



HOUSING & REDEVELOPMENT AUTHORITY REGULAR MEETING

June 03, 2021

7:00 PM

Fridley City Hall, 7071 University Avenue N.E.

MINUTES

Call to Order

Chair Holm called the Housing and Redevelopment Authority Meeting to order at 7:00 p.m.

Roll Call

MEMBERS PRESENT:

Rachel Schwankl
Gordon Backlund
William Holm
Elizabeth Showalter

MEMBERS ABSESENT:

Kyle Mulrooney

OTHERS PRESENT:

Paul Bolin, HRA Assistant Executive Director
Scott Hickok, Community Development Director
Wally Wysopal, City Manager
Stacy Stromberg, Planning Manager
Vickie Johnson, Attorney
Jason Kringle, Medtronic
Dan Rogers, Nokomis

Action Items

1. Approval of Expenditures

Motion by Commissioner Showalter to approve the expenditures. Seconded by Commissioner Schwankl.

Upon a voice vote, all voting aye, Chair Holm declared the motion carried unanimously.

2. Approval of the Minutes from the HRA Meeting of May 6, 2021

Motion by Commissioner Showalter to approve the May 6, 2021 HRA Meeting Minutes as presented. Seconded by Commissioner Schwankl.

Upon a voice vote, all voting aye, Chair Holm declared the motion carried unanimously.

3. Annual Election of Officers

Commissioner Showalter nominated William Holm as Chair.

Commissioner Schwankl nominated Elizabeth Showalter as Vice Chair.

MOTION by Commissioner Schwankl to close the nominations. Seconded by Commissioner Backlund.

Upon a voice vote, all voting aye, the Chair Holm declared the motion carried unanimously.

4. Amend Leases of 1314 Mississippi Street & 6491 Central Avenue

Paul Bolin, HRA Assistant Executive Director, stated that the Authority approved the purchase of 1314 Mississippi Street at the April meeting and the property was closed on May 13. The properties include one single family resident and a small commercial building. The Authority took over the leases for both properties. The original lease for 1314 Mississippi Street expires August 2nd with no renewal or extension. The tenant is looking for a home to purchase and has asked to amend the lease and charge rent of \$1.00 per month for June, July and August. The tenant is not able to find home a home to purchase and would like the option to stay until November 1 and pay full rent for September and October. 6491 Central Avenue has a commercial building and the lease is due to expire October 5, 2021. The tenant is asking the Authority to terminate their lease on July 16 and prorate rent for July as she already found another building. Staff recommends the Authority approve the motion amending property leases as presented.

Motion by Commissioner Backlund to amend the leases of 1314 Mississippi Street and 6491 Central Avenue. Seconded by Commissioner Showalter.

Upon a voice vote, all voting aye, Chair Holm declared the motion carried unanimously.

5. Review and Make a Recommendation on a S-2, Redevelopment District Master Plan Amendment, MP #21-01 Request for Medtronic, located at 500 Medtronic Parkway N.E.

Stacy Stromberg, Planning Manager, stated that Medtronic is requesting an amendment to the S-2, Master Plan that was approved in 1999 for the Operational Headquarters (OHQ) site located at 500 – 720 Medtronic Parkway. This amendment would allow for the construction of a ground mounted Solar Energy Garden that would be located on the vacant land to the west of the existing buildings on the Campus. The petitioner notes in their narrative that the solar garden would consist of approximately 3,300 panels. The solar array is expected to operate on the property until additional building space is needed to support Medtronic's growth; in the interim for 20 years, with the ability for Medtronic to extend the contract OR buy out the project and have it removed at any time during the 20-year term.

The solar garden will consist of steel posts embedded in the ground, with the modules attached to the top. The modules will track the sun east to west throughout the day. This site was once the home of the 100 Twin Drive-In Theater. The theater was demolished in the mid 1980's and the land was purchased by Woodbridge Properties who intended to develop the property. After a short term of ownership and attempt to take a project through the development process, Woodbridge Properties began to experience financial difficulties and ended up not developing the site. Initially the HRA marketed the site as Lake Point Office Park and concept site plans and renderings were prepared to show how the site could be developed. The initial plan considered a small amount of office, commercial, and a hotel immediately adjacent to Hwy 65/Central Avenue. The remainder of the site was marketing with an eye on attracting a corporate headquarters. The idea was that this would be the impressive entrance into the community as Central and 694. The better part of 13 years was spent courting Medtronic as the ideal candidate for this site.

