

COTTAGE GROVE CITY COUNCIL

12800 RAVINE PARKWAY SOUTH

COTTAGE GROVE, MN 55016

COUNCIL CHAMBER - 7:00 P.M

June 4, 2025

1. CALL TO ORDER

The City Council of the City of Cottage Grove, Washington County, Minnesota, held a regular meeting on June 4, 2025, at Cottage Grove City Hall, 12800 Ravine Parkway. Mayor Bailey called the meeting to order at 7:00 p.m. This meeting is being recorded by TruLens Community Media, you can view City meetings live and replay them on Cable Channel 799, and the meetings are also streamed live and archived on the City of Cottage Grove's YouTube channel.

2. PLEDGE OF ALLEGIANCE

The audience, staff, and City Council Members stood and recited the Pledge of Allegiance.

3. ROLL CALL

Tammy Anderson, City Clerk, called the roll: Mayor Bailey-Here; Council Member Clausen-Here; Council Member Garza-Here; Council Member Olsen-Here; Council Member Thiede-Here.

Also present: Jennifer Levitt, City Administrator; Ryan Burfeind, Public Works Director; Zac Dockter, Parks and Recreation Director; Pete Koerner, Public Safety Director; Brad Petersen, Public Safety Captain; Korine Land, City Attorney-LeVander, Gillen & Miller, PA; Brenda Malinowski, Finance Director; Emily Schmitz, Community Development Director; Phil Jents, Communication Manager.

4. OPEN FORUM

Mayor Bailey opened the Open Forum. As no one wished to address the Council, Mayor Bailey closed Open Forum.

5. ADOPTION OF AGENDA

Motion by Council Member Olsen to adopt the agenda; second by Council Member Thiede. Motion carried: 5-0.

6. PRESENTATIONS

- A. Craig Woolery Scholarship Presentation (Public Safety Board)
Staff Recommendation: Allow the Public Safety Board the opportunity to present the recipient with their scholarship award and give Council the opportunity to recognize her.

Mayor Bailey said the first presentation is a very exciting one for us, the Craig Woolery Scholarship Presentation by the Public Safety Board. Sophia Nolte is going to be receiving that award tonight. So, Brad is going to start this presentation.

Good Evening, Mayor, Council Members, guests, my name is Brad Petersen, I'm the Deputy Director of Public Safety. Tonight I have the honor of having the Public Safety Board, retired Director of Public Safety Craig Woolery in the house, and we have Sophia here, and we can formally award her with the scholarship.

Following Craig Woolery's retirement, Council Member Olsen and his wife generously donated to the Public Safety Board a few years ago; they created a scholarship program for young adults who are pursuing a career in law enforcement, EMS, or fire safety to promote public service and advocate and promote for that pipeline of promoting that career path here in Cottage Grove. So, as you know, we're very proud of the fact that very many of our public safety members are homegrown, raised here, and continue to serve here. And, so, that scholarship continues to feed that pipeline and continues to promote that important work of public safety service.

In just a moment, I'm going to turn it over to Julie to say a word, so I'd like to invite the Public Safety Board to come join me at the podium. I'd also like Craig Woolery to come up and just say a little bit about his service and career and what this scholarship means to him and our community.

Craig Woolery said thank you, Captain, I have a lot of memories here; I had 34 years with the City and happily retired. Cottage Grove's been very good to me, my family, it's been a wonderful place just to raise a family, and you all know that, so I'm not going to say anymore about that. The challenge of finding good people for public service, in whatever branch they choose, is really, really challenging. When you get an opportunity to help a local person, I had a chance to meet Sophia right before the meeting, she's very excited, her parents are very excited to send her off to UMD, and hopefully maybe you will have an opening here for her when she finishes. The Olsens, Council Member Justin Olsen and his wife, Kim, set up this awesome program to be able to provide local funding for local kids to improve and serve their community in different ways has been amazing, so thank you. And with that, I'll step away.

