

AGENDA

CHASKA ECONOMIC DEVELOPMENT AUTHORITY MONDAY, MARCH 21, 2011

1. Call to Order
2. Roll Call
3. Adopt the Agenda
4. Receive the Minutes of the December 20, 2011 EDA Meeting
5. Approve Letter of Intent for Sublease of the Peacock Inn at 314 Walnut Street from Joyce Bohn to 5 Stars Recovery Center.
6. Other Business
7. Adjourn

- MINUTES -
CHASKA ECONOMIC DEVELOPMENT AUTHORITY
DECEMBER 20, 2010

1. Call to Order

President Windschitl called the meeting to order at 10:21 p.m.

2. Roll Call

Roll call was taken. Present: Commissioners Schulz, Ford, Businaro, Boe and Chair Windschitl.
Absent: None.

Also Present: Matt Podhradsky, Executive Director; Noel Graczyk, Administrative Services Director; Luke Melchert, City Attorney; and Bart Fischer, Assistant Administrator.

3. Agenda

Motion by Commissioner Boe, second by Commissioner Ford to adopt the agenda as presented.
Motion carried.

4. Minutes

Motion by Commissioner Businaro, second by Commissioner Schulz to approve the minutes of the September 13, 2010 EDA meeting.
Motion carried.

5. Adopt EDA Resolution No. 10-03 Approving the Sale of the License Center to Carver County
The Executive Director presented the item to the Commission.

Commissioner Businaro asked for the footprint of the property being sold, and the boundaries were pointed out to him on the map.

The Public Hearing was opened at 10:29 pm

No one appeared before the Commission.

The Public Hearing was closed at 10:30 pm.

Motion by Commissioner Businaro, second by Commissioner Boe to adopt EDA Resolution No. 10-03 approving the sale of the License Center facility to Carver County.
Motion carried.

6. Adopt EDA Resolution No. 10-02 Approving Proposed 2011 EDA Budget and Proposed Assessed 2010 Payable 2011 EDA Property Tax Levy

The Executive Director presented the item to the Commission.

Motion by Commissioner Schulz, second by Commissioner Businaro to adopt EDA Resolution No. 10-02 approving a proposed 2011 EDA Budget and a proposed assessed 2010 payable 2011 EDA property tax levy.
Motion carried.

7. Other Business

There was no other business.

8. Adjourn

Motion by Commissioner Businaro, second by Commissioner Boe to adjourn the meeting at 10:29 pm.

Motion carried.

REQUEST FOR ACTION
Economic Development Authority
MARCH 21, 2011

Subject: Approving the Letter of Intent for Sublease of the Peacock Inn at 314 Walnut Street from Joyce Bohn to 5 Stars Recovery Center.

Prepared By: Bart Fischer

A few weeks ago, Council had a workshop to discuss the possibility of Joyce Bohn subleasing the Peacock Inn at 314 Walnut Street (a property the City/CEDA owns and leases to Joyce) to 5 Stars Recovery for a limited amount of time. During those discussions, it has become obvious that the current economy has made it extremely difficult on the hospitality industry and at this time, a bed and breakfast on this site has become economically unfeasible.

It is because of this, the City/CEDA and Joyce Bohn have discussed the possibility of subleasing the property to 5 Stars Recovery as a women's recovery facility. Based on the discussions, the City/CEDA would be willing to allow the sublease based on the following conditions as laid out in the attached Letter of Intent:

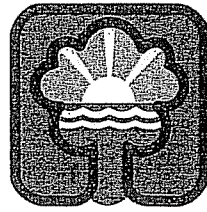
- The sublease between the Bohn's and 5 Stars Recovery be limited to 5 years, allowing reasonable opportunity for the Bohn's to re-establish the bed & breakfast, and for the City/CEDA to formally re-evaluate the sublease and use of the property at that time.
- The sublease shall make the City/CEDA a party to the document to ensure that the City/CEDA is aware of any proposed changes during the lease and to ensure City/CEDA maintains control of the property.
- The sublease shall require that 5 Stars Recovery stay current on all property tax and insurance payments to the City/CEDA as well as utilities.
- The sublease shall require that 5 Stars Recovery receive a Conditional Use Permit (CUP) for the property, as they would have to for any other residential facility in the community exceeding six residents.
- The CUP will not be approved until all appropriate licensing processes are complete at the State, County and other levels as required.
- The CUP will not be approved until a full neighborhood meeting and communications have occurred.
- All aspects of the current lease between the City/CEDA and Bohn's shall be kept in place and made a part of the sublease.
- The sublease shall address the maintenance and care of the property as approved by both the City/CEDA and Bohn's.