Only after the City of Fridley signed a development deal in 1997, with a company headquartered in the United Kingdom did Medtronic step forward and confirm interest in owning and developing the site. Fortunately, the HRA had built in a caveat to the UK Development deal that said, if Medtronic were to step forward, prior to their construction on the site, the HRA could cancel the development deal to negotiate for a Medtronic Development. Once Medtronic stepped forward, a lengthy negotiation process began. Lengthy enough that the HRA and Medtronic felt it would be necessary to re-approach the State Legislature to extend the 25-year Tax Increment Financing District that was created to assist with extraordinary site development costs.

In 2000 the Master Plan amendment was approved to allow construction of the daycare. 2001 a temporary parking lot was constructed and in 2008 the Master Plan amendment was approved to construct a billboard. The Master Plan amendment being considered tonight is to allow five acres of undeveloped land that is master planned for Phases 2 and 3 to be covered with ground-mounted solar. City Code considers ground-mounted solar an accessory use in any zoning district, provided a special use permit is issued. The City currently does not have a separate ordinance that regulates solar; however, it has been on staffs' to-do list. Examples of other city's conditions:

- Rogers – requires that no more than 5% of the lot area be covered
- Minneapolis – requires that no more than 5% of the lot area be covered in office districts
- St. Francis – requires that no more than 10% of the lot area be covered
- Hopkins – only allowed on closed landfill restricted districts
- Andover – does not allow ground mounted equipment in non-residential areas
- Coon Rapids – does not allow them if they are to provide offsite energy production
- Golden Valley and Blaine – require that a special use permit be approved.

Another consistent requirement is that the equipment must be screened to the extent possible without reducing their efficiency.

The City through its Energy Action Plan and Comprehensive Plan encourages Renewable Energy and Solar particularly in under-utilized areas such as over roofs and parking lots. The City's support for these types of projects was evident in recommending approval of the solar panel car-port panels over the parking lot at Medtronic's Rick Creek Campus through a special use permit. There are several factors to consider in reviewing this request and a combination of those factors causes staff to recommend denial.

The current code requires that a special use permit be issued for solar energy devices that are not part of the principal structure. In the case of the parcel addressed as 500 Medtronic Parkway, there are two separate parcels.

City staff recommends denial of the Master Plan amendment, MP#21-01, to allow ground-mounted solar at the Medtronic Operational Headquarters property based on the factors mentioned above. City staff is asking for the HRA to make a recommendation to the Planning Commission and City Council on the Master Plan Amendment Request. Planning Commission will hold a public hearing on June 16, 2021 and City Council will review the request on June 28, 2021.

Jason Kringle, Medtronic Facilities Director, understands the concerns of staff. Medtronic's primary goal of the project is to utilize the field next to the primary structure to reach sustainability goals to be carbon neutral by 2030. Medtronic is doing projects like this across the globe. He understands the concerns about the master plan but guarantees they would not stop building because of the solar garden in the area. Medtronic is looking for ways to address sustainability goals and utilize the vacant space.

Commissioner Schwankl asked if the rooftop or parking lot installation of solar panels would work.

Dan Rogers, Nokomis, replied that they looked at those solutions, but they would not be as effective. The challenge with solar is doing it efficiently and in a cost-effective manner. A community solar garden operates on a different revenue structure.

Mr. Kringle added that if the economics don't work out, they would be less likely to pursue the project.

Commissioner Backlund asked what the break-even point would be or how many years it would take for the project to be self-sufficient.

Mr. Kringle replied that Nokomis is going to front the capital costs in return for a 20-year lease. If the life of the current panels exceeded 20 years, that would be the break-even point.

Mr. Rogers said that if a buyout happened and a building was needed, there would be a termination schedule.

Chair Holm said that if a buyout happened after 2 years the loss would be substantial, but after 20 years it would be nominal. Immediately Medtronic would benefit and paying Nokomis to partially offset the cost of electricity.

Commissioner Showalter asked if there was originally an anticipated timeline of a full buildout with phase 2 and phase 3. The TIFF district was extended and now it's 2021 and only one building is on the site.

Scott Hickok, Community Development Director, replied that there was no timeline, but a certain amount of square footage was required in phase one of the development to secure the property.

