

BOARD OF COMMISSIONERS
WASHINGTON COUNTY COMMUNITY DEVELOPMENT AGENCY
WASHINGTON COUNTY, MINNESOTA

The Washington County Community Development Agency Board of Commissioners convened in Regular Session at Washington County CDA, 7645 Currell Blvd., Woodbury, MN on July 16, 2019 at 3:00 p.m. Staff present: Barbara Dacy, Executive Director; Melissa Taphorn, Deputy Executive Director; Chris Eng, Economic Development Director; Aaron Christianson, Finance Director; Ann Hoechst, Housing Assistance and Administrative Services Director; Ashley Engh, Finance Assistant Director; Becky Nelson, Senior Accountant, Kathryn Paulson, Project Manager II; Dana Slimmer, Homeowner Specialist; Sharron Perry, Earning Power Coordinator; and Anne Cohoon, Administrative Assistant. Guests present; Bruce Saylor, Principle - Community and Economic Development at Connexus Energy.

ROLL CALL

Commissioners Present: Dingle, Miron, Widen, Ryan, Belisle and Green.

Commissioner Absent: Zeller

OPEN FORUM

None

CONSENT CALENDAR

Consent Calendar agenda items are generally defined as items of routine business, not requiring discussion, and approved in one vote. Commissioners may elect to pull a Consent Calendar item(s) for discussion and/or separate action.

Minutes of Regular Meeting
June 18, 2019

Abstract of Bills June 2019
Total \$ 1,320,685.42

**Commissioner Miron moved to approve the Consent Calendar, seconded by Commissioner Dingle.
Motion Carried 6-0.**

Commissioner Zeller arrived at 3:02.

PRESENTATION

P-1 Minnesota Technology Corridor
Chris Eng, Economic Development Director and Bruce Saylor, Connexus Energy

Mr. Eng and Bruce Saylor presented an overview of the Minnesota Technology Corridor. Mr. Eng shared that the website is live (www.mntechcorridor.com), and the Star Tribune ran an article about the new collaboration. Mr. Saylor stated that Connexus Energy has received requests for information on projects for high fiber access, energy capacity and flat land. Mr. Saylor said after analysis, Connexus found that the 35E corridor met the needs for these companies. Mr. Saylor said that the collaboration is currently between Washington and Anoka counties, and the cities of Centerville, Columbus, Forest Lake, Hugo and Lino Lakes. This collaboration has been meeting for the past eight to ten months and have brought in Xcel Energy, Zayo Fiber, Arvig, CenturyLink, Comcast, Great River Energy, Midco and Parallel Technologies. Mr. Saylor added that the focus and goal for this effort is to aggressively promote this region to a national and international audience. Mr. Saylor said they are looking to promote to tech companies, data centers, call centers, engineering firms, or others that require high energy, high bandwidth, workforce talent and a proximity to MSP airport. Mr. Saylor shared the concept video with the Commissioners. Mr. Eng added that the official launch of The Corridor will be held at Running Aces from 2:00 to 3:00 pm on August 1st and Congressman Tom Emmer will be in attendance.

Commissioner Ryan asked about the Control Data site and if it has become antiquated. Mr. Eng replied that most data storage is now in the cloud.

Commissioner Zeller asked if there would be a need for rail access in this project. Mr. Eng stated that the rail stops in Hugo. Commissioner Zeller wondered if the promoting materials should scale back the rural look just a bit for the companies that are from large metropolitan areas.

Commissioner Miron stated that the promotion video looked balanced to him and showed the open acreage for development for these companies. Commissioner Zeller offered that adding some video of finished parks and shovel ready portions may help. Commissioner Dingle added that there is a lot of home building going on in these areas and knowledge of that may benefit young tech families.

Commissioner Widen asked how the property is being acquired or how the property owners are being informed. Mr. Eng stated that the City of Forest Lake owns 123 acres and that the city is looking at doing a shovel ready assessment to find out what it needs to be ready to go. Mr. Eng added that there is a privately-owned site in Hugo and that the owner is interested in exploring options. Mr. Saylor added that on the Anoka County side there are private owners in Lino Lakes and Columbus that are interested in selling their properties and the Centerville site is city owned.