- There shall be no smoking on the interior of the building.
- Before approval of the CUP, 5 Star Recovery shall be able to have direct pay room rental from the Bohn's as a "trial period" for this use on the property.
 - This shall be allowed only after an initial neighborhood meeting and communications have been accomplished.
 - The City/CEDA shall have the right to suspend this direct room rental between the 2 parties at its discretion if issues and challenges arise from this use of the property.
 - This direct pay arrangement shall be allowed up until September 15, 2011.

It is the recommendation of Staff that the CEDA move to approve the attached Letter of Intent allowing Joyce Bohn to sublease the Peacock Inn at 314 Walnut Street to 5 Stars Recovery Center as a women's recovery facility with the conditions listed above and on the Letter of Intent.

EDA ACTION REQUESTED

Motion to approve the Letter of Intent allowing Joyce Bohn to sublease the Peacock Inn at 314 Walnut Street to 5 Stars Recovery Center as a women's recovery facility with the conditions listed above and on the Letter of Intent.



Chaska

March 10, 2011

Joyce Bohn
12385 Ottawa Avenue South
Savage, MN 55328

RE: Sub Lease of 314 Walnut Street-Peacock Inn

Dear Joyce,

The purpose of this letter is to formalize an understanding between the City of Chaska/Chaska EDA (CEDA) and you regarding the sublease of 314 Walnut Street, Chaska, MN, to 5 Stars Recovery. As you are aware, there is a current lease between the City of Chaska/CEDA (owner) and you (lesor) for use of this property as a Bed and Breakfast. Through recent discussions, it has become obvious that the current economy has made it extremely difficult on the hospitality industry and at this time, a bed and breakfast on this site has become economically unfeasible.

It is because of this, the City/CEDA and you have discussed the possibility of subleasing the property to 5 Stars Recovery as a women's recovery facility. Based on our discussions, the City/CEDA would be willing to allow the sublease based on the following conditions:

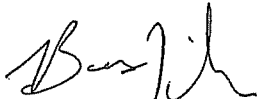
- The sublease between the Bohn's and 5 Stars Recovery be limited to ^{5 years}~~3 years~~, allowing reasonable opportunity for the Bohn's to re-establish the bed & breakfast, and for the City/CEDA to formally re-evaluate the sublease and use of the property at that time.
- The sublease shall make the City/CEDA a party to the document to ensure that the City/CEDA is aware of any proposed changes during the lease and to ensure City/CEDA maintains control of the property.
- The sublease shall require that 5 Stars Recovery stay current on all property tax and insurance payments to the City/CEDA as well as utilities.
- The sublease shall require that 5 Stars Recovery receive a Conditional Use Permit (CUP) for the property, as they would have to for any other residential facility in the community exceeding six residents.
- The CUP will not be approved until all appropriate licensing processes are complete at the State, County and other levels as required.
- The CUP will not be approved until a full neighborhood meeting and communications have occurred.

- All aspects of the current lease between the City/CEDA and Bohn's shall be kept in place and made a part of the sublease.
- The sublease shall address the maintenance and care of the property as approved by both the City/CEDA and Bohn's.
- There shall be no smoking on the interior of the building.
- Before approval of the CUP, 5 Star Recovery shall be able to have direct pay room rental from the Bohn's as a "trial period" for this use on the property.
 - This shall be allowed only after an initial neighborhood meeting and communications have been accomplished.
 - The City/CEDA shall have the right to suspend this direct room rental between the 2 parties at its discretion if issues and challenges arise from this use of the property.
 - This direct pay arrangement shall be allowed up until September 15, 2011.

If the terms and conditions above look acceptable to you, please sign the letter below and return it to my attention along with a copy of the sublease document between you and 5 Star Recovery. The City/CEDA does plan on formally considering the approval of this letter of intent at their March 21, 2011, meeting.

The City/CEDA looks forward to moving forward on the sublease of this site, and appreciates your willingness to partner with us. If you should have any questions, please do not hesitate to contact me at 952-227-7529 or bfischer@chaskamn.com.

Sincerely,



Bart J. Fischer
Assistant City Administrator

By signing below, Joyce Bohn agrees to the terms and conditions of the Letter of Intent above, and understands that the City of Chaska/Chaska EDA will proceed forward with the process of having the City of Chaska/Chaska EDA adopt the above and sublease.

Joyce Bohn

cc: Ben Palmby, Five Stars Recovery Center