



**ECONOMIC DEVELOPMENT AUTHORITY  
MEETING AGENDA**

**MONDAY, JULY 9th, 2018 @ 5:30 P.M.**

Arlington Community Center - Council Chambers

1. Call to Order
2. Pledge of Allegiance
3. Approval of Agenda
4. Approval of Minutes
  - A. June 11, 2018
5. Approval of Financial Reports
  - A. June 2018 (Added at meeting)
6. New Business
  - A. Ninkasi Hops Presentation (Matt Johnson)
  - 6.5 Quickshop/Subway Water Hook up fee (Added at meeting)
  - B. SMIF Small Town Grant Program
  - C. TSE Building Sale Price
  - D. Acquiring Industrial Park Land Discussion (Kurt Menk)
7. Old Business
  - A. Choose Arlington update
  - B. Housing Study update
8. Board Announcements
9. Adjourn

**A QUORUM OF THE CITY COUNCIL MAY BE PRESENT AT THIS MEETING.  
NO OFFICIAL ACTION BY THE CITY COUNCIL SHALL OCCUR AT THIS MEETING**

**ECONOMIC DEVELOPMENT AUTHORITY  
MEETING MINUTES  
JULY 9, 2018 @ 5:30 P.M.**

The meeting was called to order by President Dean Bergersen at 5:30 p.m.

Members present: Richard Thomes, Tim Kloeckl, Kurt Menk, President Dean Bergersen, and Councilmember Tom Hatlestad.

Members Absent: Larry Sorenson, and Councilmember Michelle Battcher.

Also Present: Director Amy Newsom, Mayor Richard Nagel, Administrator Pat Melvin, Sibley County Intern Sabrina Hille, Dennis Johnson, Matt Johnson, Mary Kistner, and Allen Kistner.

Motion by Thomes, seconded by Hatlestad, and passed by unanimous vote to approve agenda with the following additions:

Add item under New Business – 6.5- Quickshop/Subway Water Hook up Fee

Add item under Financial Reports – A. June 2018.

Motion by Thomes, seconded by Kloeckl, and passed by unanimous vote to approve the minutes from the June 11, 2018 meeting as presented.

Motion by Kloeckl, seconded by Hatlestad, and passed by unanimous vote to approve the June 2018 Financial Report as presented.

Matt Johnson and his father Dennis Johnson provided a presentation on the Ninkasi Hops business. Ninkasi will be a hydroponics growing facility that looks to sell hops to craft breweries. Hydroponics is a growing method that uses a nutrient rich solution within a controlled environment to increase the rate of growth for the plants. The craft beer trade has been growing at a rate of 7% over the last 5 years and the growth rate in hops have been growing at 21%. The proposed Arlington facility would have twelve growing rooms on three acres of indoor growing space that will produce the same amount of hops as 200 acres of outdoor land. There will also be a processing facility which will produce wet (fresh) and dry hops to be packaged and sold to buyers. Hops are usually sold in 11 pound increments and the shipping of this product will be done with smaller trucks and should not add semi traffic. Ninkasi is looking to get their driveway and outlet to County Road 9 and not off on State Highway 5. The plan to keep the roof low and which will allow for better energy saving. Construction will be completed in two phases. Phase I of this project will be the site development and building of one growing room and processing plant which looks to be a two million dollar project. Phase II would be to expand to the full 12 growing rooms which would then cost an additional six million dollars for the building and the equipment. Ninkasi plans to employ 15 full-time employees by the end of Phase II, with starting wage at \$18.50 an hour. Concerns were brought up by residents Allen & Mary Kistner regarding the odors and noise coming from the facility and whether they would have to connect to the water and sewer. Ninkasi intends to connect to City water and sewer, but at this time there has been no talk about inviting or insisting other residents to join. While they are in the growing phase, noise and smells will be similar to a green house, they will be blowing air out. During

processing, they will be using six 24 inch fans (on each side of the building) and do not intend to use all of the fans at once, as they are planning to save as much energy as possible. This would consist of three fans in-taking air and three fans out-taking air for each growing room. The processing plant smells was the other concern. Mr. Johnson stated that the drying process would be done at a slow and low heat and will only be done once a week. They want to use as much heat from the lighting as they can versus having to use dryers to dry out the hops. They intend to add a new storm water pond for the use of water and dirt to use within the hydroponics process. Ninkasi has a list of requests they would like from the City of Arlington: City/County Tax Abatement for 10 years, Property parcel for \$5,000 (Commercial Building & Lots Policy), installation of water and sewer to the property, sponsoring the Job Creation Fund which is done through the state of Minnesota, changing zoning to I-1 Limited Industrial, driveway access off of CSAH 9 and access to the water from the storm water pond to the north of the property. There was discussion on Ninkasi's requests and all agreed this would be a great business for town.

