



Approved: April 25, 2016

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**CITY OF ARDEN HILLS, MINNESOTA  
REGULAR CITY COUNCIL MEETING  
APRIL 11, 2016  
7:00 P.M. - ARDEN HILLS CITY COUNCIL CHAMBERS**

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**CALL TO ORDER/ROLL CALL**

Pursuant to due call and notice thereof, Mayor David Grant called to order the regular City Council meeting at 7:00 p.m.

**Present:** Mayor David Grant, Councilmembers Brenda Holden, Fran Holmes, Dave McClung and Jonathan Wicklund

**Absent:** None

**Also present:** Interim City Administrator Sue Iverson; City Attorney Joel Jamnik; Community Development Director Jill Hutmacher; Acting Public Works Director John Anderson; and City Clerk Amy Dietl

**PLEDGE OF ALLEGIANCE**

**1. APPROVAL OF AGENDA**

Mayor Grant requested Item 5B be removed from the Consent Agenda for discussion at a future work session.

**MOTION:** Councilmember Holden moved and Councilmember Holmes seconded a motion to approve the meeting agenda as amended. The motion carried unanimously (5-0).

**2. PUBLIC INQUIRIES/INFORMATIONAL**

None.

**3. STAFF COMMENTS**

A. Rice Creek Commons (TCAAP) and Joint Development Authority (JDA) Update

**Community Development Director Hutmacher** stated that on Monday, April 11, the Solicitation Review Committee will interview the four development teams who submitted

responses to the Solicitation for Master Developer. Special JDA meetings for developer interviews have been scheduled for Tuesday, April 19 and Tuesday, April 26. Both meetings will begin at 5:00 pm in the Arden Hills Council Chambers. The JDA is scheduled to select a master developer at its meeting on Monday, May 2. If additional time for JDA deliberation is needed, a special JDA meeting will be scheduled in early May.

**Councilmember McClung** questioned if the two additional meetings were open to the public.

**Community Development Director Hutmacher** reported that this was the case.

**Councilmember McClung** encouraged staff to post these meetings in case a quorum of the City Council was present.

B. Transportation Update

**Acting Public Works Director Anderson** reported that MnDOT has begun work on I-694. He explained that this project will take two years to complete. Staff played a short video for the Council regarding the upcoming lane shifts that will occur.

**Acting Public Works Director Anderson** stated that MnDOT held a preconstruction meeting for the County Road E2 bridge today. The contractor discussed the project schedule and noted that the bridge will be demolished the weekend of April 29<sup>th</sup>. It was noted that I-35W traffic will be allowed to use the ramps during the time the bridge is being demolished. He indicated that New Brighton is receiving bids for the construction west of County Road E2.

**Acting Public Works Director Anderson** explained that Ramsey County continues work on Lexington Avenue and County Road F. Utility work is underway on the east side while road construction is taking place on the west side and traffic is passing thru in the center lanes.

**Acting Public Works Director Anderson** indicated that Ramsey County is also reconstructing the County Road H bridge. Bids have been opened and an award will occur in the next several weeks. He anticipated that work on this bridge will begin in May.

4. APPROVAL OF MINUTES

- A. March 14, 2016, Special City Council Work Session
- B. March 21, 2016, City Council Work Session

**MOTION:** **Councilmember Holden moved and Councilmember McClung seconded a motion to approve the March 14, 2016, special City Council work session minutes; and the March 21, 2016, City Council work session minutes as presented. The motion carried unanimously (5-0).**

5. CONSENT CALENDAR

- A. Motion to Approve Consent Agenda Item - Claims and Payroll
- B. ~~Motion to Approve Toro Workman Purchase~~

**MOTION:** Councilmember Holden moved and Councilmember Holmes seconded a motion to approve the Consent Calendar as amended and to authorize execution of all necessary documents contained therein. The motion carried unanimously (5-0).

**6. PULLED CONSENT ITEMS**

None.

**7. PUBLIC HEARINGS**

**A. TCAAP Development Discussion Opportunity for Residents**

**Mayor Grant** stated that under the Public Hearing section, citizens have an opportunity to discuss ideas regarding the TCAAP development.

