

## ECONOMIC DEVELOPMENT AUTHORITY

2:00 P.M.

Wednesday, May 5, 2021

### AGENDA

1. Meeting called to order
2. Approval of Agenda
3. Approval of the minutes of the April 7, 2021 regular meeting
4. Communications
  - A. Shoring Up Business Meeting
5. Economic Development Director's Activities
  - A. Planning and Zoning Subcommittee – pending zoning changes
  - B. Lake County HRA – Penn Blvd Housing
  - C. Other business inquiries
6. Old Business
  - A. Black Beach Park Improvements
  - B. Lake Bank Property – Parcel 22-7470-10330
  - C. Golf Course Housing Development
  - D. EDA Member “Ambassador” business cards
7. New Business
  - A. ARI Proposal to prepare Business Park Master Plan
  - B. Minnesota Design Team – City Visioning Process
8. Adjourn

## ECONOMIC DEVELOPMENT AUTHORITY

2:00 P.M.

Wednesday, April 7, 2021

Present: Nelson French  
Floyd Baker  
Shane Hoff  
Richard DeRosier  
Bethany Smuk

Tim Costley – City Attorney  
David Drown – Economic Development Director

French called the meeting to order at 2:02 p.m.

**Agenda** – Motion by DeRosier, second Baker to approve the agenda as presented. MOTION CARRIED.

**Minutes** – Motion by Baker, second by DeRosier to approve the minutes of the February 3<sup>rd</sup> regular meeting. MOTION CARRIED.

### COMMUNICATIONS

**Shoring Up Business Meeting** – The next meeting is scheduled for May 12<sup>th</sup> at noon.

### ECONOMIC DEVELOPMENT DIRECTOR

**Visits with Local Businesses** – Drown presented information he gathered from the visits he had with local businesses. Some of the common observations include, the need for housing, difficulty finding employees, and lack of space to open a new business. There was discussion on what the EDA members and Director can do to improve two-way communication with our local businesses and using the EDA members as ambassadors. Business cards can be issued to members. The EDA members are in support of publishing a quarterly EDA Newsletter, highlighting businesses, and distributing to all local businesses and publishing on the city website.

**Concept Plan for a Resort/Vacation Home Complex in the Business Park** – A conceptual plan for a Lakeview Park housing project with comparisons to the lake shore cluster housing near Two Harbors and Beaver Bay was presented. There was discussion about securing private property to increase the footprint of the housing project. There was discussion about vacation homes, permanent homes, and options of high-end housing units vs. mid-range housing units.

**Marketing Strategy for the Business Park** – There was discussion on creating a quality message focused on the Business Park potential business investors. Baker volunteered to help with marketing. Motion by Smuk, second DeRosier to appoint Baker as the EDA member to work with the Economic Development Director on creating a quality message for potential business investors and marketing material. MOTION CARRIED.

**Inventory of Available Property** – Drown requested the EDA members collect and provide information on the potential available building and land space, buildings that may informally be for

sale or available for use, individuals/businesses looking for space, and provide relevant history of the spaces/properties that may be helpful when communicating with buyers and sellers.

## OLD BUSINESS

**Black Beach Park Improvements** – City staff met with Northshore Mining representatives to present desired improvements at the Black Beach Park. Creating new parking areas, pathways, primitive campsites, and adding picnic tables at select locations along the Park are near-term improvement goals. There was discussion of employment opportunities and the potential of reaching out to the colleges to utilize college student workforce. It was recommended that the City Administrator and/or Economic Development Director personally call the General Manager of the mining company to discuss the requests of the City.

## NEW BUSINESS

**EDA Resolution** – The EDA reviewed an email from the City Attorney regarding the bylaws and EDA Resolution informing the members the EDA has no power to act independently. It was suggested that the EDA become more active in creating a positive message to investors so they choose to invest in our community. Drown reported that the EDA can be funded directly by a small tax levy, and indirectly by tax payer money through the City.

**Lake Bank Property - Parcel 22-7470-10330** – There was discussion on obtaining property from The Lake Bank that is on the corner of Outer Drive and Davis Drive. This land has historically been used for Bay Days celebrations, and is a logical location to establish a downtown central park destination. Motion by DeRosier, second Smuk to direct David Drown to negotiate the terms of a purchase option agreement with The Lake Bank contingent on City Council approval. MOTION CARRIED.

