

**MINNETONKA ECONOMIC DEVELOPMENT AUTHORITY  
MEETING MINUTES**

**OCTOBER 22, 2008**

**1. CALL TO ORDER**

EDA President Peter St. Peter called the meeting to order at 6:00 p.m.

**2. ROLL CALL**

EDA commissioners present: Peter St. Peter, Tony Wagner, Ellen Weishar Cousins, Brad Wiersum, and Bill Yaeger.

EDA commissioners absent: Dan Duffy and Bunny Robinson.

Staff Present: Julie Wischnack, Elise Durbin, Stephanie Scott-Sims, and Merrill King.

**3. APPROVE MINUTES OF SEPTEMBER 8, 2008 AND SEPTEMBER 29, 2008**

Yaeger moved, Wiersum seconded a motion to approve the September 8, 2008 meeting minutes. St. Peter, Weishar Cousins, Yaeger, and Wiersum voted yes. Wagner abstained. Duffy and Robinson were absent. Motion passed.

Yaeger moved, Wiersum seconded a motion to approve the September 29, 2008 meeting minutes. St. Peter, Weishar Cousins, Yaeger, and Wiersum voted yes. Wagner abstained. Duffy and Robinson were absent. Motion passed.

Duffy joined the meeting.

**4. CDBG FUNDING**

Wischnack provided an overview of non-profit funding. The community development block grant (CDBG) was created by HUD in 1974. Up until 2005, Minnetonka applied for funds from a Hennepin County with 11 other communities. Each community would apply for those funds. The city now applies for funds directly from HUD.

Durbin explained how the CDBG funds have been used for the previous four years. Up to 15 percent of the total funds may be allocated for public service funds. Since 2005, the total allocation has decreased due to the federal government decreasing the entire federal CDBG budget.

Wischnack reviewed the city's policy created in July 2008 in support of non-profit agencies. It was created with the goal to make sure that all human-related services are reviewed objectively. Issuance of funds depends on community wide benefit, access to funding, and cost effectiveness of the service.

Wagner asked if there is overlap between services paid for by the city's budget and services provided with CDBG funds. Wischnack responded that reallocation of budgets depending on the type of organization and what types of services are provided have been completed. For example, Sojourner funds are provided through the police department budget since Sojourner acts as a support service for the police department. Mediation services are included in the community development budget since property owners use the service most often.

Wagner asked why there is an additional \$18,000 available. Durbin explained some funds are in need of reprogramming. The \$18,000 was to be used to support a sliding-fee daycare service, but action by Hennepin County ended up changing their program and has since been funding daycare related services at the full amount; therefore, the sliding fee daycare service is no longer needed. The city has three years worth of funds to reallocate.

Duffy asked if staff knew the city's allocation from HUD for 2009. Durbin stated that the city will receive notification after January 1, 2009. What is happening in congress will provide a general idea. Duffy commented that it may be expected that the amount will decrease since it has been decreasing each year since 2005.

Wischnack clarified that the economic development authority will give a recommendation to the city council, who will make the final decision.

Lisa Stordahl, Director of Community Giving at Treehouse, described the Minnetonka youth who benefit from the program. She gave an example of one youth who had no direction in their life prior to coming to Treehouse. That youth went in and out of treatment for suicide attempts, but felt that they had no one to talk to and had no reason to be alive. The youth's parents tried to help, but they pushed them away. The youth was invited to Treehouse by a friend and it changed their life. Treehouse has been serving teens since 1986 and works in partnership with school counselors. The Minnetonka Treehouse staff conduct support groups on school grounds. Treehouse staff go to the schools during lunch and speak to the kids who are eating alone and invite them to their program. In 2008 so far, 189 youths have utilized the service. Of those youths, 65 percent receive free or reduced lunch, 62 percent are of ethnicity, and 53 have single-parent households. Stordahl said she was hired to work with business people to raise money to fund more community service project trips.

