

**MINUTES
REGULAR MEETING
ECONOMIC DEVELOPMENT COMMISSION
CITY OF OAKDALE
FEBRUARY 1, 2023**

CALL TO ORDER

A regular meeting of the Economic Development Commission (EDC) of the City of Oakdale was held on Wednesday, February 1, 2023, at the Oakdale City Hall, Oakdale, Minnesota. Chair Burns called the meeting to order at 5:15 PM. The commissioners then continued with the pledge of allegiance.

CALL OF ROLL

On a call of roll, the following were present.

Chairperson: Bill Burns

Commissioners: Dave Halper
Jeff Bates
Bob Boullianne
Carrie Frost
Frank Orsello
Stacie Penn
Gary Severson
Robert Stiglich
Erin Voca

Also Present: Susan Olson, Council Liaison
Andrew Gitzlaff, Staff Liaison

Absent: Luccia Shetka, Ex-Officio Student Representative

Quorum Present: YES NO

APPROVAL OF MINUTES

A MOTION WAS MADE BY COMMISSIONER HALPER, SECONDED BY COMMISSIONER ORSELLO, TO APPROVE THE MINUTES OF THE REGULAR MEETING OF NOVEMBER 2, 2022.

10 AYES.

0 NAYES.

MOTION CARRIED.

WELCOME OF NEW MEMBERS

Commissioner Carrie Frost was welcomed.

OLD BUSINESS

2023 EDC Work Plan Approval

Community Development Director Andrew Gitzlaff provided updates on the 2023 EDC Work Plan that addressed feedback from the EDC for the previous draft work plan. Gitzlaff provided context that the EDC had occasionally had a work plan in the past, but the City is now developing work plans in an effort to be more consistent.

The work plan focused on six task items: The Business Retention and Expansion Program, marketing Oakdale for economic development purposes, City property and redevelopment planning, developing and maintaining partnerships, providing input through local government engagement and planning processes, and commissioner education. Gitzlaff noted that in the November 2, 2022, EDC meeting, the EDC mentioned the use of the term “best practices” in the work plan. Gitzlaff addressed this by stating that the best practices in the work plan are not universal but are primarily derived from peer cities, the Economic Development Association of Minnesota, the Urban Land Institute, and other sources.

Gitzlaff stressed the continued importance of the Business Retention, Expansion, and Acquisition program, noting that the program results will be evaluated later in the year after the initial eighteen visits.

Gitzlaff noted that the second task item, marketing Oakdale for economic development purposes, was previously focused on advising the City Council on economic development. This item was modified to broaden the commission’s focus to include communicating the general elevator pitch and business climate of Oakdale to businesses. Gitzlaff noted that this would require collaboration with the City’s communications staff.

The third task item, City property and redevelopment planning, was described to involve marketing Tanner’s Lake and other potential redevelopment sites.

Gitzlaff stated that the fourth task item, developing and maintaining partnerships, would involve continuing to work with the Washington County Community Development Agency, the Oakdale Area Chamber of Commerce, and other organizations. Promoting programs managed by these partner organizations was also mentioned as a part of this item.

The fifth task item, provide input through local government engagement and planning processes, was described as the EDC continuing to give feedback on city projects. Examples from 2022 included the Bike and Pedestrian Plan, MNDOT Century Avenue Planning, the Glenbrook Small Area Plan, and general policies. Gitzlaff expressed the desire to continue these input opportunities into 2023.

The sixth task item, commission education, was to include educational events and opportunities regarding economic development in the City. Examples from 2022 included the Development Bus Tour and guest presentations.

Chair Burns expressed interest in an accessible online directory of businesses utilized for everyday needs following the hiring of a new Community Development staff member. Gitzlaff replied by stating that this was a possibility that staff would look into, but the City would need to determine how it could be more useful than tools like Google.

A MOTION WAS MADE BY COMMISSIONER GARY SEVERSON, SECONDED BY CHAIR BURNS, TO APPROVE THE 2023 EDC WORK PLAN FOR COUNCIL REVIEW.

**10 AYES.
0 NAYES.**

MOTION CARRIED.