**Review of Proposed Zoning & Zoning Map Changes** – Proposed changes to zoning and the zoning map, highlighting a proposed Lakeview Park North District and South District with each having a purpose, allowed uses, and district requirements was reviewed. There was discussion on rebranding the Business Park to Lakeview Park and renaming Recreation to Recreation Corridor. Motion by DeRosier, second Baker to recommend to City Council and the Planning and Zoning Commission to consider renaming and rezoning the Business Park as presented, preserving the downtown area, and rezone Penn Ave to an R-2 District. MOTION CARRIED.

**Housing & Role of EDA** – There was discussion on developing home sites around the Golf Course, housing units along Penn Avenue, building new homes using existing vacant lots, and elderly congregate housing. Drown will start attending the Lake County HRA Board meetings.

DeRosier volunteered to help Drown work on the housing projects.

Motion by DeRosier, second Baker to adjourn at 3:57 p.m. MOTION CARRIED.

Minutes taken by Lindsey Klemmer

## 5A: Planning and Zoning Subcommittee – pending zoning changes

The EDA has asked Planning and Zoning to consider changes to the Business Park zoning ordinance that would support a vision for housing and tourist-supporting business. P&Z established a subcommittee to review these and other changes. That subcommittee met on Friday April 30<sup>th</sup> and completed its review. Here are the important changes recommended:

Business Park: The committee recommended that the Business Park be zoned to promote tourism related business plus housing near the lake frontage. Uses in the “developed” portion of the park are:

### Permitted Uses

- Retail shopping and services compatible with outdoor recreation
- Traditional restaurant, brew pub, coffee shop
- Outdoor recreation outfitter, outdoor equipment sales and rental and outdoor recreation business
- On/off sale beer, liquor and wine sales
- Brewery, Distillery, winery with associated tap, spirit or wine tasting rooms
- Tourist and History visitor Interpretive Center
- Public and private recreational trails
- Hotels, motels and lodges

### Permitted by Conditional Use

- Residential and Commercial PUD
- Greenhouse, hydroponic, aquaponic, native plant vegetation & landscaping business
- Camping areas, public or private, tent or vehicle
- Self Storage Facility
- Solar Energy production
- Other uses compatible with the North Shore Mgt Plan Shoreline Use Guide Plan
- Outdoor recreation, adventure park, mini golf, mountain bike course, go kart course
- Other public and commercial recreation uses
- Tiny Housing
- Kennels and Dog Park

For the undeveloped and lake shore view park areas, all of the above uses would be allowed but only by conditional use.

Downtown: The buildings and parcels forming the continuous downtown shopping center would be zoned “Shopping Center” to more easily deal with shared parking and signage issues. Most of the rest of the downtown commercial area, including vacant land east of the football fields would remain zoned “Highway Business.” A portion of the Lake Bank land would be rezoned to “Recreation Corridor” to support development on a new central park.

Recreation Corridor: Most of the City’s park facilities and wooded valleys are currently Zoned RC. Allowable uses in RC would be expanded to include private business uses supporting recreation, such as dog parks, etc. Boundaries would expand to include:

- Most of the undeveloped land along both sides of outer drive
- A portion of the Lake Bank site for city central park.
- The existing adventure park, the land behind the clinic and the land behind the Mariner – the likely route to extend Gitchi Gami Trail

- The City campground and black beach area, including Cliff's land between the campground and the drainage creek to the south, plus additional for parking.

Penn Boulevard. The Committee recommended keeping the zoning of the County-owned land as R-1 for the time being, preserving the current R-1 zoning control over possible ill-advised housing projects. However, the committee was clearly supportive of more intensive residential development, with rezoning considered on a project by project basis.

The City Council will receive the committee's recommendation on Monday May 3<sup>rd</sup>.

## **5B: Lake County HRA – Penn Blvd Housing**

I (David Drown) was invited to attend a Lake County HRA meeting on May 14<sup>th</sup> to introduce myself, work toward a cooperative relationship, and to discuss the future of county-owned property along Penn Blvd.

It appears that the County acquired this property thru tax-forfeiture (non payment of taxes.) My understanding of the normal rules is that counties have the ability to retain and use this property for county purposes, to convey the property to another unit of government at no cost as long as the land is used for governmental purposes. If the land is to be used for private sector purposes, the land is to be sold at auction to the highest bidder.