Wagner asked her to compare and contrast the services provided by Treehouse with other agencies. Stordahl stated that the program mentors on a one-on-one

basis. Most teens have a cell phone and will call. The program provides counseling for teens and parents individually and together.

St. Peter noted that the program did not receive CDBG funds last year. Stordahl said they applied for funds, but were told that the same organizations receive the funds each year and there were no additional funds available.

St. Peter asked if all three school districts in Minnetonka are provided service. Stordahl stated that Wayzata has a Treehouse program that started last fall. Pick-up spots are provided in certain areas, but most of the youth come from the Minnetonka School District.

Yaeger asked what activities youth do at Treehouse. Stordahl responded that Thursday night activities relate around one topic, such as responsibility for actions. Field trips are provided and include fishing, Valley Fair, white-water rafting, various retreats, and community service.

Duffy asked where the agency received its funds. He noted the \$3.5 million budget. Stordahl stated that most donors are individuals. Treehouse staff is now targeting groups and corporations specific to the community.

Wiersum wanted information on the outreach program. Stordahl said that 70 percent of the youth visit because of word of mouth from friends. By having counselors visit kids in schools during lunch and referrals from school counselors also makes the program known. She is meeting with the sheriff's department next week to inform them of the program.

Judy Elling of the Hopkins Minnetonka Family Resource Center described the center's jurisdiction. It includes Minnetonka, Hopkins, Deephaven, Woodland, Greenwood, Excelsior, and Shorewood. Its main purpose is to provide information and referral that coordinates services with other agencies. It also provides one-on-one counseling to refer the person to proper services and family follow-up. It provides all of the referrals in one place. The agency also has programs to provide people in need of school supplies, winter warm wear, and toy chest. Hennepin County economic assistance workers visit once a week and counseling is available two hours a week to provide services to clients. A new program will make computers available to the public.

Wiersum asked if the agency acts as an advocate or more to share information. Elling described their relationship with ICA, but for other organizations it depends on their rules.

Duffy asked what she predicted for the 2009 budget. Elling estimated slightly over \$200,000.

Yaeger asked who they partner with. Elling stated that they partner with Hopkins and Minnetonka school districts, the cities of Minnetonka and Hopkins, ICA, CAPSH, and dental services for children.

St. Peter suggested including service counts in the report since the city council uses it in the evaluation process. Elling described problems with their database, and that better counts will be kept from now on.

Weishar Cousins noticed that 80 percent of the budget was for administration costs. Elling explained that the budget covers supplies and staff. Donations are received and given out without overhead costs.

Janet Lindbo of the West Hennepin Affordable Housing Land Trust was seeking a grant in an effort to provide the opportunity of home ownership for those who meet affordable housing guidelines. Additional funds will match the city's funds. To date, 33 affordable homes are located in the City of Minnetonka, over the last 7 years, 32 families have been assisted. One more will be helped by the end of November.

Wagner asked how the program has \$30,000 in administration costs for a \$250,000 request. Lindbo explained that administration costs are tied to performance. If they do not perform, then there is no fee. They try to make it as cost-effective as possible.

Yaeger asked how many WHAHLT houses were foreclosures. Lindbo said they have had one foreclosure.

Duffy asked if due to current economic conditions can more homes or better quality homes be purchased for less. Lindbo stated that they have seen a 5 percent to 10 percent reduction in purchase price, but more time has to be spent on inspections. Closing costs run from \$8,000 to \$20,000. The challenge over the last four to six weeks is the change in practices for lending.

Weishar Cousins noticed the request is for \$20,000 more than in the past, yet the cost of houses is going down. Lindbo explained that the houses need more rehab work.

Wiersum asked if more people are coming to WHAHLT looking for affordable housing due to the current economic conditions and is there is a greater demand for affordable housing. Lindbo said that the applicants are concerned, and fifty percent of the applicants are reworking their applications to qualify.

