

SCOTT COUNTY COMMUNITY DEVELOPMENT AGENCY

323 South Naumkeag Street, Shakopee, MN 55379

Phone: (952) 402-9022 | Fax: (952) 496-2852

**BOARD OF COMMISSIONERS
MINUTES - REGULAR MEETING
August 8, 2023**

(1) CALL TO ORDER at 1:58 p.m. & PLEDGE

(2) ROLL CALL

Commissioners present: District I, DeAnn Croatt
District II, Terri Gulstad
District III, Dale Gade
District IV, Michelle Choudek
District V, Barry Stock

Staff present: Julie Siegert, Executive Director
Adam Johnson, Finance Director
Molly Link, Housing Director
Jo Foust, Business & Community Development Director
Linda Janovsky, Recording Secretary

Others present: Jody Brennan, Scott County Commissioner

(3) PUBLIC PARTICIPATION

No one from the public was in attendance.

(4) MINUTES SUBMITTED FOR APPROVAL & AGENDA ACTIONS

4.1) CDA Regular Meeting – July 11, 2023

Commissioner Gulstad made a motion to approve the minutes of July 11.
Commissioner Choudek seconded the motion. Unanimous voice vote followed. Motion carried.

4.1) Agenda Modifications

None requested.

4.2) Consent Agenda (6.1, 6.11, 6.12, 6.3, 6.31, 6.4, 6.5.1)

Commissioner Stock made a motion to approve the consent agenda.
Commissioner Choudek seconded the motion. Unanimous voice vote followed. Motion carried.

(5) FINANCIAL REPORT

5.1) Payment of Bills for July \$1,026,494.49

Commissioner Gulstad made a motion to approve the bills. Commissioner Croatt seconded the motion. Unanimous roll call vote followed. Motion carried.

5.2) Development Budget Reports – 2nd Quarter 2023

Andrew Melton and Camille Ritter were in attendance from Great Lakes Management. Mr. Melton and Ms. Ritter went over the financials for each building. Occupancy remains strong across all buildings. They also went over building maintenance and rehab projects. Residents rated the buildings very favorably in the yearly survey. Mr. Melton and Ms. Ritter answered Commissioners' questions. Commissioner Stock made a motion to accept the reports. Commissioner Gade seconded the motion. Unanimous voice vote followed. Motion carried.

5.3) Development Budget Reports – FY2024 Operating Budgets

Mr. Melton stated that a 5% rent increase with a 3% vacancy loss has been budgeted, still keeping the properties very affordable. He also commented that there is an expectation of a Social Security cost of living increase in 2024. Mr. Melton stated that Net Operating Income (NOI) for River City Centre is \$401,496 (decrease from last year because of needed projects); The Hamilton \$418,728; Phillip Square \$330,850; Northridge Court \$490,475; Glendale Place \$571,931; Market Village \$388,951; Brentwood Court Housing \$344,418; The Henderson \$404,018; and Brentwood Terrace \$364,074 (decrease from last year because of fire/life/safety projects). Mr. Melton and Ms. Ritter went over the projects to be completed at each property in 2024 and discussion ensued about taking funds from reserves, surplus or capitalizing projects. Mr. Melton and Ms. Ritter answered Commissioners questions.

5.31) River City Centre, Shakopee

RESOLUTION NO. 15-23: ADOPTING FY2023 OPERATING BUDGET FOR RIVER CITY CENTRE

Commissioner Choudek made a motion to approve Resolution 15-23. Commissioner Gade seconded the motion. Unanimous roll call vote followed.

5.32) The Hamilton, Savage

RESOLUTION NO. 16-23: ADOPTING FY2024 OPERATING BUDGET FOR THE HAMILTON

Commissioner Choudek made a motion to approve Resolution 16-23. Commissioner Gade seconded the motion. Unanimous roll call vote followed.

5.33) Philipp Square, New Prague

RESOLUTION NO. 17-23: ADOPTING FY2024 OPERATING BUDGET FOR PHILIPP SQUARE

Commissioner Choudek made a motion to approve Resolution 17-23. Commissioner Gade seconded the motion. Unanimous roll call vote followed.

5.34) Northridge Court, Shakopee

RESOLUTION NO. 18-23: ADOPTING FY2024 OPERATING BUDGET FOR NORTHRIDGE COURT

Commissioner Choudek made a motion to approve Resolution 18-23. Commissioner Gade seconded the motion. Unanimous roll call vote followed.