Commissioner Showalter was concerned about the future if other buildings will be added.

Mr. Kringle said that the intent is to still build another building, but with COVID many staff are working from home and there is no formal plan in place for people returning to work. The intent is to build on the property. The way Medtronic is structured, the Mounds View campus is set up for more offices verses more open space. They are a different operation and the headquarters in Fridley is a separate group.

Wally Wysopal, City Manager, asked what was up for consideration for the Authority tonight.

Ms. Stromberg replied that because the area is zoned S-2 Redevelopment District the redevelopment code states that the HRA needs to make a recommendation to Council. Staff is looking for an approval or denial that can be brought to the Planning Commission and City Council.

Mr. Hickok noted that if the HRA recommends approval, there would be consideration of default on the development agreement to be considered by the HRA.

Mr. Bolin added that because of the S-2 District and they are in a TIFF District, this comes back to the HRA because the HRA has paid Medtronic \$12M in tax increment to assist with the parking deck. If this was approved by City Council it would still come back to the Authority to ask for an amendment to the development agreement or find Medtronic in default and they would lose \$2.0M in tax increment over the rest of the district. Tax increment will continue to go into this site.

Chair Holm said that this is a difficult issue in that we all agree solar energy is very important. The issue is with the master plan agreement.

Commissioner Backlund moved to table this discussion until the Authority receives more clear information on what we are doing with this holistic product. He doesn't want to put Medtronic in violation of the agreement.

Commissioner Schwankl supports renewable energy but there is an obligation to the community and taxpayers. If value isn't increased on this property, there is no benefit to people who helped bring this project to fruition. For those reasons she would move to deny the request at this time.

Commissioner Showalter doesn't consider solar an eye sore, it's the issue of a broken promise. The HRA put money on the table and we didn't get what we expected. Installing a solar garden for the financial benefit of Medtronic isn't a community goal.

Mr. Kringle hoped that this would be a partnership like the Rice Creek request for solar and publicize this as one of the first solar projects for Minnesota. This fits with our technology goals and how we view our company. Medtronic would like to advance whether it's wind, solar, etc. and would like to bring that to Fridley. He looks at using this space adjacent to corporate headquarters for something good rather than a field until we need another building.

Vickie Johnson, Attorney, said that due to the timing action would need to be taken tonight. The development contract requires the Authority to approve or reject in writing within 40 days after the receipt of the request thereof.

Commissioner Schwankl said that Medtronic could withdraw their request and resubmit next month.

Ms. Johnson said that the Authority could reject this request and Medtronic could resubmit an amendment any time after rejection or send forth a revised plan. Medtronic submitted the application on May 14, time starts to accept or reject and provide reasons thereof. The HRA can accept and approve or reject and provide reasons in accordance with the terms of the contract.

Commissioner Schwankl agreed to reject this request as it is not keeping the promise of the master plan, we need to look out for taxpayers to get something built there with taxable value to be a benefit to the community. This is also not a great spot to have 5 acres of panels visually.

Commissioner Backlund withdrew his motion to table this item.

Commissioner Showalter said that it is clear this doesn't fit within spirit of the redevelopment contract. She is comfortable recommending denial today and Medtronic can relook at the future of this site and how sustainability it will fit long term when additional buildings are on this spot.

Motion by Commissioner Schwankl to reject the recommendation on a S-2 Redevelopment District Master Plan Amendment MP #21-01 Request for Medtronic, located at 500 Medtronic Parkway N.E. Seconded by Commissioner Showalter.

Upon a voice vote, Commissioner Schwankl, Commissioner Showalter and Chair Holm voting aye, Commissioner Backlund abstain, the motion carried on a 3/1 vote.

Informational Items

6. Monthly Housing Program Update

Mr. Bolin reported that in May 11 loans were issued making a total of 23 year to date. This is the highest year we have ever had. Remodel advisor visits had 14 in April for a year to date total of 33. Home energy squad visits have seven year to date. The Front Door Grant received 38 applications, 16 signed agreements and one project completed. Foundations Grant had four applications, two signed agreements and Exterior Paint Grant had two applications received.

Adjournment

Motion by Commissioner Showalter to adjourn. Seconded by Commissioner Backlund.

Upon a voice vote, all voting aye, Chair Holm declared the motion carried and the meeting adjourned at 8:08 p.m.

Krista Peterson
Recording Secretary