Julie Rice, President of the Public Safety Board, said everything has been said about how this program started, and we're honored as the Public Safety Board to have Justin entrust us to put out the scholarship and find the recipients that qualify for this scholarship. So, this year Sophia Nolte is going into an area that wasn't on our radar, conservation, so she's planning on being a DNR Officer; it's a well needed area, she's excited, and she's already taking classes at Century College, so she's already got a start. Plus, she told me that at her cabin, her neighbor is a DNR Officer, and she did some ride alongs with him, so she already has a view of what's going to happen in her career.

So, we're very excited to present Sophia tonight, although we did a presentation at the high school for Senior Night, and she was awarded her check and her letter at the awards presentation, but she did not know she was receiving it, so it was a total surprise for her to see her name up there and get this taken care of. So, we're very excited to present Sophia Nolte, future DNR Conservation Officer. Everyone applauded.

Mayor Bailey said Council, why don't you join me down in front, and then we'll also get the Public Safety Board and Sophia and Craig and Brad to join us. Photographs were taken of the group.

Council Member Olsen asked do we want to get her mom and dad and Sophia's brother to come up here; Mayor Bailey replied, yeah, come on up, and another photograph was taken with Sophia's family.

Mayor Bailey said I just want to say, first of all, congratulations on graduating this year, and you'll be attending UMD. As you were saying a little bit earlier, it's a little different than maybe a police officer or firefighter, but actually, I think you have a little bit more power if what I've heard from people in conservation. So, very excited to see that you're going to represent us here from Cottage Grove. Maybe what I'll do real quick, because I know he kind of kicked this whole process off, I will hand the mic over to Council Member Olsen to maybe say a few words.

Council Member Olsen said thanks very much. So, first of all, congratulations. I've got to tell you if you haven't already heard it from former Director Woolery, he's a huge outdoorsman, hunting, fishing, skiing, you name it, he does it all. So, I'm thinking he might be a little jealous of this whole Conservation Officer path that you might be taking, but it's really neat to have somebody who's on that track actually be a scholarship award recipient. I have no doubt you'll do very well, and it's exciting also for me to see somebody local who has that passion, has already started taking classes through Century, through 916 or what have you, and now you're going to translate that up at

UMD. Our purpose in forming this scholarship is, as I told you outside, we want to see young people in this community who have that passion, that drive, that interest in some career path in the public safety realm, and this is a wonderful path. You know, you have the ability to pursue that with a little help, and I have to say, it's not just Kim and I; our Cottage Grove Lions Club donated \$2,000 this year and last year, we have several other notable members of the public, including Commissioner Bigham and her husband, John, who always make a donation. So, there's been a lot of people who get behind this; a lot of it is because we all love Craig and Katie and his family, and we want to honor his legacy, but we also love this community, and he and his family gave so much to us, as a City, this is our opportunity to give a little something back. So, make us proud, okay? All right, thanks. Everyone applauded.

Mayor Bailey said thank you all, thank you, parents, for sharing with us, and all right, we'll let you get back at it then. Thanks.

B. 2024 Annual Comprehensive Financial Report

Staff Recommendation: Motion to accept the Annual Comprehensive Financial Report for the year ended December 31, 2024.

Mayor Bailey said so, next is the 2024 Annual Comprehensive Financial Report, and I believe Brenda Malinowski, our Finance Director, will start this, and then she's going to have Rebecca Peterson from Redpath speak.

Director Malinowski said Mayor, Members of the Council, yes, we have Rebecca Peterson here with Redpath and Company, that is our City Audit Firm here at the City of Cottage Grove. She is here to present the Annual Comprehensive Financial Report to you, and so I just wanted to remind the City Council that this is the second years that we have Redpath and Company, with Rebecca in charge of that audit. It has gone very well again for the second year, just like the first year, so our thanks to her and her team for being such a smooth process. What you have in front of you and what is on our City website is our Annual Comprehensive Financial Report, which is letting not only you, but anybody in the City who wants information about our financial results and reports, they can go to our City website and get that. So, with that, I'm going to turn it over to Rebecca for the presentation.

Mayor Bailey said welcome to Rebecca; she replied thank you, thanks for having me here tonight.