**Mayor Grant** opened the public hearing at 7:12 p.m.

With no one coming forward to speak, **Mayor Grant** closed the public hearing at 7:13 p.m.

**B. Public Hearing for an Agreement to Abate Property Taxes and to Award a Minnesota Investment Fund Loan to Land O'Lakes, Inc.**

**Mayor Grant** opened the public hearing at 7:14 p.m.

**Community Development Director Hutmacher** reported that Land O'Lakes is planning a significant expansion of its headquarter facilities in Arden Hills through which it proposes to increase its headquarters building by at least 145,000 square feet and create an additional 200 jobs with wages of at least \$18.00 per hour within two years of the project's completion. The Company estimates that it will spend approximately \$80 million for new construction, site costs, renovation of the existing company headquarters, and soft costs in the next three years. Land O'Lakes' expansion plans are contingent on the approval of a package of public financial assistance. If approved, construction is expected to be complete by December 31, 2018.

**Community Development Director Hutmacher** stated that on February 29, 2016, the City Council approved a resolution of support for Land O'Lakes' application to the Minnesota Job Creation Fund. The City has been notified that the Minnesota Department of Employment and Economic Development (DEED) will provide an award of up to \$1.9 million consisting of up to \$900,000 in a job creation award and \$1,000,000 in a capital investment rebate.

**Community Development Director Hutmacher** explained that Land O'Lakes has requested the abatement of the City, County, and Mounds View School District portions of its property taxes, on the value of the new building expansion only, over a period of fifteen years. The maximum City tax abatement is \$650,000. The County and School District will consider the abatement request for those jurisdictions at separate meetings on April 12, 2016.

**Community Development Director Hutmacher** indicated that Land O'Lakes has requested a Minnesota Investment Fund (MIF) loan of up to \$1,000,000. If approved, DEED would provide grant funds to the City which would administer the forgivable loan to Land O'Lakes. If the package of public financial assistance is approved, Land O'Lakes intends to submit plans for City consideration of land use approvals. Approval of Resolution 2016-013 and the tax abatement and MIF documents referenced therein have no bearing on the land use approval process.

**Community Development Director Hutmacher** noted that the City Council reviewed the draft Abatement Contract with Land O'Lakes at the March 21, 2016, City Council work session. The terms of the Abatement Contract have not changed since that time. The Abatement Contract and documents related to the Minnesota Investment Fund Loan are available for public inspection at the City Clerk's office. Staff recommended approval of the abatement agreement.

**Councilmember Holden** asked if the agreement had anything to do with the proposed building plans.

**Community Development Director Hutmacher** explained that the land use approval would be separate from the property abatement agreement.

**Councilmember Holmes** requested clarification from staff on the newspaper article that was printed in the paper today.

**Community Development Director Hutmacher** commented on the newspaper article and indicated that the maximum County abatement was \$1.5 million.

**Councilmember Holmes** indicated that the City's portion of the abatement would be \$38,000 per year.

**Chuck Mertensotto**, 3473 Lake Johanna Boulevard, expressed concern with the lack of public transportation in Arden Hills. He recommended that public transportation run directly to the expanded Land O'Lakes facility.

**Gregg Larson**, 3377 North Snelling Avenue, commented on the recent City newsletter. He was concerned about the one-sided article that was written by Land O'Lakes and questioned why the City had not provided a balanced article regarding this matter. He believed the pros and cons should have been further discussed by the City. He provided further comment on his views of the proposed tax abatement and believed that Land O'Lakes should pay their fair share on property taxes over the next 15 years. He feared that the only benefiting party from the proposed tax abatement would be Land O'Lakes and not the City of Arden Hills. He encouraged the City to conduct further analysis to see what the City would be gaining from the \$650,000 tax giveaway. He reviewed the recent earnings for Land O'Lakes noting that they were at record highs and had a very strong balance sheet. He inquired if there was an alternative and asked when the giveaways would stop. He questioned how the City would address future tax abatement requests from new businesses moving into TCAAP. He believed that welfare was intended for those in need. He encouraged the City Council to strike the tax abatement language from the Resolution being considered and allow for more careful thought before taking action on this item.