St. Peter asked how the \$190,000 proceeds from resale were used. Lindbo said the proceeds of the resale went for the rehabilitation.

St. Peter questioned how many affordable housing units are in the pipeline for WHAHLT to acquire in the city. Durbin said there is one remaining unit at The Sanctuary that the city has asked WHAHLT to acquire.

Wagner asked what source of funds would be used to fund WHAHLT. Wischnack clarified WHAHLT would be funded under the Livable Communities fund unless the HRA levy is adopted.

Rhonda Oliver and Kyle Engstrom represented Reach and Restore. The mission is to connect resources to people with specific needs. They look for opportunities to work with families in need of help with housing, transportation, personal needs, mentoring, counseling, and tutoring all on a volunteer basis. The agency is funded solely by individuals. The agency incorporated this month as a non-profit and formed a board of directors.

Duffy asked how many volunteers are on staff. Engstrom did not have a specific count. Oliver stated that about 100 people have volunteered since they started.

Weishar Cousins stated that about 22 percent of the people served are Minnetonka residents, but that they are requesting 50 percent of their budget. Oliver said they serve the same area as ICA. She said that as they get more connected that they expect to ask for funds from other sources.

Yaeger asked if there is any charge to people utilizing the services. Oliver responded said no.

St. Peter noted that IOCP, ICA, and Prism serve portions of Minnetonka. There are some existing organizations that provide similar services. He suggested partnering or complimenting the services already in the area.

JoAnne Robinson of the Ridgedale YMCA stated that there are 172 housing units and more than 10 different languages are spoken at Minnetonka Heights. The program at Minnetonka Heights was started by many partners including the city and the school district, and funding was originally secured in 2001. It started as an outreach program and now it is an enrichment program. Numerous opportunities are provided for seniors to be involved with volunteering, exercise classes, workshops, and field trips. There is also a magnitude of programs for youth, families, immigrants, and community programs.

Wagner asked what funding sources were used between 2001 and 2006. Robinson named several foundations, churches, and in-kind donations.

Wiersum asked what would change if the program received funding from the city. Robinson said that their previous funds, such as from the school district, continue to diminish. She continually seeks new funding.

Weishar Cousins confirmed with Robinson that the report that listed 48 percent of administration costs for 2009 was an error. St. Peter suggested she provide the \$75,000 budget to staff prior to the city council meeting.

Amy Seacrest, Senior Program Coordinator of Senior Community Services, spoke regarding the services provided to seniors including outdoor chore services, interior and exterior painting, lawn mowing, raking leaves, minor repairs, weather stripping, laundry, and grocery shopping to allow them to stay in their homes. Staff is paid hourly and numerous volunteers are utilized. In the first quarter of 2008, 2,098 hours of services for residents of Minnetonka have been performed. Paid workers allow the organization to maintain reliable and trustworthy workers. She would provide staff with new numbers for the 2008 budget and estimated 2009 budget.

Wiersum asked how people qualify for the service and if the demand for the service is being met. Ms. Seacrest stated that a candidate must be 60 years of age or older and live in the serving area. There are fluxuations in need of services that need more of one demand, such as housekeeping services. There is a balance between how much more current workers can take on and the need for the service.

Wiersum asked if there is any income requirement. Ms. Seacrest said that there is no upper income limit, but there is a sliding fee scale.

Duffy asked what type of screening process the volunteers go through. Ms. Seacrest stated that workers are interviewed and a criminal background check is completed.

St. Peter asked if the service is insured and bonded. Ms. Seacrest answered affirmatively.

St. Peter asked if the organization is contacted by seniors directly or if other agencies refer seniors to the organization. Ms. Seacrest stated that the majority of seniors contact the organization directly. Sometimes seniors learn about the agency by word of mouth and sometimes case management workers or other agencies will refer them.

St. Peter noted a growing, unfunded pension liability.