Rebecca said as I go through the audit, you may recall me saying last year, we work really closely with City staff during the audit, but we really do work for you as governance. So, if you want me to stop and clarify anything, or if you have any questions while I'm speaking, please stop me, and we'll go over things.

Before we get started into 2024 financial information, I just want to call out that the City's Annual Comprehensive Financial Report from 2023 was submitted to the Government Finance Officers Association and received an Award for Excellence in Financial Reporting; I believe it's the 34th year that the City has received this Award. The 2024 statements will be submitted as well, and we anticipate you'll receive the Award again.

For 2024 Audit results, we'll talk through a summary of the reports that we issue in conjunction with the audit, and then some high-level financial information.

Opinion on the Fair Presentation of the Financial Statements: This is really the primary purpose of our audit is to look at the City's financial information, the financial statements, do some analytical analysis, some test of details, to enable us to provide an Opinion as to the Fair Presentation of the Financial Statements. We're not saying that everything is exactly right to the dollar, it just simply would be too cost and time prohibitive for us to look at absolutely every financial transaction that the City enters into; but our procedures enable us to offer an Opinion as to the Fair Presentation of the Financial Statements, and this year we've issued a clean, unmodified opinion on the statements. It's the highest level of assurance we're able to provide on the statements and, in summary, it's really the result you would want.

Report on Internal Controls over Financial Reporting: As part of our audit, we don't audit the City's Internal Controls, but we gain an understanding of the processes and the procedures that the City has in place in order for us to plan our audit. In doing so, we do a rotation, looking at different areas, so every year we look at a different

area of the City, and some things we look at every year. This year our rotating procedures included a walkthrough, or secret shop, so to speak, at the golf course, looking at their cash-receipting processes there, amongst other procedures. I'm happy to report that there were no Internal Control findings this year, and that means not only did we not identify an efficiency in the controls that we tested during our audit, but there were no material audit adjustments. Auditing standards require that if we as auditors propose an adjustment to the City's financial information that rises above a certain materiality threshold, we're obligated to report that as an Internal Control finding. So, it's really a nod to staff that there no audit adjustment findings this year.

Minnesota Legal Compliance Report: The Office of the State Auditor has a series of requirements that they like us to look at in conjunction with our audit, and we always like to qualify that we are accountants, not attorneys, so we're looking at these legal compliance requirements from an accounting perspective. We're looking at things like where are the City's funds held; if you have cash deposits, are they properly insured or collateralized, those types of things. I'm happy to report that no findings of noncompliance were included on our report this year, and again, that's the result you would hope for.

Communication With Those Charged With Governance: It's really a letter from us, as the auditors, to you, as governance, but is full of a lot of templated and standard language. So, here on the slide, I've called out really the portions of that letter that are unique to Cottage Grove, and a summary of the bullet points that would be important for you to know:

- **Accounting Policies New or Changed:** New accounting standards implemented in the City's financial statements, we're required to communicate that to you; this year there was a new accounting standard implemented, GASB-101, Compensated Absences, and this is really looking at the cost that the City has or the liability that's incurred by having compensated time off available to your employees. That type of leave has always been included in your financial statements, but this standard standardizes it across financial reporting for all governments, so everybody's reporting the same type of thing as a liability. So, under this standard, any time there's changes of leave policies or say, like a higher accrual level would be allowed to employees, it's going to increase the liability to the City on your books.
- **Accounting Estimates in the Financial Statements:** It's just a reminder that if you look at your financial statements, not everything in there is a firm hard dollar, but there are some estimates included there.
- **Net Pension Liability:** This is an actuarially determined estimate, and it's based on the fact that City employees participate in the State Retirement Plan, PERA. PERA hires an actuary to calculate the Net Pension Liability for their plan as a whole, and then they divvy that liability out to all participating employers. So, based on the actuary's calculation, the City of Cottage Grove at the end of 2024 had a \$10.8 million Pension Liability, and this is something that's paid off through your payroll cycles, through your regular contributions. PERA is not going to come knocking at your door and ask for a \$10.8 million check next week, and this fluctuates wildly, depending on market conditions, employment levels, and whatnot.
- **Allowance for EMS/Ambulance Receivable:** As I'm sure you know, when an ambulance run goes out and a bill gets created, 100% of that bill is not always collected, you're restricted by Medicare and Medicaid rates and other factors. So, City staff need to look at the outstanding bills and estimate the portion of those that they truly believe to be collectible and what they think will need to be written down; so, that allowance for uncollectible fees there is an estimate in your financial statements.
- **Present Value of Lease Receivable, Lease Liability, and SBITA Liability:** Anytime the City has a contract that qualifies as a lease or similar item that has payments that continue out over time, you're required to present value that and report it in your financial statements. An example of that would be your water tower antenna leases, you lease space on those water towers to cell phone companies, and they've got future committed payments; you have a receivable on your financial statements for the value of those.