5.35) Glendale Place, Savage

RESOLUTION NO. 19-23: ADOPTING FY2024 OPERATING BUDGET FOR GLENDALE PLACE

Commissioner Choudek made a motion to approve Resolution 19-23. Commissioner Gade seconded the motion. Unanimous roll call vote followed.

5.36) Market Village, Elko New Market

RESOLUTION NO. 20-23: ADOPTING FY2024 OPERATING BUDGET FOR MARKET VILLAGE

Commissioner Choudek made a motion to approve Resolution 20-23. Commissioner Gade seconded the motion. Unanimous roll call vote followed.

5.37) Brentwood Court, Jordan Residential

RESOLUTION NO. 21-23: ADOPTING FY2024 OPERATING BUDGET FOR BRENTWOOD COURT

Commissioner Choudek made a motion to approve Resolution 21-23. Commissioner Gade seconded the motion. Unanimous roll call vote followed.

5.38) Brentwood Court, Jordan Clinic and Pharmacy

RESOLUTION NO. 22-23: ADOPTING FY2024 OPERATING BUDGET FOR JORDAN CLINIC AND PHARMACY

Commissioner Choudek made a motion to approve Resolution 22-23. Commissioner Gade seconded the motion. Unanimous roll call vote followed.

5.39) The Henderson, Shakopee

RESOLUTION NO. 23-23: ADOPTING FY2024 OPERATING BUDGET FOR The Henderson

Commissioner Choudek made a motion to approve Resolution 23-23. Commissioner Gade seconded the motion. Unanimous roll call vote followed.

5.40) Brentwood Terrace, Jordan

RESOLUTION NO. 24-23: ADOPTING FY2024 OPERATING BUDGET FOR The BRENTWOOD TERRACE

Commissioner Choudek made a motion to approve Resolution 24-23. Commissioner Gade seconded the motion. Unanimous roll call vote followed.

5.41) Operating and Capitalized Projects

No discussion.

5.5) FY2023 – 2nd Quarter Agency Budget Summary

Finance Director Johnson indicated that there were no significant changes from the first quarter and provided an overview of his narrative report and indicated that he will note when items have larger variances. Balance sheets were not yet available from the new software. Finance Director Johnson answered Commissioners' questions as they arose. Commissioner Gulstad made a motion to approve the report. Commissioner Stock seconded it. Unanimous roll call vote followed. Motion carried.

5.6) RESOLUTION NO. 25-23: AUTHORIZING 2024 GENERAL ADMINISTRATIVE OPERATING BUDGET AND 2024 (PAYABLE) SPECIAL BENEFITS TAX LEVY OF SCOTT COUNTY COMMUNITY DEVELOPMENT AGENCY AND CERTIFYING LEVY TO SCOTT COUNTY BOARD

Executive Director Siegert provided a memo to Commissioners before the meeting to provide a recommendation to table the budget. This memo is on file with the CDA upon request.

Executive Director Siegert provided the Board with a high level presentation on the budgeting process including the Agency's Mission, Vision and Values and the six strategic goals that were adopted. The budget was based on these strategic goals. One goal is to increase housing across the lifecycle. This is done through physical units and rental subsidies. Specifically, there is a lot of investment in this year's budget to increase housing capacity. Lack of supply drives up costs, decreases vacancy--and the people who really aren't able to compete in that environment are the people that we serve. They can't access security deposits/first month rent, or downpayments. We are meeting this goal with another senior building. We will also increase capacity through landlord engagement, and to help renters through instability prevention. We are increasing the Community Land Trust. Savage has reached out and wants to participate with ARPA funds working on parcel assembly for development. We did receive additional housing vouchers, and lastly Maxfield Research's housing study indicated Scott County needs 724

workforce housing units in the next few years. Housing stability services focus on prevention and mortgage readiness to have successful exits off our subsidized programs.

For the Economic Development strategic goals, there are 5 areas across economic development. The CFE Program has generated 38 full time jobs with average wage of \$80,000. Business & Community Development Director Foust said there is potential to add maker space (have 3D printing, laser engraving, silk screening) on first level for businesses to make prototypes without having to own their equipment, and also adding a commercial kitchen, which could help commercial food trucks. Business Retention and Expansion (BRE) looks at economic development across business lifecycle. She stated they are also working to create more development and training for businesses, and has expanded marketing outreach.

Executive Director Siegert stated that next year is the agency's 50 anniversary so we will use it as opportunity to make sure the community knows who we are and what services we provide. An improvement to organizational capacity in 2023 moved the homeownership program under Business & Community Development, hiring a fulltime Community Development Manager. This will create the link between living and working in Scott County.

