



AGENDA
CHASKA ECONOMIC DEVELOPMENT AUTHORITY
CHASKA CITY HALL - COUNCIL CHAMBERS & ZOOM
Monday, June 5, 2023
IMMEDIATELY FOLLOWING CITY COUNCIL MEETING

1. Call to Order
2. Roll Call
3. Adopt Agenda
4. Approve Previous Meeting Minutes
 - 4.A. EDA Meeting Minutes 5-1-2023
5. Discussion Items
 - 5.A. EDA Resolution 2023-43 Letter of Undertaking
 - 5.B. Downtown Building Improvement Program Guidelines
6. Other Business
7. Adjourn

- MINUTES -
CHASKA ECONOMIC DEVELOPMENT AUTHORITY
MAY 1, 2023

DRAFT

1. Call to Order

President Windschitl called the meeting to order at 8:07 p.m.

2. Roll Call

Roll call was taken. Present: President Windschitl and Commissioners Hatfield, Hubbard, Grau, and Huang.

Absent: None.

Also Present: Elise Durbin, Assistant Executive Director and Matt Podhradsky, Executive Director.

3. Agenda

Motion by Commissioner Hatfield, second by Commissioner Grau to adopt the agenda as presented.

Motion carried.

4. Minutes

4.A. Approve EDA Meeting Minutes of 1-9 -2023

Motion by Commissioner Hatfield, second by Commissioner Hubbard to approve the minutes of the January 9, 2023 EDA Meeting Minutes.

Motion carried.

5. Discussion Items

5A. Adopt EDA Resolution 2023-43 Approving a Letter of Undertaking

Executive Director Podhradsky introduced the item and invited Assistant Executive Director Elise Durbin to continue the presentation.

Assistant Executive Director Elise Durbin provided a presentation. Alex Sellke, special counsel to the EDA for redevelopment matters from Dorsey Whitney, also provided information.

President Windschitl asked why the particular parcel is so difficult. Mr. Sellke explained Formacoat was released from the Bremer mortgage when it was sold. Around 2008 Bremer entered into a voluntary foreclosure agreement, and it was amended in 2012 and 2018 as parcels were released for development. In 2020, the foreclosure proceeding went through.

President Windschitl noted Bremer knows the EDA has actively been trying to sell the property. He asked why the title hasn't come up previously. Mr. Sellke stated there were likely issues due to turnover within Bremer.

Commissioner Huang asked why the letter of undertaking can't be issued. Mr. Sellke explained he recommended pausing due to the issues and the issues faced in court.

Commissioner Huang asked what the repercussion is for issuing a letter of undertaking without resolving the other issues. Mr. Sellke stated the solution might be going through another foreclosure process, but that option requires time and money.

Executive Director Podhradsky suggested tabling the item rather than putting themselves into the same position Bremer is already in.

DRAFT

President Windschitl asked when the paperwork is due to the court. Executive Director Podhradsky stated if the discussion is held again in two weeks, there won't be much impact on the court process. Mr. Sellke added there isn't a court date set currently.

Executive Director Podhradsky pointed out starting another foreclosure process would allow others to lay claim to the property.

President Windschitl asked if the EDA could take the required fees from Bremer. Executive Director Podhradsky stated the City should not have to take the issue on, so he recommends tabling the item for now.

Ms. Durbin noted Staff thought the process would be easier, hence the previous Staff recommendation. Executive Director Podhradsky added it is a red flag that Bremer hasn't made any effort to resolve the issue.

Commissioner Huang asked what incentives Bremer to move forward. Executive Director Podhradsky stated Bremer wants money from the resolution. However, they are hoping the EDA will take over the effort and financial responsibility.

Motion by Commissioner Huang second by Commissioner Grau to table the item Resolution 2023-43 Approving a Letter of Undertaking to May 15, 2023 EDA meeting.
Motion carried.

6. Other Business

There was no other business.

7. Adjourn

Motion by Commissioner Hubbard, second by Commissioner Hatfield to adjourn the meeting at 8:32 p.m.
Motion carried.

DISCUSSION ITEM
CHASKA ECONOMIC DEVELOPMENT AUTHORITY
6/5/2023

Subject: **EDA Resolution 2023-43 Letter of Undertaking**

Prepared By: Elise Durbin, Assistant City Administrator

At the May 1, 2023 Chaska Economic Development Authority meeting, Commissioners tabled an item for EDA Resolution 2023-43 concerning a Letter of Undertaking for the Lariat Companies project on the former Chaska Building Center site.

Since that meeting, this item was resolved, and no action needs to be taken.

REQUEST FOR ACTION

CHASKA ECONOMIC DEVELOPMENT AUTHORITY

6/5/2023

Subject: Downtown Building Improvement Program

Prepared By: Elise Durbin, Assistant Executive Director

Background

For many years, the Chaska Economic Development Authority (EDA) has been offering the [Storefront Improvement Program](#) to businesses in Downtown Chaska. This program has three parts—a matching grant program for signs/awnings, a design assistance grant, and a low-interest loan program for the rehabilitation of storefront projects. The program has seen more use for sign improvements over the last six to seven years, while the storefront rehabilitation has not been used recently.