BUSINESS RETENTION, EXPANSION, AND ATTRACTION PARTNERSHIP PROGRAM UPDATE

Chair Burns stated that there had been four visits since the last EDC meeting. He noted that the Best Buy meeting had been delayed. Additionally, he recalled that the Hearing of America meeting had gone successfully.

Community Development Director Gitzlaff agreed with Chair Burns regarding the Hearing of America meeting, stating that the business occupied a successful niche. He noted that the business representative was interested in seeing what the Oakdale Area Chamber of Commerce could do for people of color. He stated that the business representative appeared confident in his business and its ability to provide greater hearing aids than those available at larger retailers.

Chair Burns described the EDC's recent retention visit to the Hy-Vee. He stated that Hy-Vee's representatives were thrilled to be in Oakdale and currently were employing 300 full-time employees. Hy-Vee expressed interest in adding additional part-time staff. Gitzlaff stated that they expressed concerns about finding late shift workers and were interested in creating more events at their store.

Chair Burns then described the EDC's retention visit to the Carol Mathey's Daycare Center. Commissioner Penn, who attended the meeting, said the visit was successful. She stated that the daycare was notable for its long history with Oakdale, as it was established in 1970 and has remained a nonprofit since. Chair Burns and Commissioner Penn noted that many staff members and commissioners went to Carol Mathey's Daycare Center as children.

Chair Burns concluded by summarizing the EDC's retention visit to Sgt. Peppers. He noted that Sergeant Peppers has been a long part of the Oakdale community and that the business owner was proud to have such loyal customers in Oakdale. Additionally, Chair Burns stated that Sergeant Peppers had difficulties during COVID but has been able to succeed since. Gitzlaff added that the business owner expressed interest in the Gold Line, as many employees who take public transit to Sergeant Peppers have difficulties arriving. Gitzlaff noted that the business owner may be interested in recycling grants.

Commissioner Erin Voca expressed that she would like to receive greater notice ahead of time for upcoming business retention visits.

Gitzlaff noted that it has been more difficult to schedule visits with more corporate organizations, and future visits may become somewhat more difficult due to fewer existing connections with other businesses.

Commissioner Jeff Bates added that the short notice for visits is difficult, but he felt that they were deeply rewarding and informative nevertheless. He added that as more businesses are visited, the City may be able to identify common concerns among businesses and respond accordingly.

TANNERS LAKE REDEVELOPMENT UPDATE

Community Development Director Gitzlaff stated that in the last EDC meeting, staff had stated the intention to increase efforts at marketing the Tanners Lake site. He noted that since the last EDC meeting, the City had met with at least ten developers regarding the site.

Gitzlaff gave an updated presentation on Tanners Lake. The presentation began with a history of the site's acquisition, stating that it started as a Tax Increment Financing District (TIF) in 2008. The City's Economic Development Authority (EDA) purchased the site's northern half in 2008, demolishing a restaurant. Later in 2014, the EDA purchased the southern parcel. In 2019, the site was identified as a future redevelopment site in the Comprehensive Plan, and in 2022, the City Council approved a TIF Spending Plan for Tanners Lake. The presentation continued by showing past proposals on the site, including hotels, multifamily housing, and restaurants.

The presentation then focused on recent staff efforts to market the site. Updates included creating a marketing flyer, posting the site on the City website, listing the property on the Minnesota Commercial Association of Real Estate / Realtors (MNCAR) website, promoting at the MNCAR Fall Expo, and hiring Enduring Cities to assist in marketing. Gitzlaff stressed the importance of the relationship between the City and the Developer, emphasizing that honesty and openness are critical.

The presentation included a description of the redevelopment process, which involves the following sequence: exploration, concept plan, exclusive developer rights, redevelopment contract, land use approvals and financing approvals, and groundbreaking. Gitzlaff stated that the City was currently still in the exploration phase. In this phase, the City is focusing on developer outreach and preliminary proposals. Gitzlaff said that three developers are currently interested, with most focusing on multifamily. He stated that a commercial use might be difficult due to existing market conditions. Current developer feedback suggests that the lake is a great asset and proximity to the Gold Line and jobs are attractive, but the surrounding area is “just okay.” Developers exhibited concerns with DNR lakeshore setbacks, sewer lines, nearby lots, poor previous experiences with the City, and general market concerns.