Housing Director Link talked about adding positions that would benefit the agency including a new Maintenance Technician that could take on some of the contracted services such as painting, or snow plowing and help prepare us for additional growth. The new software system has a lot of functionality that we can use to track inventory, standardize parts, track assets, and this will save costs and make efficiencies. In addition, a Housing Specialist has been added to the budget to accomplish the following: design a renter education/mortgage –pre-homeownership readiness program, better capacity for compliance, and providing resources so people can maintain stability in their homes. The goal of our residents' is to move out of our units and into market rate or homeownership. This person will help streamline activities and allow more capacity in other areas, i.e., landlord outreach.

Executive Director Siegert stated that when looking at the budget the focus has traditionally been on the local tax levy. It is a \$23M budget and 50% of our revenue is from rental income, our largest source of income. The 55+ was developed to create affordable market rate for seniors. Our rents are now below subsidized rates because of our historically low increases in rent. For our other programs, the rent increases are borne by the federal or state agencies, not clients.

The Housing Choice Voucher (Section 8) program is our largest program and serves 750 families across the county. It has been a historic year for increases in state funding. We have seen an increase in Housing Trust Fund vouchers which will be talked about later. Business & Community Development Director Foust is applying for partnership grant for Deed.

Executive Director Siegert presented a slide on the increase of the levy historically. 2024 levy investments are creating movement across housing continuum which increases supply of housing for seniors, homeowners, workforce housing families in terms of physical units, and facilitates all the economic development programs that fall under the Business & Community Development Department. 7 staff are fully funded by levy, 10 additional who are in the office cost center then get billed across programs. The bottom line is that Levy investments provide upward mobility for our clients to move out of subsidy programs or attain homeownership.

The formula is tied to taxable market value. Increases or decreases are based on market changes. This year, on average, this means an increase per household of just under \$9. The tax rate of 1.593 is an increase of .208% compared to last year. The County looks at tax rate when looking at their budget. Commissioner Brennan said they are looking at a tax increase of about 3%.

Finance Director Johnson went over the breakdown of staffing coverage and then walked through the budget summary for all the properties and programs and highlighted items that were noteworthy. He explained how combining the Business & Community Development Departments effects the general fund. Grant funds are shown for the community land trust program, HCV shows a large loss which is covered by Project Based Vouchers including the newly converted Prior Manor. Bridges shows the increase of vouchers we were awarded. The office is showing that we are setting up capital allocation for new office. The Family Self Sufficiency program will be sunsetted, so no additional funds were requested for that. Britland and Belle Haven losses need to be covered with new methodology moving forward to better balance write off across programs that do not support themselves.

Finance Director Johnson Indicated what the general fund levy is shown to cover, the first 5 items are operating expenses so everything else relates to projects, with discussions on what amounts should be allocated. Commissioner Stock asked about funds that were allocated previously and what happens if they were not fully expended. Finance Director Johnson indicated that we set the amounts for the 2024 budget for what we expect to spend in 2024.

Discussion ensued about if the levy stays the same like Counties and Cities, but for the CDA it is based on taxable market value times the formula. It can decrease, for example during the recession when property values went down. The full levy ask would mean an additional \$850,000. Finance Director Johnson answered Commissioner questions.

Executive Director Siegert stated that investment in affordable housing takes time to assemble property to make it work and we need to save for future projects as well, i.e, it can take a few years to build the reserves to build a new 55+, and our existing 55+ buildings are getting older which create added expense.

Executive Director Siegert indicated that there was a meeting with the Finance Committee. Commissioner Gade had some follow up questions and met with the Executive and Finance Directors. Commissioner Gade explained do we need to ask taxpayers to pay the max now when expenses are getting higher? He did not feel comfortable with that ask—some options to lower could be lower the reserves for office, or reduction in some other projects to slowly grow into a bigger budget. He stated a willingness to put up modest increase based on a certain percentage, but doesn't want to ask for the max. He is ok with voting today or tabling.

Executive Director Siegert stated that the suggestion to table the budget was for the Finance Committee to reassess information and also because there is a County Board Workshop on the CDA Budget on September 5. Commissioner Stock stated there is value in tabling to get an idea of what the County thinks after the presentation to ensure common goals are being met. Commissioner Gulstad stated that the memo provided much good information to justify our request. Finance Director Johnson added that the reason to request the full levy is because we are spending money to do projects so reserves will be much less in the coming years.