**Mayor Grant** clarified that the article in the April Newsletter was written by City staff and the Communications Committee inadvertently put in a byline which stated that the article was written by Land O'Lakes.

**Mr. Larson** thanked Mayor Grant for this clarification. He provided further comment on the numerous ways Arden Hills residents contributed to the community without seeking handouts.

**Mayor Grant** closed the public hearing at 7:32 p.m.

**Mayor Grant** requested staff speak to the benefits the City would be receiving through the proposed tax abatement.

**Community Development Director Hutmacher** commented further on the benefits Arden Hills would receive by retaining the headquarters within the community. She reported that Land O'Lakes has 1,738 employees currently and will be adding another 200 after their project is completed. She noted that these jobs were high paying and that these employees supported the local businesses. She explained that if Land O'Lakes were to leave, the City would have a difficult time filling this headquarter space. She indicated that the City portion of Land O'Lakes property taxes were currently \$64,000 which is approximately 2% of the City's levy. She discussed how the City would be impacted if this user were to move out of the community.

**Mayor Grant** recalled that 97% of Arden Hills' residents have a high school education and 60+% have a college education. He discussed how the Land O'Lakes jobs were well-suited for Arden Hills. He requested further comment from Land O'Lakes regarding the new jobs that would be created over the next few years.

**Marcia Droege**, Land O'Lakes, stated that through 2024, Land O'Lakes is expected to have 2,500 employees on its campus. She reported that the 200 new jobs are required through the Job Creations Fund and the MIF loan, but noted that historically Land O'Lakes has been growing at 3% to 6% per year at the headquarter site. She estimated that the campus will have an additional 600 employees in the next decade. It is Land O'Lakes' goal to keep all of its employees on one campus.

**Councilmember Wicklund** asked why the company needed assistance given its healthy growth over recent years.

**Bob Glass**, Land O'Lakes Tax Advisor, stated that after running the numbers, it was fitting for Land O'Lakes to build a new facility, except for a gap between the cost of building an expansion compared to the cost of moving into an existing building. He explained that the Board approved the construction of a new building so long as a certain level of assistance was offered to fill this gap.

**Councilmember Wicklund** requested further information on how Land O'Lakes redistributed its \$100 million in net income.

**Mr. Glass** reported that Land O'Lakes is a co-op and that the net earnings are returned directly to the farmers and co-op members.

**Councilmember Wicklund** questioned how many members were in the Land O'Lakes co-op.

**Mr. Glass** stated that the co-op currently has 3,000 individual farmers and 850 cooperatives.

**Councilmember Holmes** requested further information from Land O'Lakes on where they were looking to relocate if the City did not consider providing assistance.

**Ms. Droege** explained that Land O'Lakes evaluated several potential sites in the Twin Cities metro area, along with a site in Wisconsin. Based on the information gathered, Land O'Lakes wanted to remain in Arden Hills for the benefit of its current employees. This led Land O'Lakes to contact the City, County, and State to seek assistance in getting over the financial hurdle of building a new facility.

**Councilmember Holden** asked what the process would be for Land O'Lakes to receive the MIF money from the State.

**Mr. Glass** reported that this was a very complicated process but noted that the State has been very supportive of Land O'Lakes. He indicated that the State wants to keep these jobs not only in Arden Hills, but also in Minnesota.

**Councilmember Holden** inquired how much money Land O'Lakes will be putting into the new facility.

**Ms. Droege** stated that Land O'Lakes will be investing \$80 million.

**Mayor Grant** reported that Land O'Lakes is a Fortune 200 company and discussed the importance of having this company in Minnesota and in Arden Hills. He reiterated that the proposed tax abatement will be applied only to the new building and not on the existing facility.

**MOTION:** **Councilmember Holden moved and Councilmember Holmes seconded a motion to Adopt Resolution No. 2016-013 Approving Property Tax Abatement for Certain Real Property in the City pursuant to Minnesota Statutes, Section 469.1812 to 469.1815, approving a Minnesota Investment Fund Grant and Loan and Specifying the Terms Thereof.**

**Councilmember Holmes** understood the importance of having more mass transit in the City of Arden Hills. She discussed how the City is working to get additional public transportation routes in the City given the fact that TCAAP will be developing as well.