Beth Kodluboy, Director of HOME Line, was requesting funding for the tenant hotline. The hotline is staffed by 40 volunteers to 50 volunteers, who are trained by staff to answer questions regarding evictions and tenant rights. Last year, 117 Minnetonka residents called the hotline. Most of the issues dealt with repair issues and the second most common issue was eviction-related rights. Foreclosure was never in the top-ten list of most frequent calls before, but now equals 5 percent of the total number of calls. The calls are from renters who have

done nothing wrong, have been paying rent, and received a sheriff's notice regarding a foreclosure. Tenants do have rights to stay there. The agency also performs high school presentations that describe a tenant's rights and responsibilities. Those are well received.

In response to Wagner's question, Kodluboy explained that the McKnight foundation provided a grant the past three years and Hennepin County provided funds to help with providing foreclosure assistance. The McKnight foundation grant is over, and it is unknown if Hennepin County will continue its funding.

St. Peter confirmed with staff that city staff refers calls to the hotline.

Wischnack explained the review and recommendation process for funding these organizations.

St. Peter called for a five-minute recess and reconvened the meeting.

Jessica Hendel, Kelly Matter, and Marilyn Peller-Nelson, of CommonBond, a non-profit provider of affordable housing in Minnesota, distributed their annual report. Crown Ridge Apartments is a 64-unit facility with 141 residents. The average annual income is \$20,000. Services are provided along with housing for families, seniors, and adults with special needs. The agency's largest service is the youth program. There is a one-on-one-mentoring program called Study buddies, where youth are one on one with an adult mentor once a week for one hour. Individual services help residences pursue goals to further education and participate in job training programs. There is also a Campfire program for youth.

Wiersum asked if residents tended to be long-term residents or if most moved into market-rate housing within a certain period of time. Hendel stated that the facility provides permanent housing, and people usually stay a few years. The rent is lower than market, but not income based. Most of the residents have jobs.

Hendel stated that CommonBond partners with Hopkins School District to provide summer enrichment programs and coordinate study buddies. There was an on-site ECFE program in cooperation with the school district, but is no longer continuing due to budget issues. St. Peter noted that the Hopkins School District has lost funding and may be forced to phase out extra school support that the district had been providing.

In response to St. Peter's question, Peller-Nelson said that funding sources are cutting back. She said CommonBond received \$600,000 in the proposal pipeline, including a partnership with Edina Realty last year for Crown Ridge.

St. Peter noted the \$6,000 rent subsidy to the Advantage Center, and are they only requesting \$10,000 for programming. Durbin stated the \$6,000 commitment is looked at on a bi-annual basis, and this year that does not need to be revisited.

Hendel stated that they were working hard to make the most of the existing facility.

St. Peter said that CommonBond took over this project from CSM. The EDA and city council were involved with bringing CommonBond into Minnetonka in 2001, and the Advantage Center was set up immediately following that acquisition.

Duffy asked about with police reports at this facility. Durbin said she does not have the most current report, but that CommonBond, the city, and school district will be meeting next week and there will be police reports available at that time.

Scott Zemke from Community Action Partnership of Suburban Hennepin described the programs they provide including homeownership programs such as foreclosure prevention, first time homebuyers, and reverse mortgage counseling.

Weishar Cousins asked if he knew of other agencies who deal with foreclosures. Zemke said he was not aware of any for this area. He says CAPSH receives referrals from ICA and IOCP.

Yaeger noticed that volunteers were not used. Zemke said all staff are paid. Yaeger asked why volunteers were not utilized to provide seminars. Zemke responded that they partner when they do seminars, but for individuals that come in they like to make sure they work with staff that has gone through training. Additionally, he said they do not have space to house volunteers.

Wiersum asked how things have changed due to the market place and for the clients the agency serves. He said there has been increased growth in the foreclosure prevention program. He said they had one foreclosure prevention staff 18 months ago, and now they have five staff members that work on this.