It is unclear whether the transfer of property for low income housing purposes (either publicly or privately owned) can be done at no cost and/or at a price determined without public auction. The HRA will be asking the County Attorney to outline the rules that must be followed. I was encouraged to speak directly to the County attorney as well. I have yet to get that done.

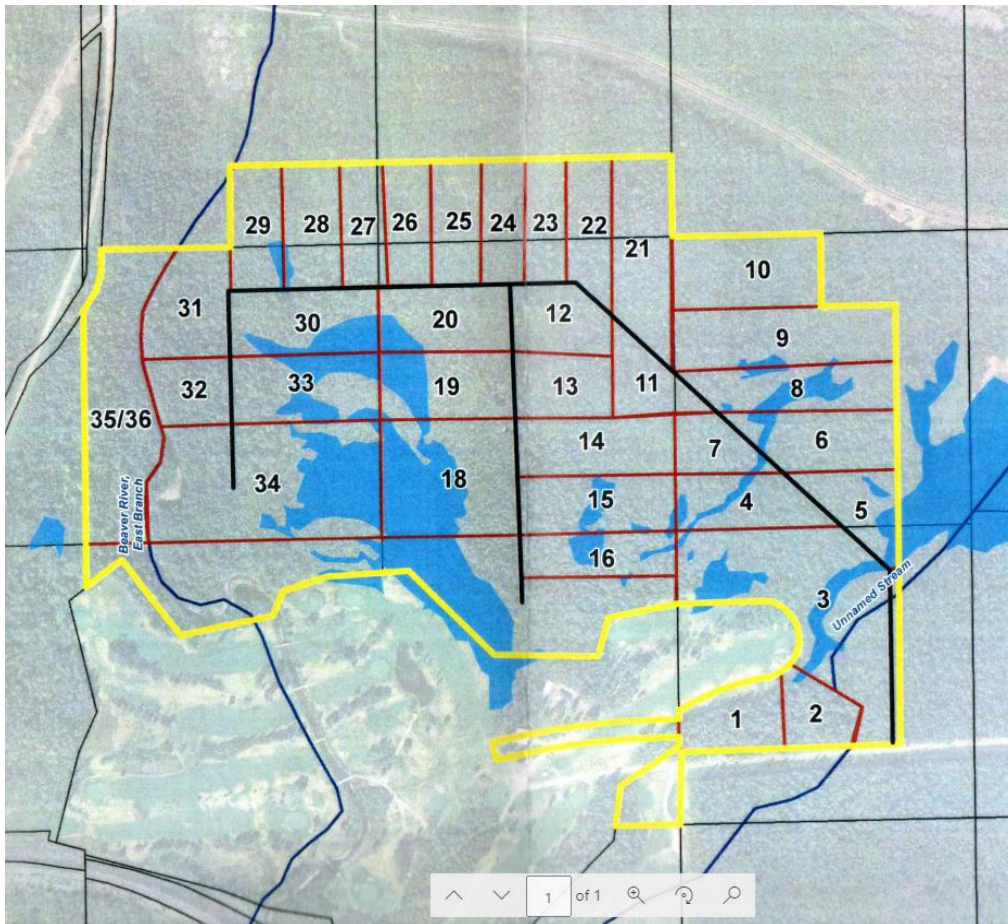
My object is to understand how the land can be conveyed to the City EDA for housing development purposes, what the process will look like, and what are the rules if development is governmental, private, single family homes, or apartments.

I will also be working with Gary Thompson to carefully review land depths, etc. to determine more clearly which portions of this land could be legally/practically used and marketed for private development.

## 6C: Golf Course Housing Development (Conceptual Layout)

Prior to his decision to run for mayor last year, Wade LeBlanc was working with MSA engineering on the feasibility of developing 5 acres lots on city-owned land surrounding the golf course. Wade provided me with his file on the project, and was supportive of a serious look and doing the project through the EDA.