**Mayor Grant** hoped that the new jobs from Land O'Lakes will assist the City in gaining additional transit routes to the area.

**Councilmember Holden** understood that tax abatement could be construed to be corporate welfare. She explained that she did not like TIF or tax abatements. However, she believed it was important for the City to work to keep its growing companies with high paying jobs in Arden Hills. For this reason, she would be supporting the request.

**Councilmember Holmes** stated that she would be supporting the proposed tax abatement due to the fact that Land O'Lakes is a Fortune 200 company and an important employer in the City. She did not want the City to lose a major headquarter tenant, given what had happened with Smiths Medical. She wanted the City to appear full and vibrant due to the fact TCAAP will soon be developing.

**Councilmember McClung** did not believe the City would be setting a precedent by approving the tax abatement. He indicated that these matters were reviewed and approved by the Council on a case-by-case basis. Generally, he does not support tax abatement or TIF. In this case, he supports Land O'Lakes remaining in the community given the fact that they have deep roots in this City and have not requested much. He commented on the major investment Land O'Lakes will be making in the community and looked forward to the future job expansion.

**Mayor Grant** stated that he would also be supporting the Resolution. He agreed that a precedent would not be set. He believed the abatement made sense when looking at the long-term benefits to both the City and Land O'Lakes. He explained that Land O'Lakes would be a positive economic force that has been a good corporate citizen in Arden Hills. He did not want to see the Land O'Lakes headquarters vacant. He believed that a 15-year tax abatement was reasonable and looked forward to this business continuing to grow in the community.

**The motion carried (5-0).**

**8. NEW BUSINESS**

None.

**9. UNFINISHED BUSINESS**

None.

**10. COUNCIL COMMENTS**

**Councilmember Wicklund** commented that the Ramsey County Conservation District would be conducting a presentation on Urban Pollinators on Thursday, April 21<sup>st</sup> from 2:00 to 4:00 p.m. at the Marsden Room at the Ramsey County Public Works Facility. This is a free event open to the public.

**Councilmember McClung** reminded residents that it has been windy and dry. He encouraged Arden Hills' residents to be cautious with fire.

**Councilmember Holmes** stated that on Sunday, April 24<sup>th</sup> at the Arden Hills Army Training Center there will be a Scoops for Troops Event from 10:00 a.m. to 4:00 p.m. The event includes a 5K run and an ice cream social. She encouraged the City's Beyond the Yellow Ribbon liaisons to attend this event.

**Councilmember Holmes** noted that the Metro Cities Annual Meeting will be held on Thursday, April 21<sup>st</sup> from 5:30 p.m. to 7:00 p.m. at the University Club on Summit Avenue.

**Councilmember Holmes** discussed the upcoming League of Minnesota Cities Conference.

**Councilmember Holmes** commented on an email she received regarding an initiative from Ramsey County Attorney John Choi and Metropolitan Council reform. She requested that these items be discussed at an upcoming work session.

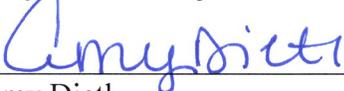
**Councilmember Holden** reported that the Communications Committee only has two writers. She encouraged those interested in volunteering with the City's newsletter to contact City Hall for further information.

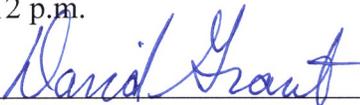
**Mayor Grant** reminded the public that the Arden Hills Clean-Up Day event will be held on Saturday, May 21<sup>st</sup> from 7:00 a.m. to noon.

**ADJOURN**

**MOTION:** **Councilmember Holden moved and Mayor Grant seconded a motion to adjourn. The motion carried unanimously (5-0).**

**Mayor Grant** adjourned the regular City Council meeting at 8:12 p.m.

  
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Amy Dietl  
City Clerk

  
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David Grant  
Mayor