Duffy asked about the emergency repair program. Durbin replied the repair program started four years ago, and offers housing repair loans up to \$5,000. Wagner confirmed that these dollars are more targeted to repairs such as water heaters. Durbin said CAPSH administers the emergency repair program on behalf of the city. Duffy said what funds are used for the emergency repair program. Durbin replied that it is funded with non- public service designated CDBG funds. Zemke also said with the emergency repair program that they work to obtain other funds to match the city's funds.

Wagner asked if CAPSH is able to meet the increase in the foreclosure prevention program. Zemke said staff is busy, but they are getting to the customers.

Cathy Maes, Executive Director of ICA, said they provide food to a family every 15 minutes. In September that was 472 households. They also offer financial

assistance, such as help with mortgages, rent, or utilities. She said that budget is around \$18,000 to \$25,000 a month. In July and September a study was done showing the demographics. Maes said 31 percent of their clients are from Minnetonka. She also supplied a budget worksheet that shows the need for more revenue. There has been an influx in donations the past month. Without food and without help the program will have to close. She said \$5,000 is one month's budget, and requested the city's assistance.

Wagner asked how she thought overlapping of programs should be handled. Maes responded that other agencies will ask ICA to spend whatever is left in their budgets at the end of the year.

Wagner asked what criteria are used to determine who would receive the funds. Maes said that there is a stringent application process. She said proof of source of income, where money is being spent, their whole budget, and original identification are looked at before financial assistance is provided. Many of the clients do not understand budgeting. Guidance is provided and an in-depth study of their budget is completed.

Wiersum asked what has been the biggest surprise she has learned in her position and where she thought the agency could receive funding to cover its deficit. Maes said the biggest surprise is there are women and men who are just like those present and due to uncontrolled circumstances such as a death in the family or loss of a job, are living paycheck to paycheck. Right now ICA has five months of reserve funds, and there needs to be three months worth. For the community to be fully invested in the food shelf, the city needs to support it.

St. Peter noted that Minnetonka is also served by Prism and IOCP.

St. Peter suggested staff view the Charities Review site on the internet. Wischnack agreed.

Final scores were calculated. Wischnack provided the final scores. She summarized that Homes Within Reach, Common Bond, and Ridgedale YMCA total \$280,000 and the source of funding would be from the livable communities account. The remaining funds available totals approximately \$46,900.

Wagner suggested that the one-time moneys (reallocation) be used for organizations currently experiencing an increase. He said Senior Community Services may have a consistent growth pattern rather than a spike like ICA. The organizations that are experiencing spikes and are under requesting funds are ICA and HOME Line.

Wiersum recognized that the need for services provided by Senior Community Services will continue to grow. Keeping a senior citizen in their own home has enormous societal benefit. Foreclosure advice will not prevent someone from

losing their homes. ICA and the Hopkins-Minnetonka Family Resource Center are peaking and provide emergency getting-by needs.

Duffy concurred with Wagner and Wiersum. He noted that Homes Within Reach did not provide an answer for the \$190,000 discrepancy. St. Peter explained that the funds were blended into other revenue sources as opposed to a recovery of a previous investment. He said there are ways to perpetuate administrative funding by treating that as a need-based fund, not to exceed 30 percent of the total cost. If properties were turned over, then administrative funding could be recovered that way. He was disappointed he did not receive a more detailed response. He suggested the commission focus on CDBG items since the livable communities fund would be discussed next month.

Wischnack stated that budget pages will be provided to the city council for all of the funds. St. Peter requested staff follow up on the \$190,000. He said he would support the concept of WHAHLT receiving funds strictly for property and \$5,000 cap per property for administration instead of an outright grant.

Wagner reflected on how to best prioritize and make a case for the city council. He said any funding for 2009 for WHAHLT should be about the land leases. An increase in income may trigger an increase in the amount of lease for the land to help offset costs of the program.