The remaining bullets that I have on here are all good news:

- No difficulties encountered in performing the audit. If we had encountered significant difficulties, we'd be communicating that to you.
- No disagreements with management. Again, if we did have a difference of an opinion, we would make sure that you were aware of that.

- Finally, any Other Matters; if anything came to our attention that we thought you should know about that didn't qualify for reporting in any of the other buckets of our reports, we would include it in this letter. This year there's nothing included there, but just know that that is the spot where those type of communications would occur.

Financial Highlights

Moving on, I just have some high-level financial information.

- The first is just recognizing the City's property tax collection rate, 99.42% for 2024, that's a great collection rate. I audit a lot of cities around the metro area, and this is one of the higher ones I've seen this year, so good news for the City.

- Looking at the City's Fund Balance, as you may recall it's important for the City to hold some reserves because one of your primary sources of funding is property taxes, and you receive those payments twice a year. So, the funds that you have on hand at the end of one year need to get you until halfway through the next year before that first property tax payment comes in, and then again, you need to have enough on hand to get to the end of that year. So, the City's developed a policy that says you would have 45%-to-55% of the next year's budgeted expenditures held in reserve at the end of the year. For 2024, your General Fund unassigned fund balance, that reserve, was equal to 48.2% of the budgeted expenditures for 2025, so right within that range. I know this time of year we're looking ahead to the 2026 budget, so just a reminder that you can see on here that 48.2% is equal to about \$13.7 million. If you held that fund balance number at \$13.7 million year over year over year, pretty soon you're not going to be at 48% anymore; especially in times of rising costs, that fund balance amount does need to rise along with your budget.

As you can see here, I've got a Budget to Actual slide for the General Fund. The first column is your Original Budget, that's the budget you would have approved at the end of 2023. Your Final Budget includes Budget Amendments that were done over the course of the year, then your Actual column, and then finally your Variance. I will point out in the Intergovernmental Revenues row, you will see that it was under budget by about \$417,000; that simply relates to the timing of some Police Aid that the City received, I believe it was budgeted in 2024, but it was actually received in 2023.

Looking at Expenditures, you'll see Expenditures were under budget by almost \$900,000. In talking to City staff about what happened here, there are various factors, but ultimately the message I heard was just really great fiscal responsibility across all departments, that everybody was doing a nice job adhering to their budget and being respectful with spending.

So, at the end of the day, the City had a positive increase in Fund Balance of about \$151,000.

General Fund Expenditures by Function

This slide is so you can see where those expenses are going. That green bar in the middle is Public Safety; Public Safety is very important but also expensive, it's a big portion of the City's budget.

General Fund Revenues, Expenditures, and Fund Balance

That green line you see is Total Revenues, the blue bar is Total Expenditures, and the gray bar is Fund Balance. You can kind of see how your Fund Balance compares to the Expenditures it needs to cover and how your Revenue is covering your Expenditures.

Proprietary Funds

The City's business-type funds, or proprietary funds, are intended to be self supporting over time. It doesn't mean that they can never show a loss, but just generally over time they're intended to support themselves. The green line here is your Operating Revenue, that blue bar is your Operating Expenses (payroll, supplies, materials, those types of things) and the gray portion of that bar is Depreciation Expense. The reason we're showing that on here, because especially in some of these business-type operations, future capital costs are expensive, and so you want your Operating Revenue to cover your Operating Expenses but also have a gap so that you can be saving for future capital needs.