Commissioner Green asked about protecting these sites from terrorism and how that works with promotion of these sites. Mr. Eng said that they will leave it up to the businesses on how they would like to be recognized or not and would respect those decisions. Mr. Eng added that once a well-known Tech business moves here, everyone will know about it.

Commissioner Belisle wondered why Google chose the Becker site. Mr. Saylor said that Xcel shut down the coal fire plant and Becker was trying to retain employment in the area. Commissioner Belisle asked if there have been any discussions with data center operators about what they think of the spots in the presentation. Mr. Saylor said that MN Technology Corridor project is under some NDA's and so he cannot discuss much but said that this area is considered a Tier 1 data center site.

P-2 Earning Power Program
Sharron Perry, Rental Assistance Specialist

Ms. Perry explained that the Earning Power Program, formerly known as Family Self-Sufficiency Program, is a voluntary 5-year program that includes an escrow component and setting goals to obtain self-sufficiency. Ms. Perry added that this program is only open to Housing Choice Voucher participants and Public Housing residents. Ms. Perry explained how the escrow works and said that the family can withdraw from the account, once per year, in order to meet a need that is in line with the goals that were set previously.

Commissioner Belisle asked about the typical withdrawals. Ms. Perry explained that the money can be used to get a higher education, purchase a car, childcare expenses, owning a home, paying off debt or any other need that is individual to the person and in-line with their goals. Commissioner Belisle asked if the withdrawals require the Coordinator's approval. Ms. Perry affirmed his statement.

Ms. Perry explained that the participants must complete certain goals in order to graduate and receive the escrow benefit. Commissioner Ryan asked how many participants are in the program. Ms. Perry stated she has 24 people on the program currently. The program usually has 25 to 30 people participating. Commissioner Ryan asked about the graduation rate. Ms. Perry answered the graduation rate is roughly 68%. Ms. Perry added that out of her 24 participants, 21 are currently earning an escrow. Commissioner Ryan asked if a participant fails to meet their goals would they get a second chance. Ms. Perry added that after a participant has been on the program for 5 years and has not accrued an escrow, she may consider having them join the program again depending on if there is a waiting list for the program and any actions they have taken to demonstrate that they are ready for the program now.

Commissioner Green complimented Ms. Perry on the program and wondered how long the program has been around and how big the potential pool of participants is. Ms. Perry stated that only persons in the Housing Choice Voucher and Public Housing programs are eligible.

Commissioner Belisle asked about the size of the pool of participants. Ms. Taphorn stated that Public Housing has 105 units and Ms. Hoechst stated there are 440 families in Housing Choice Voucher.

NEW BUSINESS

No new business this session.

DISCUSSION

D-1 Draft 2020 Budget

Ms. Dacy introduced an overview of the Draft 2020 budget. Ms. Dacy added that after Mr. Christianson presents the overview, she would like to provide the Board an update on an issue that may affect the budget regarding complaints on window washing at Cobble Hill.

Mr. Christianson presented the 2020 Budget overview in the following categories: Economic Development is \$638,500; CDA Properties is \$11,858,000; Community Development is \$2,803,000; Housing Assistance is \$5,016,000; and the General Fund is \$1,794,000. Mr. Christianson explained that the total revenues for 2020 are expected to be \$23,127,852, which is up 3.3%. The total expenses are expected to be \$22,398,052, which is down 1.8%. The net impact on cash is \$1,018,878. Mr. Christianson explained the Revenues as Rental Income, at \$8.9 million; Grant Revenue, at \$6.8 million; Other Revenue, at \$2.1 million; and the Levy at \$5,419,977. Mr. Christianson explained the Levy in detail and how it compared to 2019. There is a 3.6% increase for 2020 Levy which mirrors the increase in salary and benefits.

Commissioner Green wondered if his property tax statement will show a 3.6% increase. Mr. Christianson said the impact has not been calculated. Commissioner Belisle stated the tax base has increased, so it may not show much of an increase on personal property taxes. Ms. Dacy said that Washington County is still determining what the tax rate in general is going to be, so we can accurately estimate the impact on personal property taxes soon. Ms. Dacy added that she believes for a \$270,000 home that the CDA gets about \$37 per year, so adding 3.6% to that is very affordable for the value that the CDA offers.

