

**Northfield Master Plan Steering Committee
Meeting Summary – June 17, 2010
First National Bank**

MEMBERS PRESENT: Rick Estenson, Rhonda Pownell, Jim Pokorney, John Klockeman, Mike Berthelsen, Erica Zweifel, Tracy Davis, Glen Castore, Pete Sandberg, Steve Engler

MEMBERS ABSENT: Scott Richardson, Chris Sawyer, Tim Geary, Jay Jasnoch, Neil Lutsky

ALSO PRESENT: Mark Koegler (HKGi), Rusty Fifield (Northland Securities), Economic Development Director Jody Gunderson, Community Development Director Brian O’Connell and City Administrator Joel Walinski

The meeting was called to order at 6:10 p.m.

Brian O’Connell provided an overview of the stormwater ordinance process. The City is making progress on the ordinance – an update will be presented to the City Council next Tuesday night. The Ordinance uses a performance based approach. It is looking beyond detention basins to a more holistic approach which will be particularly important for Rice Creek. The ordinance will include regulations pertaining to water temperature. The ordinance has flexibility, property owners can use a variety of approaches including green roofs, infiltration basins, etc. The regulations are triggered by the development of property. Steering Committee members noted that the ordinance is less relevant for the north site than on the south site and that along Rice Creek, the riparian margins are important for stormwater treatment.

Mark Koegler provided an update on the continuing modifications of the North and South site plans. He noted changes to the north plan including:

- The plan incorporates a roundabout interchange with Hwy 19 and CR 23.
- North Avenue has a direct connection to the roundabout.
- Concept “B” continues to be used as the base.
- New green space added to mixed-use core area.
- Added connectivity – trail and open space easements.
- Less housing.
- Less public/institutional.
- More office and industrial.

The Steering Committee suggested looking at making a direct connection between Decker Avenue and the roundabout. Decker Avenue will be a very important link in the future connecting the two industrial areas.

Changes noted to the south plan included:

- The plan incorporates a through site parkway, connecting Armstrong Road and Decker Avenue.
- The Parkway serves an important stormwater retention and infiltration role.
- The stream buffers recommended by the draft stormwater ordinance have been respected.
- Concept “B” continues to be used as a base.
- Housing has been located north, where it plays a transition role between existing housing and business uses.
- Retail has been moved to Decker Avenue.
- Public/education uses are located at the east entry, where the 2 creeks converge.
- The site incorporates more infiltration zones, less ponding.

The Steering Committee offered the following comments/questions:

1. Costs for improvements for both Decker Avenue and 100th are not included in the project cost estimates at this time.
2. Will the right-of-way for Decker Avenue be in Northfield or split with Bridgewater Township?
3. How will Decker Avenue north of the annexation area be constructed? Under whose jurisdiction will it be placed? Bridgewater does not own/maintain major roads and the County has stated that they have no interest in including it as a County Road.
4. Remove the single-family lots on the north side of the site.

Rusty Fifield presented information about implementation of the master plan. He said that the work completed on the implementation aspect of the plan so far has consisted of a fairly broad based analysis. A more detailed analysis will be completed on the preferred master plans. One of the primary implementation keys will be financing the public improvements to support development. Key questions include who builds and who pays? Both of the “whos” will need to be worked out as we proceed with the master plan. The plan will also likely include enhancements that help define the character of the area but are not the “meat and potatoes” of the development itself. The financing mechanism will need to figure out how to cover all of the costs.

Northfield has an existing policy that developers pay the cost of development and the city pays overage costs and other community costs. A key challenge for development of these sites is the expectation that the developer pays for infrastructure – this policy is not unusual. Without a master developer, it is difficult if not practically impossible to have a developer pay all of the costs.

Infrastructure influences implementation. Additional questions that need to be addressed include: What initial infrastructure will be need for development? Critical question from the City’s side is can you extend utilities to both sites? If not, which one is favored? As a part of the policy, are improvements likely to be built by the city? Will the city provide the catalyst for the development – are you willing to make investments prior to development?

It is also important to understand the spatial issues. Where you put infrastructure determines where development will occur. Phasing of development needs to be in synch with the funding. From a financing perspective, there is an economic advantage to having Northfield build the infrastructure. The City can borrow to finance public infrastructure today at very low rates of interest. The challenge is addressing where the money comes from to pay it back. Revenue is tied to when development occurs. Traditional public sources include two big pots – property taxes and utility revenues. Sewer, water, storm sewer revenues can be used for cost of infrastructure. Everything else is a private source generated by the development.

An important tool that can be used for the development of these sites is special assessments. The City will also be updating its SAC and WAC charges in the near future. SAC and WAC charges are sometimes termed, “buy ins”. Developers pay this buy in as they develop. Northfield is considering changing its policies to make the payment of SAC/WAC charges due at the time of a building permit issuance. TIF also is a tool and special taxing districts can also play a role in balancing investments vs. revenue.

Other important issues are carrying cost and affordability. Carry cost is the cost of capital until development occurs and revenue is received. Some investment will be needed prior to the time that development occurs. Who will pay that and where will the money come from? It is important to understand the implications of various approaches. Assessments can encourage development. Steering Committee members asked if assessments can be deferred? Some assessments can be deferred under the

law but the question is how is that done? Ultimately, the City will need to get over a number of hurdles to implement this plan including assessments. The City will be challenged to determine how to move this project forward while managing carrying costs and other issues.

The end product of carrying cost is affordability. From the public perspective, what are you paying for, what are those costs that are purely public, and how much of that can you afford? From the private side, what can you reasonably expect property owners to pay for and how much cost can you add to the land to pay for the fair share of the investment without making it too expensive to make something happen?

Following Rusty's presentation, the group briefly discussed implementation ideas and challenges. Committee members stated that in general, increasing the City's industrial tax base is one of the goals of the master plan. In order to get an increased tax base, some level of community investment will be needed. Rusty reminded the group that the north site is in Dakota County and is therefore, subject to fiscal disparities. Brian O'Connell noted that the city's fiscal policy may change some with varying phases of the project. In general, it was noted that the city will need a clearly defined fiscal policy that will govern future participation in the development of both sites.

Mark Koegler briefly reviewed the upcoming industry roundtable and the next EDA/Steering Committee meeting scheduled for July 15th. Mark will forward details for the roundtable meeting to Jody Gunderson for distribution to the EDA/Committee. If available, it would be advisable to have 3 or 4 of the EDA/Committee members attend the roundtable meeting.

The group discussed identifying a date for the September public open house and determined that it could be held on September 16th, 23rd or 30th. The EDA will select a final date at their meeting next week.

The meeting was adjourned at 8:00 p.m.