

**Zumbrota Economic Development Authority Agenda**  
**7:00 A.M. Wednesday, April 20, 2016**  
**Zumbrota City Hall, 175 West Avenue**

- 1. Call Meeting to Order**
- 2. Amend/Adopt Agenda**
- 3. Approve Regular Meeting Minutes of Wednesday, March 16, 2016**
- 4. Monthly Financial Report & Accounts Payable**
- 5. Public Hearing**
  - A.**
- 6. Visitors to the Board**
  - A. Steve Johnson**
  - B. Dr. Dan Nietz**
- 7. New Business**
  - A. Covered Bridge Music & Arts Festival Update**
  - B.**
- 8. Unfinished Business**
  - A. Zumbrota Veterinary Clinic Expansion/Relocation**
  - B. Envirolastech**
  - C. Commercial Water Distributing**
- 9. Reports**
- 10. Adjourn**

**Please contact EDA Secretary Dan King at 732-7318 if you are unable to attend.**

**EDA Minutes**  
**Wednesday, April 20, 2016**  
**Zumbrota City Hall 7:00 a.m.**

Present: President Dale Hinderaker, Members Brenda Lerum, Brian Haugen, Erik Bengtson, Rich Bauer, Rich Meyerhofer and Bill Eberhart. Also Present: Dr. Dan Nietz, Zumbrota Veterinary Clinic; Steve Johnson, Zumbrota Ford; City Administrator Neil Jensen and Community Development Director Dan King

The meeting was called to order by President Hinderaker at 7:00 a.m.

- 2. Agenda**  
**Motion Bengtson, second Meyerhofer to approve the agenda as submitted.**  
**Carried 7-0-0**
  
- 3. Minutes**  
**Motion Haugen, second Lerum to approve the minutes of the March 16<sup>th</sup>, 2016 EDA meeting as submitted. Carried 5-0-2 (Meyerhofer and Eberhart Abstain)**
  
- 4. Financial Reports**  
**Motion Haugen, second Meyerhofer to approve the financial report and accounts payable. Carried 7-0-0**
  
- 6. Visitors to the Board**

**A. Steve Johnson**

Steve Johnson shared that he and his partner will not be moving forward with the commercial condominium he had proposed. Therefore the former Grover Auto site is once again available for redevelopment. Members discussed potential commercial uses versus mixed-use or residential. No action was taken at this time.

**B. Dr. Dan Nietz**

Dr. Nietz presented his proposal for a relocation of his existing veterinary clinic on North Star Drive to a lot in the Jacobson Commercial Park. The project as proposed is approximately 4,857 square feet with 1,718 sf lower level with storage and conference room, 2,654 sf main floor and 485 sf second story with office space and break room.

This is a significant increase from the current facility which is about 2,000 square feet.

According to the Goodhue County Assessor's Office, this project as proposed will have an estimated market value (EMV) range of \$680,000 – \$775,000. This is also a significant increase from the current EMV of \$193,100.

Again, according the Goodhue County Assessor's Office, the new facility will pay about \$24,780 - \$28,429 in *total* property taxes. The City portion of the property tax is \$8,348 - \$9,582; the County portion is \$5,277 - \$6,057.

The current facility pays \$6,042 in *total* property tax; City portion \$1,916 and the County's \$1,290. Once again, the property tax from a new facility is significantly higher, over four-fold.

The cost for development is estimated at \$674,285, plus about \$50,000 for equipment and furnishings. This is in addition to the approximately \$50,000 for site acquisition.

Dr. Nietz is requesting a business subsidy to help defray a portion of the cost in order to proceed with the project. The request is for \$70,000 in property tax abatement to cover the site acquisition and part of the site preparation – grading, utilities etc. These are normal costs eligible via tax increment financing. Dr. Nietz will also be submitting an abatement request to Goodhue County.

With expected City/County property taxes between \$13,625 - \$15,639, the requested subsidy could be accomplished within 4 or 5 years; if the County approves abatement as well. The request will be for \$35,000 from Goodhue County and \$35,000 from Zumbrota. No request is being made from the School District.

MN Statute permits local governments to create abatements for a period of time (no longer than 15 years) or for a specific dollar amount.

Members discussed the benefits of using abatement to encourage local business growth, including increase in tax base, creation of new jobs and the encouragement of more development in the commercial park.

## **7. New Business**

### **A. Covered Bridge Music & Arts Festival Update**

Members were updated on the status of the 2016 Covered Bridge Festival. It was noted there are many new volunteers and several new events included this year. No action was taken at this time.

## **8. Unfinished Business**

### **A. Zumbrota Veterinary Clinic Expansion/ Relocation**

Members further discussed Dr. Nietz's request for business subsidy assistance on the proposed project.

**Motion Meyerhofer, Second Eberhart to offer \$70,000 in local property tax abatement, Thirty five thousand from City and \$35,000 from Goodhue County. Terms are 3% interest for needed duration. Zumbrota EDA will pay up front and be reimbursed by property tax abatements, contingent on Goodhue County participation. Carried 7-0-0.**

## **B. Envirolastech**

Staff shared Envirolastech has notified us they are pursuing a development in St. Charles. Access to Interstate 90 was an important factor in their decision making.

## **C. Commercial Water Distributing**

Staff stated Commercial Water Distributing will be meeting with their shareholders in late April to decide whether or not to proceed with an expansion of the facility.

## **9. Reports**

King stated local business Comcast has submitted a building permit for an expansion that will add additional office space.

Hinderaker stated the Hill Capital Fund presentation was attended by a few potential investors and may be an asset to small business owners in the future.

Lerum stated the Zumbrota Independent Business Alliance held an open house to promote the organization. It was well attended by several new members of the business community.

There being no further business President Hinderaker adjourned the meeting at 7:41 am.

Respectfully Submitted,

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Dan King, Secretary