Commissioner Stock make motion to table the budget. Commissioner Gulstad seconded. Unanimous voice vote followed.

(6) OLD BUSINESS

6.1)* Affordable Housing Programs

6.11)* Affordable Housing Occupancy Report

6.12)* Housing Choice Voucher Utilization Report

6.13) RESOLUTION NO. 26-23: AUTHORIZATION TO ENTER INTO A GRANT AGREEMENT WITH MINNESOTA HOUSING FINANCE AGENCY FOR HOUSING TRUST FUND RENTAL ASSISTANCE PROGRAM AND EXECUTION OF GRANT DOCUMENTS

Commissioner Stock made a motion to approve Resolution No. 26-23. Commissioner Choudek seconded the motion. Unanimous roll call vote followed. Motion carried.

6.2) Liaison Report – Scott County Commissioner

Commissioner Brennan indicated that county budget meetings continue. She had a great tour of the CFE.

6.3)* Business and Community Development

6.31)* Homeownership Programs Report

6.4)* River City Centre Retail Master Lease

6.5) SC-CDA Development Activities

6.5.1)* Scott County Community Land Trust

6.5.2) 505 Holmes Street, Central School Site

Executive Director Siegert indicated that some of management team met with three architects and recommends contracting UrbanWorks Architecture to provide the architectural and engineering services for the Office and 55+ building. A tentative project schedule is attached. Commissioner Gulstad made a motion to approve the proposal. Commissioner Gade seconded the motion. Unanimous roll call vote followed. Motion carried.

6.5.3) Savage American Rescue Plan Act funding

Executive Director Siegert updated that we are budgeting funds to be able to leverage ARPA funds from Savage. Savage has provided an MOU which is under review.

(7) EXECUTIVE DIRECTOR REPORT

7.1) Informational Report

Nothing to report.

(8) NEW BUSINESS

8.1) Agency Annual Plan – Public Notice Period and Hearing

Commissioner Stock made a motion to hold the Public Hearing at the time of the October 10, 2023, Board Meeting. Commissioner Gade seconded the motion. Unanimous voice vote followed. Motion carried.

(9) SET NEXT MEETING DATE, TIME AND PLACE

Executive Director Siegert thanked Board for attending Joint Workshop. Commissioner Stock has joined the working group.

- | | | |
|------|---------------------------|----------------------|
| 9.1) | CDA Regular Meeting | September 12, 2023 |
| 9.2) | COUNTY BOARD WORKSHOP | September 5 (staff) |
| 9.3) | COUNTY BOARD PRESENTATION | September 19 (staff) |
| 9.4) | SPECIAL Meeting | as needed |

(10) ADJOURN

Commissioner Choudek made a motion to adjourn at 4:06 p.m. Commissioner Gade seconded the motion. Unanimous voice vote followed. Motion carried.


DeAnn Croatt, Chair




Terri Gulstad, Secretary


Recording Secretary

9/12/23
Date

SCOTT COUNTY COMMUNITY DEVELOPMENT AGENCY

323 South Naumkeag Street, Shakopee, MN 55379

Phone: (952) 402-9022 | Fax: (952) 496-2852

**BOARD OF COMMISSIONERS
MINUTES - REGULAR MEETING
August 8, 2023**

(1) CALL TO ORDER at 1:58 p.m. & PLEDGE

(2) ROLL CALL

Commissioners present: District I, DeAnn Croatt
District II, Terri Gulstad
District III, Dale Gade
District IV, Michelle Choudek
District V, Barry Stock

Staff present: Julie Siegert, Executive Director
Adam Johnson, Finance Director
Molly Link, Housing Director
Jo Foust, Business & Community Development Director
Linda Janovsky, Recording Secretary

Others present: Jody Brennan, Scott County Commissioner

(3) PUBLIC PARTICIPATION

No one from the public was in attendance.

(4) MINUTES SUBMITTED FOR APPROVAL & AGENDA ACTIONS

4.1) CDA Regular Meeting – July 11, 2023

Commissioner Gulstad made a motion to approve the minutes of July 11.
Commissioner Choudek seconded the motion. Unanimous voice vote followed. Motion carried.

4.1) Agenda Modifications

None requested.

4.2) Consent Agenda (6.1, 6.11, 6.12, 6.3, 6.31, 6.4, 6.5.1)

Commissioner Stock made a motion to approve the consent agenda.
Commissioner Choudek seconded the motion. Unanimous voice vote followed. Motion carried.