Program Update

With the changes currently occurring along Highway 41—including removal of parking along the highway, as well as new public parking lots and paseos, it prompted staff to look at ideas of how property/building/business owners can enhance their rear entrances to make it more convenient and inviting for their customers, and for visitors to downtown. HKGi was hired to develop a design manual that can then be used by business and property owners interested in enhancing their rear entrances. This design manual is meant to be similar to other manuals such as the Downtown Chaska Signage Design Guidelines, Chaska Wayfinding Signage Master Plan and the Downtown Preservation Design Manual. In February, the Heritage Preservation Commission approved the Downtown Chaska Business Rear Entrance Design Guidelines, and the City Council received an update on it at their February 27 meeting.

During the process to develop the Downtown Chaska Business Rear Entrance Design Guidelines, staff met with many businesses, and during that discussion, there was enthusiasm about the opportunities to enhance their property/business, but also questions on how it might be paid for. These discussions, as well as others, have encouraged staff to go back and look at the Storefront Improvement Program guidelines and make updates to the program that would not only allow for items encouraged under the Downtown Chaska Business Rear Entrance Design Guidelines, but also to generally make updates to the program.

Program updates include:

- A new name for the program—the Downtown Building Improvement Program. This better reflects that work can be done since it includes more than just the storefront.
- Review and addition of new program objectives to better reflect what the EDA hopes to accomplish with this program.

- Inclusion of projects that impact not only the front of buildings, but also now allows for projects that might also occur on the rear of the building.
- Changes in funding amounts and terms
 - The signage and awning portion of the program will remain as a \$2500 matching grant as this has been sufficient in the recent past.
 - The design assistance grant for architectural services to assist with planning for exterior projects and improvements has increased from \$500 to \$1000 as the cost of these services have increased.
 - The loan for the exterior projects and improvements:
 - Has increased from \$50,000 to \$60,000
 - Up to 50 percent of the loan total can be forgiven over 10 years. The remaining 50 percent of the loan will be low interest.

Staff Recommendation

While meeting with businesses for various projects, staff has found a lot of interest in an update of guidelines that would allow for improvements that have not historically been allowed in the past with this program, and also allows additional funding to do the improvements. Because of that, staff recommends the EDA adopt the revised program guidelines. If approved, staff will roll out the new guidelines at the Chaska Downtown Business Alliance meeting on June 9.

EDA ACTION REQUESTED

Motion to approve the program guidelines for the Downtown Building Improvement Program.

City of Chaska Economic Development Authority Downtown Building Improvement Program

Purpose

The City of Chaska Economic Development Authority (EDA) is offering a Downtown Building Improvement Program for commercial buildings in Historic Downtown Chaska. The purpose of the project is to encourage the restoration of downtown buildings, specifically focusing on the facades and rear entrances, as well as to strengthen the overall visibility of services within the downtown area.

There are three parts of the Downtown Building Improvement Program:

- Grants up to \$2,500 for new signs and awnings. A match is required.
- Design assistance grants up to \$1,000 for architectural services to assist with the planning for exterior projects and improvements. No match is required.
- Low interest loans of up to \$60,000 for the implementation of exterior projects and improvements. A match is required.

Funding for these programs comes from the Chaska EDA and the Chaska Downtown Business Alliance.

Objectives

Assistance is intended to encourage investment in downtown buildings that may not normally occur or may not occur to the level at which can be accomplished without this program. This includes:

1. Reinvest and restore the historic atmosphere of the downtown area.
2. Enhance the City's sense of community by creating a strong and visible downtown area.
3. Increase the pace of downtown development that would not normally occur unless the market produced such development.
4. Keep businesses from relocating who would otherwise find it economically difficult to continue providing service in the downtown area without improvements to the exterior appearance of their building.
5. Help businesses re-think the way they welcome and interact with customers and visitors while creating links to public spaces.

Eligibility and Qualifications

Location

The Downtown Building Improvement Program is available to any commercial or mixed-use building located within Chaska's Downtown Business District.

See Exhibit A for a map of the eligible area.

Applicants

Eligible applicants are the property owner(s) of a commercial or mixed-use building in the area shown on Exhibit A. A commercial tenant may also apply with written permission from the property owner.

There must not be any delinquent bills to the city and property taxes must be up to date. The funds from this program cannot be used to bring these up to date.

Applicants must provide evidence of the financial match and ability to repay the loan upon completion of the project.

Projects and Improvements

Projects and improvements must meet the following eligibility guidelines:

- Projects must be permanent.
- Only projects impacting the exterior of the building (front or rear) are eligible.
- The project must be consistent with the City's Comprehensive Plan and Zoning Ordinance.
- All improvements must meet the Building Code, and apply for the appropriate permits, including building permits, sign permits, and site alteration permits if necessary.

Projects should also follow the recommendations made in the [*Historic Chaska Downtown Preservation Design Manual*](#), [*Downtown Chaska Signage Design Guidelines*](#), and [*Downtown Chaska Business Rear Entrances Design Guidelines*](#).