Commissioner Belisle asked for clarification on the revenue being up quite a bit mostly due interest income. Mr. Christianson said that the CDA was able to lock in some higher interest rates on investments and some of those matured in early 2019. Mr. Christianson explained that the interest rates are now in the low 2% range as opposed to 2.5 to 2.7.

Mr. Christianson continued with the budget overview stating that 90% of the CDA's budget gets invested back into Washington County communities. Mr. Christianson spoke about the two primary reserves that the CDA has which are Operating and Long-Term Capital. Mr. Christianson said the minimum Operating Reserve that the CDA can hold is \$2.4 million and is estimated at \$7.5 million. The minimum Long-Term Capital Reserve should be \$3 to 8 million. The CDA is trying to add to the Long-Term Capital Reserve every year through the Levy and property contributions. Mr. Christianson stated that there is \$804,000 in Trust that is not accessible. Mr. Christianson stated that the Long-Term Capital Reserve that is available is \$3.8 million, the Long-Term Capital Reserve & Trust and HUD is \$1.9 million.

Commissioner Belisle clarified that Briar Pond has \$1.6 million of the \$1.9 million specifically and that the CDA would need permission to use it from HUD. Mr. Christianson affirmed that and added that the remaining \$300,000 relates to the Bonds in Capital Reserves and is not accessible.

Mr. Christianson continued that the Restricted Reserves and Debt Service Reserves are not readily accessible. Mr. Christianson added that the Committed Reserves is at \$4 million, of which \$2.4 million

has been committed to The Glen and the remaining is committed to The GROW Program. Mr. Christianson explained that the CDA's policy is to have a target of \$9 to 18 million dollars in Unrestricted Reserves, which is the Operating Reserves plus the Committed Reserves. The CDA has \$11.5 million in the Unrestricted Reserves.

Commissioner Ryan asked what would happen if the CDA's Unrestricted Reserves balance was closer to \$17 million. Mr. Christianson stated that the point of the Reserve is to fund a one-time expenditure though if the Reserve was higher the CDA could then fund their own projects instead of using a bank and in-turn save money.

Mr. Christianson continued by stating the impact of the Strategic Initiatives is creating tax value, job creation, Serving Our Seniors and Caring for Our Children. Mr. Christianson said that the next step would be to take this budget presentation to the Washington County Board workshop on August 13, 2019. After that workshop, Mr. Christianson would bring a Resolution to the next Board Meeting to approve the Levy as presented and approve the rent increase as well.

Commissioner Green asked about having a 3 – 5% target to be able to invest in technology and new facilities. Mr. Christianson answered that he would be happy with a balanced budget and explained that the CDA is not building in a set amount of profit. Commissioner Green added that profit would enable the CDA to feed the Reserves. Mr. Christianson said that the profit that is generated from the properties drives the next year's budget. Commissioner Green said that there are some programs that do not cover their expenses. Mr. Christianson added that in those cases the Levy would bridge the difference. Commissioner Green then asked about the CDA impact and if we are serving the same number of people on the budget or increasing capacity. Mr. Christianson stated that every new building we put in creates capacity as well as every new voucher and grant program.

Ms. Dacy presented an overview of an issue that was received from Commissioner Weik regarding a conversation with a tenant from Cobble Hill and the issue of window washing came up. Currently, the inside of windows in the apartments are cleaned at turnover and those in the common areas are cleaned as needed. There is not a process in place for cleaning the exterior windows. Ms. Dacy conducted a brief survey around the Metro area and summarized the findings. Ms. Dacy asked for more time to discuss potential processes for annual maintenance, window washing and/or other maintenance issues. Ms. Dacy stated there is a meeting with property management scheduled on July 18, 2019 to have a broader discussion and come back with recommendations. Ms. Dacy believes that an annual program of washing windows is too strong, a rotation of properties may be more appropriate.

Commissioner Miron asked Ms. Dacy if she would be presenting this analysis at the County Board Meeting when the Budget is presented. Ms. Dacy did not think that it would be ready for that meeting. Commissioner Miron then asked if it has been noticed if the cleanliness of windows has to do with certain locations and that environment. Ms. Dacy mentioned that there has been a lot of construction in the area of Trailside.