The presentation then turned to a discussion of public financing. Gitzlaff stated that TIF and other public financing tools are a science that is often misunderstood. He added that determining public financing is a rational and methodical process that seeks to find the minimum required for the developer to make a positive return on investment.

The presentation concluded with next steps. Gitzlaff stated that staff will review initial proposals and make an initial recommendation to the Council on which developer to move forward with. If successfully passed, the City would enter an exclusive rights agreement with a developer, and full financial analysis would proceed. Gitzlaff then opened the room to questions.

Commissioner Frank Orsello noted that there was an article in the Pioneer Press about the site recently.

Chair Burns asked what the site’s listing price was. Gitzlaff stated that the City spent \$2.4 million, but the City is undergoing an appraisal to determine the current value. He expressed that it likely will not be as high as the City originally paid.

Chair Burns then asked if multifamily was the only use being considered. Gitzlaff stated that some were considering additional retail uses, but multifamily housing was the primary focus of all proposals.

Commissioner Carrie Frost asked if a phase one environmental review had occurred for the site. Gitzlaff responded that there had been some initial work completed and noted that there are poor soils in the southern part of the site. He stated that the City had packaged this information into one file and sent it to interested parties.

Commissioner Carrie Frost asked if any categories of businesses were eliminated completely from consideration. Gitzlaff stated that it depends on the scale of the project. He noted that some uses, like industrial, may not be viable.

Commissioner Jeff Bates asked why previous attempts fell through. Gitzlaff responded that much of it was due to market conditions, as the site was purchased around the time of the 2008 recession. Some developers felt the previous demands of the City were too great and the site was too irregularly shaped.

NEW BUSINESS

ELECTION OF CHAIR AND VICE-CHAIR

Chair Burns opened the floor for nominations.

Commissioner Frank Orsello nominated Bill Burns for Chair. Chair Bill Burns nominated Dave Halper for Vice-Chair.

Community Development Director Gitzlaff administered paper ballots to all EDC commissioners. Bill Burns received a total of ten votes for Chair. Dave Halper received a total of ten votes for Vice-Chair.

A MOTION WAS MADE BY COMMISSIONER DAVE HALPER, SECONDED BY COMMISSIONER STACIE PENN, TO ELECT BILL BURNS AS CHAIR OF THE ECONOMIC DEVELOPMENT COMMISSION AND DAVE HALPER AS VICE-CHAIR OF THE ECONOMIC DEVELOPMENT COMMISSION FOR A PERIOD OF ONE CALENDAR YEAR, COMMENCING WITH THE FEBRUARY 1, 2023 ECONOMIC DEVELOPMENT COMMISSION MEETING.

**10 AYES.
0 NAYES.**

MOTION CARRIES.

TWIN CITIES REAL ESTATE MARKET CONDITIONS

Community Development Director Gitzlaff presented a summary of the Sensible Land Use Coalition's January 2023 presentation on trends in the real estate market. Gitzlaff stated that he intended to share the key takeaways of the presentation rather than present it in its entirety.

The presentation began by stating that the Twin Cities were largely still in a seller's market. Showings were shown to be declining among lower-valued homes but are up for high-end homes. Sales were down in all price ranges, with the strongest declines in lower-end homes. A year-by-year comparison of sales showed that home sales had declined, but were not excessively different from other years, with the exception of the unusual growth in 2021. The average number of days properties were on the market increased slightly in 2022 but was still dramatically fewer days compared to past years. Sales prices were shown to continue growing similarly to other years.

The presentation proceeded by explaining the differences between seller's and buyer's markets. The current market conditions were described as largely in line with seller's market characteristics, including low supply, high demand, short market times, robust price appreciations, and sale prices gravitating to at or above the asking price. The presentation described that a seller's market is often defined as having a Months Supply of Inventory of 5 months or less. A Months Supply of Inventory (MSI) is defined as the months needed to sell off current inventory, assuming no new listings. Currently, the Twin Cities MSI is 1.5 months.