I met with the MSA team last week to discuss their thoughts on the project. They shared a very rough concept plan for a 36 lot project, and agreed to provide me with a preliminary estimate of the costs to prepare a more detailed design, deal with the wetland issues, prepare preliminary and final platting, and estimate the costs of road construction. They will also look into how the work might be phased, plus the costs of adding a bridge over the Beaver River linking to Lax Lake Road to the west. Initial thoughts on number shown below:



### Expenses

Preliminary Engineering Analysis, Design, Cost Estimates	\$50,000
Final Design, Platting, Wetlands, etc	\$100,000
Road and Drainage Construction	600,000
Other (Pavement?)	<u>250,000</u>
	<b>\$1,000,000</b>
Add Option #1: Bridge to Lax Lake Road	<u>500,000</u>
	<b>\$1,500,000</b>

**Revenues:**

Land Sales 36 lots @ \$50,000	<b>\$1,800,000</b>
Land Sales @ \$75,000	\$2,700,000
<b>Revenues less Expenses (before interest)</b>	<b>\$800,000 to \$1.7 million</b>
Estimated increase in City property taxes (\$400,000 homes)	<i>\$180,000 per year</i>

**Concept for Subdivision**

Each residential lot would be required to construct its own well and septic. (Potential cluster developments with shared utilities would be an option as a PUD.) The main roadway will be a rural section, with ditches and ponds to control runoff. The roadway would be owned and maintained by the City. (Homeowner associations are terrible at handling road maintenance and snow removal. Let's not create that problem for the residents of this area.) I envision significant land use restrictions on the cutting of trees, ample setbacks from the golf course, etc. etc. These will be designed to maximize and preserve lot value, and keep the nature of the golf course intact, and make sure we keep Cliffs happy with what we are doing. Direct olf cart connection(s) to the golf course from the subdivision. Other paths for residents and perhaps visitors should be considered.

**Concept for expansion of golf course:**

I like the idea of earmarking a significant portion of potential profits from this project, if available, to an expansion and improvement of the golf course. I have had several meetings with Norma the golf course superintendent, where we reviewed the past concept plans for an 18 hole course and agreed that a more modest approach would be better and far less risky. Here's our plan.

The idea would be to take existing golf holes 1 and 2 and convert the footprint to a 3-hole practice or warm up loop. The cost would be relatively minor (say \$50K to add one green) and Norma would price a bucket of balls and a three hole round at say \$9 or \$10.

Two new holes to replace one and two would be built on Cliff's land located west between the existing course and Lax Lake Road. Some of the earlier concept plans for this area includes a novel split fairway hole and a par three hole with an heroic carry across a deep gorge. These would perhaps become the most exciting holes on the course.

Financially, no work would begin until housing development "profits" were available to do the work. No debt would be used; we delay building new holes until we have the cash. Same approach for the practice course. Norma feels enhanced revenues from the practice loop should easily to cover increased operating costs. We end up with a more attractive golf course.

Costs to Add two new holes to golf course @ \$200,000/hole	\$400,000
Cost to reconfigure holes 1 & 2 to 3-hole practice course	\$50,000

**What's next here:**

Assuming the EDA supports further investigation into this project, I would like to continue to work with MSA engineers and get a proposal and price to complete the necessary feasibility work. I will also be meeting with Lavonne Christianson, an experienced agent with Odessey Real Estate to get her involvement and advice on layout, lot pricing, restrictive covenants, and promotion so we are realistic in our expectation of lot value and market demand. Once we have a better handle on the project, we will take things to the City council for approval and funding.



## 6D: EDA “Ambassador” Cards

The thought here is to provide EDA members with a business card that can be used to make connections with potential businesses and investors that you meet in your daily life. I took a pass at doing this and quickly concluded I should stick to the things I am good at.

So, I asked my wife to suggest a few tag lines to lighten up the message. Here are her thoughts:

“I love this place! Ask me why...”

“I love Silver Bay! (Let me tell you why.)”

Silver Bay is Great! Let’s talk....

Ask me Anything about Silver Bay!

Available anytime to talk about Silver Bay! Really....

I just kinda love this place!

Silver Bay – more than just a huge ugly plant.

Ask me about my happy place – Silver Bay!

Silver Bay. Try it! You’ll like it!



Silver Bay

Some Questions:

Should the card be specific to each EDA member or generic?

If specific, what should the contact info be? You ok with sharing your personal info, or the EDA Director be the contact point?

Lana suggested that using the EDA Director Card might work just as well.

Let’s decide what to try and just get it done. We are not talking big dollars here.

## **7A: ARI Proposal to prepare Business Park Master Plan**

The business park is a unique site, and we all hope it can be developed to be something exceptionally cool and special. If we do not take the initiative to develop an overall vision for the entire area, including quality graphics designed to inspire higher and better investment, we are likely to get a series of unrelated buildings strung in a series along highway 61.