Wiersum said to look at the condition of the economy now and in the near term. He said the food shelves cannot be funded, but emergency needs are going to increase. The must haves must be separated from the nice to haves when allocating the funds.

Wagner suggested focusing on HOME Line, ICA, and the Hopkins/Minnetonka Family Resource Center in that order to utilize the one-time money remaining in 2009 due to peak demands. Wiersum agreed that the top three should be Home Line, ICA, and the Hopkins/Minnetonka Family Resource Center because emergency support will be needed over the next two years. He added that Senior Community Services will not peak because of the economy, and it will gradually increase due to the senior population growing, but it will not be peaking due to emergency.

Wagner clarified that the Hopkins/Minnetonka Family Resource Center directs people to programs such as winter warm wear and school supplies, but most of the time is information referral.

St. Peter questioned what flexibility the Livable Communities account has to fund CAPSH, HOME Line, and Senior Services as well as the repair loans. He said wading through more than one agency may contribute in too much of a delay for a homeowner to seek assistance before it is too late and the house is in foreclosure.

Wischnack hoped to get input from commissioners regarding what services and agencies are most warranted. Staff was not as concerned with commissioners determining the funding source.

St. Peter said that Reach and Restore did not meet scoring criteria, and the agency was removed from consideration. He said Treehouse was second. Wiersum said that all of the programs are worthwhile, but those Reach and Restore and Treehouse were at the bottom. He said some were quite conservative in the amount of funds requested and some asked for more. He saw little correlation between what was being requested and its value to the residents of Minnetonka, and thus that adds further complexity. Wiersum said he looked at the amounts and the benefit the organization represents.

St. Peter stated that the commission may want to budget more for emergency services to allow flexibility to come back. He said the agencies are calendar year based and the fund balance on December 31, 2008 will determine the funding for next year.

Wagner said that Treehouse did not seem to show a difference from what Teens Alone does. Weishar Cousins noted that Treehouse provided services year round. The services provided for kids at risk during the summer months are important.

St. Peter said the police department had no comment regarding the Treehouse program being pro or con. He noted that Treehouse focuses on Minnetonka School District students.

There was discussion on the funding amounts.

Wagner moved, Wiersum seconded a motion to recommend that city council adopt a resolution approving use of CDBG funds allocated as follows:

<b>PROGRAM</b>	<b>2009 CDBG ALLOCATION</b>	<b>PRIOR YEAR REALLOCATION</b>
Reach and Restore	\$0	\$0
TreeHouse	\$0	\$1,000
CAPSH	\$4,000	\$1,500
Senior Community Services	\$12,000	\$2,000
HOME Line	\$1,500	\$3,000
Hopkins-Mtka Family Resource Center	\$5,000	\$1,500
ICA	\$5,500	\$9,000

St. Peter, Duffy, Wagner, Wiersum, Weishar Cousins, and Yaeger voted yes. Robinson was absent. Motion passed.

## **5. ROWLAND/BAKER ROAD**

Durbin provided a brief overview, and said staff was asking for direction.

There was discussion about the amount of funds available to do a project such as this and the amounts of the appraisals making the project financially difficult to do.

Wiersum moved, Wagner seconded a motion that the project not go forward. St. Peter, Duffy, Wagner, Wiersum, Weishar Cousins, and Yaeger voted yes. Robinson was absent. Motion passed.

## **6. STAFF REPORT**

Scott-Sims reviewed the staff report items including: Glen Lake streetscaping and plaza, HTC house, Minnetonka Boulevard/County Road 101, Minnetonka Boulevard Corridor Study, DEIS/Station Area Study, Foreclosures, and the 2030 TPP.

## **7. OTHER BUSINESS**

The next EDA meeting was announced as Wednesday, November 12 in the Council Chambers.

## **8. ADJOURN**

Duffy moved, Yaeger seconded a motion to adjourn the meeting. All voted yes. Motion passed. The meeting adjourned at 10:00 p.m.