The presentation went on to suggest that the housing market was experiencing a cool-off. The presentation attributed this partially to rising interest rates and other commodities being in short supply. However, a comparison to other regions showed a more modest cool-off in the Twin Cities than in other markets. General trends in the Twin Cities real estate market were shown to include demand for larger homes with more bedrooms.

The presentation then attempted to answer whether or not the current market was similar to 2008 recession characteristics. The presentation largely suggested that this was not true, citing that predatory lending had declined and buyers were now more qualified. Gitzlaff concluded the presentation following this section and opened the floor for discussion.

Commissioner Erin Voca stated that she felt much of the anomalies in the market are due to the unprecedented nature of pandemic conditions.

Commissioner Carrie Frost added that her organization was preparing for recession conditions but did not expect 2008-like severity.

Commissioner Jeff Bates expressed that he remembered in 2008 brokers expressing optimism over housing market conditions. Voca responded that the market at that time was set up to fail.

Commissioner Carrie Frost noted that Adjust Rate Mortgages (ARMs) were looking good for the first time in fifteen years.

Commissioner Stacie Penn asked if the City of Oakdale still offered first-time homebuyer programs. Gitzlaff replied that the City currently partners with the Minnesota Cities Partnership Program, which utilizes the City's tax-exempt status to issue bonds.

Chair Burns asked if new developments in the City of Oakdale were trending toward larger homes like the presentation mentioned. Gitzlaff responded that he would need to check, but believed they were somewhat larger. Commissioner Carrie Frost added that there was new demand among aging Baby Boomers for smaller units. Commissioner Frank Orsello questioned why the new Lennar townhome developments were two to three stories tall if they were targeted at seniors; Commissioner Carrie Frost responded that they might be targeted to families that cannot afford \$400,000 single family homes.

At the conclusion of the discussion, Commissioner Dave Halper left early for a family matter.

COMMISSIONER UPDATES

Commissioner Carrie Frost expressed that she was excited to join the Economic Development Commission and expressed thanks to the other Commissioners.

Commissioner Jeff Bates stated that he and his wife were able to attend a presentation hosted by the Saint Paul Area Chamber of Commerce and given by the Minneapolis Senior Vice President and Director of Research. He stated that the presenter expected interest rates to level out with fewer rate increases this year.

Commissioner Stacie Penn shared that there was an Oakdale Area Chamber of Commerce meeting on February 2. She added that Saint Paul Area Chamber of Commerce speakers would be present to discuss Governor Walz's proposals for the year.

Chair Burns added that a tribute event at Oak Marsh for police officers, firefighters, and veterans would occur on February 7. He stated that tickets were still available.

COMMUNITY DEVELOPMENT UPDATES

Community Development Director Gitzlaff had no updates.

COUNCIL LIASON UPDATES

City Council Member and Economic Development Commission Liaison Susan Olson welcomed Commissioner Carrie Frost and stated that the City Council was still accepting applications for the vacant city council position until February 7 at 4:00 PM. Chair Burns asked how the process functioned. Council Member Olson responded that residents applied for the position, and the City Council would interview candidates and make an appointment for two years.

Commissioner Frank Orsello and Commissioner Bob Boullianne both asked for clarification on the process and if council member electoral candidates that received the second highest number of votes were considered in a way that resembles past city practices. Council Member Olson stated that past electoral candidates would be considered if they apply in addition to any new candidates that apply.

Council Member Olson added that the City Council attended the ribbon cutting for Central Bark. She highly recommended attending similar ribbon cuttings.

ADJOURNMENT

A MOTION WAS MADE BY COMMISSIONER SEVERSON AND SECONDED BY COMMISSIONER BATES TO ADJOURN THE ECONOMIC DEVELOPMENT COMMISSION MEETING OF FEBRUARY 2 AT 6:38 PM.

Economic Development Commission Minutes
February 1, 2023
Page Nine

9 AYES.

0 NAYES.

MOTION CARRIES.

Respectfully submitted,
Max Lohse
Community Development Specialist