



**City of Newport  
Newport Economic Development Authority Minutes  
October 17, 2013**

**1. CONVENE ECONOMIC DEVELOPMENT AUTHORITY MEETING**

Mayor Geraghty called the Regular NEDA Meeting to order at 7:03 P.M.

**A. Roll Call**

Commission Members Present – Tim Geraghty, Bill Sumner, Tracy Rahm, Steven Gallagher

Commission Members Absent - Tom Ingemann,

**B. Review Agenda**

**Admin. Hill** - We'll be removing Resolution No. 2013-5.

**Motion by Sumner, seconded by Geraghty to approve the October 17, 2013 agenda as amended. With 4 Ayes, 0 Nays, 1 Absent, the motion carried.**

**C. Approval of October 3, 2013 NEDA Meeting Minutes**

**Motion by Geraghty, seconded by Rahm to approve the October 3, 2013 minutes. With 4 Ayes, 0 Nays, 1 Absent, the motion carried.**

**2. NEW BUSINESS**

**A. Knauff Site Update**

**Admin. Hill** - There is a purchase agreement on the most southern four parcels of the Knauff Site. The Diversified Manufacturing deal last year had dissolved. They have a new realtor and he has been pretty progressive. We had a meeting here at City Hall to discuss the new purchase agreement and what needed to be done to get this site cleaned up. We also heard from DEED and they said that the reason we did not get the grant was because there was not a firm offer, just a letter of intent. Jim Crowl and I met with DEED and Met Council to see what needed to be done for the next round. We did receive a grant from Met Council and will need to amend that instead of apply for a new grant, which is why we took off Resolution No. 2013-5. In order to submit a grant application to DEED we need the Resolution that is before you. The potential buyer does know that it's contaminated and is willing to work with the City to get it cleaned up. He would like to move in by the first of the year.

**Mayor Geraghty** - What does this new company want to do there?

**Admin. Hill** - It's a reposition company that wants to repurpose the house and use the building. The cars will not be sitting there for very long. It's a good site for it because it's out of site from the street. They know they need to do some screening and need to get a Conditional Use Permit. This is the first thing that the Knauff's have had to move along. They are behind in taxes. In order for them to get anything out of this they need to move on getting it cleaned up.

**Councilman Gallagher** - If we apply for this grant, we're submitting to DEED that there is a purchase agreement. Are we then forcing our hand to approve a Conditional Use Permit?

**Admin. Hill** - He knows that he needs to go through the process.

**Councilman Rahm** - You have to approve it or he can't do anything with it.

**Councilman Gallagher** - What if we apply for the grant, get it and then we don't approve the Conditional Use Permit? Do we have to give the grant back?

**Attorney Knaak** - I would imagine you would need to have a conversation with DEED at that point?

**Admin. Hill** - The grant would be because of this business being there. If that condition leaves then the grant probably goes away. If we don't receive a grant the Knauff's have made it clear that they will sell it as a junk yard and then we've lost all of the money that we've spent in the Phase I and II.

**Mayor Geraghty** - It hasn't been used as that.

**Admin. Hill** - They've been doing the minimum to retain the Conditional Use Permit.

**Attorney Knaak** - As long as they continue to use it for a grandfathered use.

**Councilman Sumner** - Is it a junk yard still?

**Admin. Hill** - They've been doing car repair off to the south.

**Attorney Knaak** - Have they put any other vehicles on it?

**Admin. Hill** - I don't know.

**Attorney Knaak** - I don't think so. At the very least you should be able to review it.

**Admin. Hill** - The Knauff's have said that they have been maintaining that use.

**Attorney Knaak** - I would expect they would if that was their plan. There could be a factual determination in the future if there is a potential buyer for a junk yard.

**Mayor Geraghty** - I'm not sure a reposition business is any better.

**Councilman Gallagher** - I agree with you 100%

**Mayor Geraghty** - Are they putting the vehicles outside?

**Admin. Hill** - I guess when they do motorcycles or nicer cars they go in the building. The vehicles are only there for a while and then the bank comes and gets them.

**Attorney Knaak** - One of the issues you could raise is for them to create another structure to hide whatever they're putting there.

**Mayor Geraghty** - Could we say that there needs to be inside storage?

**Attorney Knaak** - You could raise that issue.

**Councilman Gallagher** - How much is the grant for?

**Admin. Hill** - The original one for Diversified Manufacturing included demolition and totaled \$400,000 but since they're not demolishing the houses it would be less. The buyer said it would be about 10 jobs on the site and up to 40 throughout the area. It's a catalyst to get this site cleaned up and if it falls through it would go back to a junk yard. It's for 40% of the land and includes the Knauff house and south.

**Councilman Sumner** - Is there typically repair going on?

**Admin. Hill** - No, there won't be any repair.

**Councilman Sumner** - Will it be operating all night?

**Admin. Hill** - I'm not sure, it would be something for the Conditional Use Permit. The gentleman is from Cottage Grove and had a successful business which he sold. When he sold there was a "do not compete" clause for 15 years and that just expired so he wants to start it back up.

**Mayor Geraghty** - Is there a sales operation then? They'll take them here and will they sell them?

**Admin. Hill** - There wouldn't be sales here. The bank will come get them.

**Attorney Knaak** - I expect that this will be a storage location for the vehicles until the bank gets them.

**Councilman Gallagher** - My concern is that if we say yes to this then we are forcing our hands with the Conditional Use Permit without them going through the process.

