

CITY OF ST. FRANCIS  
ST. FRANCIS, MN  
ANOKA COUNTY

ECONOMIC DEVELOPMENT AUTHORITY MEETING AGENDA

MONDAY OCTOBER 19, 2015

ISD #15 District Office  
4115 Ambassador Blvd. NW

5:00 PM

1. Call to Order
2. Roll Call
3. Approve Minutes of July 6, 2015
4. Meadows of St. Francis Townhome Lots
5. Other Discussion
6. Adjourn

CITY OF ST. FRANCIS  
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ECONOMIC DEVELOPMENT AUTHORITY MEETING MINUTES

MONDAY, JULY 6, 2015

1. **Call to Order:** The EDA Commission president Chris McClish called the EDA meeting to order at 5:00 pm.
2. **Roll Call:** Members present Chris McClish, Richard Orpen, Brian Beeman, and Brenda Pavelich-Beck. Troy Shook excused. Also present Mayor Steve Kane, City Administrator Joe Kohlmann, City Planner Nate Sparks, Pat Connelly YMCA Representative, Mark Bothun St. Francis Rec Committee Chair, David Roberts St. Francis Rec Committee/School Board Representative, and City Clerk Barb Held.
3. **Approve Minutes of January 21, 2015:** Motion by Pavelich-Beck second Orpen to approve the January 21, 2015 Economic Development Authority Minutes. Motion carried 4-0.
4. **Market Study with the YMCA: Resolution 2015-02: Redirection of Funds:** City Administrator Joe Kohlmann stated the St. Francis Recreation Committee has been working to assess recreational opportunities in the city of St. Francis. The Rec Committee has been facilitating communication with the YMCA and the EDA. The St. Francis Rec Committee has identified potential opportunities for the EDA and the YMCA to partner and further examine the feasibility of expanding community services. Bothun of the St. Francis Rec Committee stated we are working with Hammel, Green and Abrahamson, Inc. (HGA) an architect and engineering firm, they suggested talking with the YMCA to have a market survey completed. Kane who also sits on the St. Francis Rec Committee stated the study would determine if there is a need and if so what is needed in a community center. Roberts stated while working with HGA, Inc. they suggested looking at partnerships and the availability of different groups. Pavelich-Beck asked if we have any obligation/contract with HGA, Inc. Roberts stated no. Pavelich-Beck said we have spent money, was that on HGA, Inc. Numerous people stated yes. They gave us a plan and were realistic. McClish stated he fully supports this project. The City Council has agreed to use liquor store funds up to \$35,000 for a study. Beeman asked if it would affect any of our local businesses. McClish stated this facility has the potential to bring in more people to St. Francis. This study would also service southern Isanti County. Connelly stated we are not out to drive anyone out of business. Pavelich-Beck said I think it is a great idea. It is something for the whole family. Motion by Orpen second Pavelich-Beck to adopt Resolution 2015-02 a resolution requesting the

City Council allow the rededication of the \$35,000 from the Liquor Fund for the space needs study to be allocated to a market study with the YMCA. Motion carried 4-0.

**5. Meadows of St. Francis Townhome Lots: Resolution 2015-03: Requesting Funds from the Anoka County HRA for a Market study related to the Meadows of St.**

**Francis: Sparks stated** in 2013, the City of St. Francis purchased 46 townhome unit lots in the Meadows of St. Francis development in coordination with the Anoka County HRA. Since that time, the City has been working on establishing the homeowner's association for the parcels and fixing certain related legal issues. This work has largely been completed and the City may now seek to have the properties developed. The lots were transferred into the name of the EDA in order to allow for the EDA to be the responsible agency for the development. The County HRA partnered with the City in order to purchase the lots. Therefore, the development of the property will need to generally meet HRA goals. If the City were to wish to partner with the HRA, the first step in the HRA process would be to conduct a market study. This study will not obligate the City to work with the HRA in the end. It will assist in determining the market conditions for these units and may also help advise the EDA if another approach is warranted. Beeman asked if there had been a study completed. Sparks stated there had been a couple studies but one was just for seniors and the other was too broad. Pavelich-Beck stated the Anoka County HRA does a lot of these and this is a great opportunity. Motion by Pavelich-Beck second Orpen to adopt Resolution 2015-03 a resolution requesting funds from the Anoka County HRA for a Market Study related to the Meadows of St. Francis. Motion carried 4-0.