The subcommittee working on new zoning language for the business park agrees. That group quickly agreed that the best development would be laid out in a way that preserves and complements the rugged natural features of the area. The group also agreed that retaining a talented planner to help develop a vision and master plan to guide and inspire new development was likely essential for this to happen. They support hiring a good planner to get this done.

As few weeks ago I met with James Gittemeier, a planner with Arrowhead Regional Development Commission and Jordan Van der Hagen, a bright young planner with the firm of Architectural Resources, Inc. out of Duluth. Jordan comes highly recommended for his work on Duluth redevelopment projects. Here is an example of some of his work on visioning for Canal Park area.

[Highway 61 Revisited | An Urban Design Project \(highway61duluth.com\)](http://highway61duluth.com)

Jordan and his firm have agreed to assist us in creating a vision and plan for the business park in Silver Bay. I have asked him to prepare a simple proposal that includes a scope of services and a not to exceed fee amount. Verbally, he felt a good product could be produced for \$10,000 and completed within the next two months. . Hopefully I will have that proposal in hand in time for our EDA meeting.

Currently we have several business entities interested in business park investments, I recommend we proceed with the planning work immediately.

### ***Action Recommended:***

Motion requesting the City Council to authorize the EDA to enter into an agreement with ARI to prepare a master plan for the business park, and to authorize funding of up to \$10,000 to complete the work.

## 7B: Minnesota Design Team

The Minnesota Design Team is a group of volunteer architects, landscape architects and planners who devote time each year to help small cities around Minnesota to develop visioning plans. Since 1983 they have visited over 100 communities. Their process works by requiring the community to organize in advance broad range of community members. Things culminate in an extended weekend visit by a customized team of perhaps 18 professions resulting in a series of story-board visioning boards of how the City might be configured. Many of my past city clients used and valued this process, and we could greatly benefit by an exciting vision for the broader community, our downtown area, linkages to the business park, trail heads, etc. And the fee of \$7,500 provides good value.

I took the liberty of reaching out to Steve Roos, one of the design team leaders and talked for a while about what is going on in Silver Bay. Here is the email conversation that resulted:

*On Wed, Apr 14, 2021 at 5:06 PM David Drown <[david@daviddrown.com](mailto:david@daviddrown.com)> wrote:*

*Steve: Thanks so much for taking the time to talk with me about the Design Team today. As I think you could tell, I think that Silver Bay is positioned to really get a lot of benefit from the process you outlined. I will take a very close look through your workbook in greater detail, and start the wheels moving on our end to be ready to convince you to do a session with us in the Spring of 2022. Again, thanks for the time and info. I am inspired to work to make this happen.*

*Hi David,*

*I'm sorry for the delay in getting back to you. I brought up your interest in an MDT visit to Silver Bay at our meeting last week. As I suspected, it was received enthusiastically by the committee and our volunteers. A number of folks brought up remembrances of visiting, or at least passing through Silver Bay and we had a good discussion about the ways we could help the city in developing and implementing a vision for the future based on the thoughts you brought up with me. We think that putting together a visit for Spring 2022 is entirely feasible as it gives both the community and MDT ample time to prepare.*

*For the time being, I'll be the primary contact point for you. I'd suggest that we have a conversation some time soon to outline a path forward and next steps. At this point, it isn't necessary to pull together a large group to engage in these preliminary planning discussions but you're certainly welcome to include others from Silver Bay that you're going to rely on as leaders in the process. If you feel that you need to do a little 'convincing' yet I'd be happy to meet with a group of community leaders and present MDT, who we are, what we do, and some positive outcomes that communities have achieved based on an MDT visit. I can also provide a list of some communities that you can reach out to yourselves to get feedback. Perhaps this is a two-pronged approach in that it would be good to define a visit planning process while still developing wide community support. An application for a spring visit isn't due to us until mid-August so you have time to develop community support before Silver Bay makes any commitment to MDT.*

*If it ends up being just the two of us we can certainly just have a phone conversation. If you'd like to include others in the preliminary discussion we can set up a Zoom meeting and schedule a convenient time. Thanks again for your interest and get back to me with your thoughts.*

*Steve*

Action: If EDA is interested, let's designate one or two EDA member to join me in following up with Steve and decide if we should recommend applying for a visit.

[Minnesota-Design-Team-Information.pdf \(aia-mn.org\)](https://aia-mn.org/Minnesota-Design-Team-Information.pdf)