Commissioner Green asked for clarification on the CDA's existing policy being that the windows have not been cleaned. Ms. Dacy confirmed that the CDA does not clean the exterior windows and that the interior is done at unit turnovers. Commissioner Green then asked if the windows in a market rate apartment complex would get cleaned on a schedule. Ms. Dacy stated that one of the survey respondents was Dominion and they wash the windows every other year and added that they also have higher rents.

Commissioner Ryan commented that he has lived at Briar Pond for the past two years and his bedroom window has debris that the rain doesn't seem to wash off. Commissioner Ryan stated that the window can pop out and be cleaned rather easily.

Commissioner Belisle suggested the CDA be a facilitator between tenants and an exterior window washing company where the tenants can sign up and pay if they would like their windows washed while the properties are having the common areas done.

D-2 Proposed Housing Choice Voucher Administrative Plan Changes

Ms. Hoechst stated that the Shelter Plus Care Program, that is funded by HUD, is looking at a budget deficit for the 2019-2020 fiscal year that began July 1st. Ms. Hoechst explained the Shelter Plus Program in more detail to the Board including the expected deficit. Ms. Hoechst explained that some participants may lose their housing assistance because of the deficit. Ms. Hoechst introduced a change to the Housing Choice Voucher (HCV) Administrative Plan that would allow the CDA to transfer persons in CDA programs who are losing their rental assistance due to a budget deficit to be added to the HCV waiting list.

Commissioner Belisle asked about the anticipated budget deficit. Ms. Hoechst projected a deficit of \$9,000 to \$11,000. Ms. Hoechst added that the Housing Assistance team is being proactive in finding ways to keep all participants. A Public Hearing in August would be held to adopt this change to the HCV Administrative Plan.

Commissioner Belisle asked where the 26 units are located for the Shelter Plus Care Program. Ms. Hoechst said that those units are scattered throughout Washington County.

REPORTS

COMMUNITY DEVELOPMENT DEPARTMENT

Ms. Taphorn called attention to two parts of her written report. She recapped a summary of the resident meetings held last week regarding the Public Housing conversion plan. Residents were in favor of the plan. One comment was to hold the flat rent at the same rate at Whispering Pines. Ms. Taphorn also brought attention to the interior remodel at Cobble Hill apartments.

Commissioner Belisle asked if the Housing Choice Voucher would allow the tenant to move anywhere. Ms. Taphorn said they can.

ECONOMIC DEVELOPMENT

Mr. Eng stated there is nothing to add and would take any questions. No questions were raised.

FINANCE AND PROPERTY MANAGEMENT

Mr. Christianson gave his report on the REAC inspections at Raymie Johnson and Briar Pond. Raymie Johnson received a score of 80-C, with the next inspection expected in 2021. The last time Raymie was inspected was in 2014 with a score of 99-B. Mr. Christianson explained the scoring system and the issues that were presented. Briar Pond received a score of 91-C, with the next inspection expected in 2022. The last inspection at Briar Pond was in 2017 with a score of 87-B.

Commissioner Ryan asked about the scoring and how it correlates to years between inspections.

Commissioner Belisle asked if we know ahead of time about the inspections so we can do our own inspections first. Mr. Christianson said yes, though it may only be 14days' notice.

RENTAL ASSISTANCE

Ms. Hoechst stated that there have recently been items in the news regarding persons in housing programs that do not have legal status in the United States. Ms. Hoechst pointed out the item in her report regarding how the rent for these families are calculated in the program and how that would change if HUD adopted new rules. Ms. Hoechst stated that there are only two families in the Housing Choice Voucher program and Public Housing that may be affected by this rule change.

EXECUTIVE DIRECTOR

Ms. Dacy told the Board that she has been invited to speak on a panel hosted by the St. Croix Family Resource Organization being held at First Presbyterian in Stillwater on August 8th at 6:30. The topic is Affordable Housing in Washington County. Ms. Dacy will not be present at the next CDA Board Meeting and Ms. Taphorn will be in her place.

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Commissioner Belisle asked if Ms. Dacy would send out the information regarding the Panel on August 8th.

BOARD COMMENTS

**Commissioner Zeller moved to adjourn; seconded by Commissioner Widen.
Motion carried 7-0.**

Meeting adjourned at 4:37 p.m.

Chair/Vice Chair Commissioner