**Attorney Knaak** - If it's a Conditional Use Permit it means that the use is allowed already but you can place conditions on there such as screening.

**Councilman Gallagher** - Is there a standard for cleanup for industrial, commercial or residential uses? What scale are we fixing it to? What level are we writing the grant for?

**Admin. Hill** - They have been trying to sell it as housing but no one wants it as that. It's not for residential standard. They were scraping up to one foot. I don't believe there is a lot of contamination.

**Attorney Knaak** - My guess is that they're talking about a cap for this.

**Councilman Gallagher** - No one wants to build houses there now but if we have a chance to get a grant and raise it to a higher standard then we should do that.

**Admin. Hill** - You'll have to tell Leisa Knauff that because this is their last ditch effort.

**Councilman Gallagher** - What are they paying for this?

**Admin. Hill** - They have to prove that they're not selling it as clean.

**Mayor Geraghty** - Do we know what they're getting for that 40%?

**Admin. Hill** - Not off-hand. DEED will be looking into that. The Conditional Use Permit will need to go before the Council. They've picked up the application for it.

**Councilman Gallagher** - When do we find out about the grant?

**Admin. Hill** - Late December or January.

**Mayor Geraghty** - I don't want residential but I think it should be more than the industrial standard for cleanup.

**Admin. Hill** - This business is the catalyst to get it cleaned up.

**Councilman Sumner** - Would they clean the whole area?

**Admin. Hill** - We would ask that.

**Mayor Geraghty** - Tell them the whole area because I still think the City should look at buying the two back here.

**Admin. Hill** - True. I just want to be clear that if you don't approve this it will go back to a junk yard. Knauff's have been very clear on that.

**Mayor Geraghty** - Then why don't they sell it as that?

**Admin. Hill** - They want to see it cleaned up themselves. There's still the liability of the cleanup.

**Councilman Sumner** - We want to get it cleaned up and sold.

**Councilman Rahm** - We don't want another junk yard there.

**Mayor Geraghty** - Do we want to submit the application or not?

**Councilman Sumner** - I think we should. It would be nice if it were for the whole property.

**Admin. Hill** - We'll write it as such.

**Councilman Sumner** - I'll make the motion that we submit and ask for the cleanup of the whole property at a commercial standard.

**Councilman Gallagher** - I don't want to feel like we're forced to accept the Conditional Use Permit.

**Councilman Sumner** - I think the Attorney has told us that we're not. We can put conditions on there.

**Councilman Gallagher** - If we don't approve the permit then we would be responsible for paying the money back to DEED.

**Mayor Geraghty** - I don't think that we would get the money.

**Attorney Knaak** - My guess is that there would be conditions on both sides. The grant would say that you'll get the money once all the final approvals are done and the City would say that the permit wouldn't be approved without a condition for the cleanup. You may lose an opportunity if you push too hard.

**Motion by Sumner, seconded by Geraghty, to approve Resolution No. 2013-4 as presented. With 4 Ayes, 0 Nays, 1 Absent, the motion carried.**

## **B. Johnson Property Update**

Admin. Hill presented on this item as outlined in the October 17, 2013 NEDA packet.

**Mayor Geraghty** - I think the City could come out and make some money on these but I don't want to pay the \$166,500.

**Admin. Hill** - I asked them to make a counter and they said that was their final price.

**Mayor Geraghty** - Then no.

**Councilman Rahm** - I would negotiate with them.

**Admin. Hill** - What do we want to go back with?

**Councilman Gallagher** - \$90,000.

**Admin. Hill** - If we could sell three lots we could recoup the \$90,000. I did bring this up to the Planning Commission to rezone those two lots to R-1 so we could get two 15,000 sq ft lots. They weren't too keen on that.

**Mayor Geraghty** - It still comes to us.

### 3. OTHER BUSINESS

**Councilman Rahm** - I had both the gentleman from Clear Channel and CBS Outdoors contact me. They want to submit proposals to us.

**Councilman Gallagher** - Did you specify what piece of land?

**Councilman Rahm** - They're interested in the piece of land by the cold storage.

**Mayor Geraghty** - That'll be touchy because we'll probably be negotiating with cold storage to swap some land.

**Councilman Rahm** - They're coming to me now because they're doing their CIPs for next year. They were thinking of the electronic side facing west.

**Councilman Gallagher** - We would probably want some sort of façade on it.

**Mayor Geraghty** - If this moves, we'll need to get the rights for it.

**Admin. Hill** - The appraisal for the Maxwell piece should be done in a few weeks.

**Attorney Knaak** - I don't know how close we are to being done.

**Councilman Rahm** - I told them that we would schedule a meeting when they submit their proposal.

**Mayor Geraghty** - Once we get that going I would like to do a RFP for that site to get something moving.

### 4. ADJOURN

**Motion by Geraghty, seconded by Rahm to adjourn the NEDA Meeting at 7:47 p.m. With 4 Ayes, 0 Nays, 1 Absent, the motion carried.**

Signed: \_\_\_\_\_  
Tim Geraghty, President

Respectfully Submitted:

Renee Helm  
Executive Analyst