Motioned by Kloeckl, seconded by Hatlestad and passed by unanimous vote to recommend to the City Council to support the Ninkasi Business Plan and all of their requests.

Director Newsom received a letter from Quickshop/ Subway to waive the water hook-up fee for their business. The letter addresses how the facility was stubbed in for water in 2008 but chose not to connect fully at that time. They are currently using and paying for City sewer but are using a well for water. They now are having issues with their well and would like to connect to City water. They requested for their hook-up fee to be waived. Discussion was had how in the past (at the time of hook up) the other businesses had to pay to connect and it is only fair that they should pay the fee as well.

Motion by Thomes, seconded by Hatlestad and passed by unanimous vote to deny the request of Quick Shop/Subway for waiving their water hook-up fee.

Director Newsom explained the Southern Minnesota Initiative Foundation Small Town Grant Program. The City could apply for a \$10,000 grant to do a collaborative project within the City of Arlington, but they would have to collaborate with another entity (i.e. Arlington Industries or Sibley County). Newsom stated that there are also plans through SMIF for an Economic Development grant to become available later this year for a \$20,000 grant. Both grants would allow for projects to be done on Main Street or any other creative project for the community. The EDA discussed waiting for the new Economic Development grant from SMIF. Newsom thinks the \$20,000 Economic Development grant would be more beneficial. Discussion was on the two grant programs and the committee felt it would be best to pass at this time and wait to apply for the larger Economic Development grant.

Discussion was had on the former TSE Building. The City Council at their most recent meeting would like to see the sale price lowered. Menk asked at the City Council meeting that it come back to the EDA committee to remain in the process. Discussion was had on the need to sell the building and the property taxes of the building. The City does not pay taxes on the building as it is listed as a Public Building. Other than the utilities, and light maintenance the City doesn't have much cost in to the building. The committee didn't feel the urge to rush to sell. The committee discussed putting money in to the building to spruce it up. The committee felt they should try to promote the building with the new Commercial Lots & Building Policy. The committee would

like to see the Commercial Lots & Building Policy promoted on Fahey's (building realtor) website. Newsom brought up the realtors commission, it may not be able to be changed with the price. The realtor's commission is set with the current listed price, Newsom & Melvin are to look in to the realtor's commission.

Motion by Kloeckl and seconded by Hatlestad to lower the price of the former TSE building, after further discussion Kloeckl rescinded the motion.

Motion by Hatlestad, seconded by Thomes and passed by unanimous vote to recommend to the City Council to add 'Incentives for Businesses' to Fahey Realty's listing page.

Discussion was had on acquiring Industrial Park Land. Menk asked for this to be on the agenda, he would like to see the EDA acquire new Industrial Park land. Newsom would like to have land available for spring of 2019 to be able to show in Arlington. Discussion was had on the current Industrial Park land and the cost to make it build ready. There was further discussion on other potential land areas to be used. Thomes shared that from what he heard that the Bank property owners are not interested in selling, and do not look to change their minds any time soon. The committee discussed other properties in town that could be transformed into an Industrial Park. Consensus of the group was to have Director Newsom and Administrator Melvin continue to get numbers for the Bank owned properties & potential infrastructure or those properties on the Southwest side of town.

Intern Hille provided an update on Choose Arlington. There was program facilitator training on June 29<sup>th</sup>, which went well and is looking to be a good start to the study. A kick-off event is planned for Thursday July 19<sup>th</sup> at the Arlington Community Center. Commissioners were asked to recruit as many people as possible to be involved. There are six program facilitators and each facilitator needs 8-12 people in their study group.

Intern Hille provided an update on the Housing Study, which is still moving forward. City Staff received over 80 surveys thus far. Those surveys were sent to the students working on the data. With the surveys being collected, this is the last bit needed for Phase I of the study. They can now begin on Phase II, which is analyzing the data and making recommendations. There have been instructions for what Arlington hopes to gain from the study, to better direct those analyzing the data.

Mayor Nagel informed the committee that Cemstone is planning an open house on August 16<sup>th</sup> to showcase their new pit site (outside of Henderson) and their new facility in Arlington.

Motion by Hatlestad, seconded by Kloeckl and passed by unanimous vote to adjourn the meeting at 7:24 p.m.

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EDA Director Amy Newsom

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EDA President Dean Bergersen