Examples of eligible projects and improvements include, but are not limited to:

- Restoration of the building's historic exterior or architectural elements
- Restoration or replacement of the building's historic windows and/or doors
- General cleaning or replacement of deteriorated bricks and/or walls
- New or restoration of signage and/or awnings
- New customer entrances on what previously have been considered the "back" side of the building
- New or replacement of exterior lighting

Ineligible

Projects ineligible under the Downtown Building Improvement Program include:

- Improvements solely on the interior of the building
- General building maintenance (such as roofing, mechanical, electrical)
- New construction
- Fencing
- Landscaping
- Purchase of property
- Trash and mechanical enclosures
- Projects that do not meet the Preservation Design Manual, Downtown Signage Design Guidelines and/or Downtown Chaska Business Rear Entrances Design Guidelines

Signage and Awning Grant

Matching grant funds, up to \$2,500 are available to improve the appearance of a building's exterior through new or restored signage and/or awnings. This funding is outside of funds available for building improvements.

Design Assistance Grant

In an effort to explore the financial and architectural feasibility of a project, applicants are encouraged to work with a licensed architect. Grant funds, up to \$1000, are available for the preparation of such plans. This funding is outside of the maximum loan amount of \$50,000 for the building improvement.

Loan Terms and Conditions

Applicants may apply for financial assistance for up to 50 percent of the cost of building improvements with a maximum assistance award of \$50,000. These funds are outside of funds for design assistance or signage/awnings.

The assistance will be structured in the form of a loan. Up to 50 percent of the total loan will be forgivable. The forgivable loan will be 10-years with no payments and no interest, with 10% of the original forgivable loan amount being forgiven each year for 10 years. If the building is sold or title is transferred before the 10 years, the balance of the loan must be repaid. The other 50 percent of the loan will be a low-interest loan.

Examples:

Example	Total Project Cost	Forgivable Loan Amount	Low Interest Loan Amount	Applicant Match
1	\$120,000	\$30,000	\$30,000	\$60,000
2	\$50,000	\$12,500	\$12,500	\$25,000
3	\$25,000	\$6,250	\$6,250	\$12,500

In addition to the conditions set above, the following requirements also apply:

- Work must be done in accordance with all local, state and federal building codes, Chaska Zoning Code and the rules and regulations of the Downtown Building Improvement Program.
- Labor costs are only eligible if the labor is done by a third party that has no financial interest in the building.
- The construction must be completed as per the approved plans.
- All work must be completed within 12 months of the date the loan agreement is signed.

Process

Before submitting any applications, applicants are encouraged to reach out to City of Chaska staff (City Planner & Economic Development Coordinator) to discuss their project.

Signage/Awning Grant

1. Discuss the project with City of Chaska staff (City Planner).
2. Complete and submit the Sign/Awning Grant application and required attachments.
3. City staff will review the application. If approved, apply for a sign permit to install the signs/awnings. Upon completion of installation, city staff will inspect the project.
4. Submit paid invoice, including evidence of matching funds, and up to \$2,500 will be reimbursed.

Design Assistance Grant

1. Discuss project with City of Chaska staff (City Planner & Economic Development Coordinator)—including both the project and the financing.
2. If the project is considered feasible by city staff, complete and submit the Design Assistance Grant application.
3. City staff will review the application and take any applications to the Heritage Preservation Commission and Planning Commission, if required. If approved, up to \$1000, will be awarded in a grant to the applicant to explore the architectural feasibility of the project. The funds will be paid out after the design work is completed.

Downtown Building Improvement Loan

1. If work was previously completed with a Design Assistance Grant, applicants may submit an application and required attachments for the Downtown Building Improvement Loan program. If work was not previously completed with a Design Assistance Grant, the applicant should discuss the project with city staff (City Planner & Economic Development Coordinator) first, prior to submitting an application.
2. Once the application has been submitted, the applicant shall meet with city staff to discuss the project, looking specifically at:
 - a. The consistency of the project with the City's Comprehensive Plan, *Historic Chaska Downtown Preservation Design Manual*, *Downtown Chaska Signage Design Guidelines*, and *Downtown Chaska Business Rear Entrances Design Guidelines*. Staff may suggest changes to better align the project with the city's goals. During this meeting, staff will also provide feedback if the project is required to be reviewed by the Heritage Preservation Commission and/or Planning Commission.
 - b. The financial components of the project, including the anticipated project costs and the amount and source of matching funds.
 - c. Timeline for completion of the project.
3. Applicant will submit plans to staff. Staff will review plans and take to the Heritage Preservation Commission, Planning Commission, and City Council for review, if required.
4. Once approvals, if required, have been received by the Heritage Preservation Commission, Planning Commission, and City Council, city staff will draft a loan agreement for approval by the Chaska EDA.
5. If the Chaska EDA approves the loan agreement, the loan agreement will be signed, and the disbursement of funds will be made. The project can then begin.

EXHIBIT A

