right to deny any application at any stage of the proceedings prior to adoption of the final approval authorizing the financing.

3. For assistance, applicants shall complete an application form and supply all additional information requested by the City.
4. The City shall be reimbursed by the applicant for all costs incurred by the City in connection with the proposed or actual use of financial assistance including, but not limited to, legal fees, filing fees, engineering fees, development consultation fees, administrative expenses and/or tax increment financing consultation fees. At the time preliminary procedures are initiated, the applicant will deposit with the City and administrative fee to cover all anticipated costs to be incurred by the City in connection with the proposed project. The amount of the administrative fee will be based upon the type of financial assistance being requested.
 - a. The fact that the City accepts the applicant's deposit is not to be construed as a guarantee that the City will authorize the project that is under consideration.
 - b. The City may request and receive from the applicant additional administrative fees in an amount to be determined from time to time by the City should associated costs exceed the initial deposit.
5. At all times, procedures and policies related to the proposed or actual approval of the City's financial assistance will comply with the laws of the State.
6. All applications and supporting materials and documents shall become the property of the City and, as such, are public records.

C. Valuation of a Business Subsidy

The City will calculate the value of assistance provided to a business in the following manner:

1. If the subsidy is a contribution or sale of real or personal property, the amount of the subsidy will be the fair market value of the property as determined by the City, less any amount paid.
2. If the subsidy is a loan, the amount of the subsidy will be the principal amount of the loan.
3. If the subsidy is a loan guarantee, the amount of the subsidy will be the principal amount of the loan guaranteed.
4. If the subsidy takes the form of payments over time (such as pay-as-you-go tax increment financing) the amount of the subsidy will be the sum of projected payments, discounted to a present value using a discount factor determined by the City.

The following are not business subsidies:

Any assistance provided that meets a statutory exemption as defined by the Act.

**Please come
celebrate my 20th Year
of Law Practice in Kasson!**

**Thursday, June 13th, 2019
5-7:30 pm**

Daniel Ziebell

13 West Main Street

Kasson Mini Mall

Kasson, MN 55944

Food & Beverages Provided