**6. Other Discussion:** None.

**7. Adjournment:** McClish adjourned the EDA meeting at 5:26 pm.

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Barbara I. Held, City Clerk



## **NORTHWEST ASSOCIATED CONSULTANTS, INC.**

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### **MEMO**

TO: St. Francis EDA

FROM: Nate Sparks

DATE: October 15, 2015

RE: Meadows of St. Francis – Proposed Purchase Agreement

### **BACKGROUND**

In 2013, the City bought 48 townhome unit lots in the Meadows of St. Francis subdivision. These lots were later transferred to the ownership of the EDA. The City partnered with the County HRA to purchase the properties. The City has been discussing these lots with the HRA and interested parties in attempting to develop the site. At this time, the EDA has received an offer for the lots from Able Companies, Inc. to purchase the lots for \$100,000.

### **MEADOWS OF ST. FRANCIS**

The Meadows of St. Francis is the townhome development located on Highway 47 & Cree Street near St. Francis Auto Parts. There are 20 units built in the development. The remaining lots went into foreclosure. That coupled with errors in the title and home owner's association documents made the properties difficult to build on and required legal work from the City to clear the issues. Due to this, the City partnered with the County HRA to purchase the properties. The HRA loaned the City \$75,000 to purchase the lots and work on the legal issues.

### **PURCHASE AGREEMENT**

Able Companies, Inc. has made an application to build an assisted living facility on the parcel between the golf course club house parking lot and American Legion in the 2900 block of 229<sup>th</sup> Ave NW. This same developer was interested in other opportunities in the City and has requested the EDA consider a purchase agreement to allow for them to build on the townhome lots. They are offering the EDA \$100,000 for the lots.

The County HRA may require repayment of the funds loaned to the City for purchase the lots, if they find that any project on the site is not meeting HRA goals. If so, the HRA would put the repaid \$75,000 aside for projects in the City of St. Francis. The City may attempt to work with the HRA to ensure the project meets both the City's and the HRA's goals, if this is to be avoided.

There are several benefits to the City in accepting this offer. There will be a monetary benefit to the EDA that can be used for future projects (with or without repayment of the HRA funds). The proposed development would increase tax base and the number of housing units in the City. The project would also benefit the City in acquiring sewer and water access charges and building permit revenue.

**POTENTIAL ALTERNATIVES**

If this offer is not acceptable to the EDA, the City could continue to work with the HRA on providing housing on the lots in a manner that meets County HRA goals. Also, the City can also continue to seek out other private entities that can take over the project and provide quality market rate units. It should be noted that to date, there has been limited such interest.

**REQUESTED ACTION**

The EDA should consider the purchase agreement from Able Companies, Inc. for the 46 townhome unit lots in the Meadows of St. Francis. If the terms are acceptable, Staff will work with them to finalize the terms or any additional terms the EDA would require. This will include transferring the HOA responsibilities. If not, the EDA should direct City Staff on what terms would be more acceptable to communicate with potential future interested parties.

**Townhome Lots sale-estimate of fees**

Sale Price	\$ 100,000.00	
Repay HRA	<u>\$ 75,000.00</u>	
Net to City	<u><u>\$ 25,000.00</u></u>	Net Proceeds after sale

46 Lots		
Lot value	\$ 4,100.00	
Total Value back on Tax Rolls	\$ 188,600.00	
Tax Capacity	\$ 1,886.00	
City Tax Rate	54.415%	
Taxes to be paid with no homes built	1,026.27	46 empty lots yearly taxes

Fees generate for each townhome built (Value of \$107,000)		
Building Permit fees (including plan review)	\$ 1,700.00	
WAC and SAC	<u>\$ 7,344.00</u>	
	<u><u>\$ 9,044.00</u></u>	City fees per unit built
Taxes to be paid by \$111,000 valued property	<u><u>\$ 456.00</u></u>	Annual taxes per unit built

If all 46 lots were built revenues generated		
Building Permit fees (including plan review)	\$ 78,200.00	
WAC and SAC	<u>\$ 337,824.00</u>	
	<u><u>\$ 416,024.00</u></u>	Total 46 units built city fees
Taxes to be paid	<u><u>\$ 20,976.00</u></u>	Total City taxes 46 units built

Note: On-going monthly water and sewer bills would also be paid