Streetlight Fund: You can see your Operating Revenue is covering your Operating Expenses, but not quite your depreciation. So, what that means is your Operating Revenue isn't covering the historical cost of capital and you know the future cost of capital is going to be more expensive than the old stuff was, generally. So, as you head into the 2026 budget cycle, and I believe there's a rate study coming that's going to look at this, just be aware of the

need to be covering your costs in this area. Streetlight Fund-Unrestricted Net Position: This is the component of Fund Balance that you have available in that fund.

EMS Fund: Here you can see that green line is not quite even covering Operating Expenses for 2024, it's dipped down into the blue a little bit, and that's okay one year, occasionally; as an ongoing trend, it really puts the sustainability of the fund at risk, but I will say that this is not unique to Cottage Grove. Ambulance and EMS Funds are notoriously struggling as costs increase and Medicare and Medicaid reimbursement rates are not keeping pace with those costs. So, it's really important to watch this, but just know it's not an isolated incident to Cottage Grove. Here you can see the impact of some of those rising costs without the rising revenue; this is the Fund Balance of the fund over time. EMS Fund-Unrestricted Net Position: For this year, it is just slightly in the negative.

Water Fund: You'll see that your Revenue is covering your Operating Expenses, it's covering that blue bar. The Depreciation it's not even coming close to covering, but there's a reason for that. You have a Temporary Water Treatment Plant that is being depreciated over a very short timeframe, and so that's why you're seeing this Depreciation so large; again, it's going to be looked at during the Utility Rate Study, you need to be aware of it, but I just want to caution you that the gap here is not as concerning as it might look. Water Fund-Unrestricted Net Position: You can see that's rising a little bit, year over year.

Sewer Fund: Your Operating Revenue is covering your Operating Expenses, but it is not covering your Depreciation. So, same comment as other slides, it will be looked at during the Utility Rate Study, but it's important to be aware of. Sewer Fund-Unrestricted Net Position: This blue portion of the bar shows your unrestricted resources available for spending. If you had an unexpected cost in that Fund, that's what's available for spending. That gray portion is an Interfund Loan, that is a loan that the Sewer Fund has loaned out to other Funds, and I believe it will be 2032 before that's repaid, but it's being repaid annually.

Comparative Information

Rebecca said next, I just have some comparative information. So, if you look at the right three columns, this is Cottage Grove's information for 2022, 2023, and 2024, and then the left two columns are some comparative information. What this is looking at is Comparative Revenue Sources per Capita, and as we know, every City funds their operations a little bit differently, some use property taxes, other use fees, different balances. You can see that for 2024, Cottage Grove's Property Tax Cost per Capita, based on the way it calculates out here, was about \$523, and that is less than the Statewide amounts or the amounts for nearby cities of \$565 and \$713, respectively. If you look down at the Total Revenue per Capita, you're going to see Cottage Grove's at about \$1,800 while nearby cities are at \$1,200; that's a direct result of the Water Treatment projects that are ongoing, as you have a lot of Intergovernmental Revenue coming into the City to fund some of those costs. So, it's skewing that total number up a little bit. Comparative Expenditures per Capita: I have the same comparison, looking at an Expenditure perspective. In 2024, if you look at Expenditures, just current Expenditures in total for the City, you have \$788 compared to nearby cities of \$845. If you look function by function, you might see some little differences here and there, as every city offers slightly different amenities; in Cottage Grove, you've got your Ice Arena and other park programming, so this is going to make your Culture and Recreation Expenses look a little bit higher than cities that don't offer some of those. If you look at Capital Outlay and Construction, you're going to see that your Capital Outlay number is much higher than nearby cities, but again, you've got that Water Treatment Project going on.

Rebecca said so that's why I have pre-prepared for you, and I'm happy to answer any questions you might have.

Mayor Bailey said fantastic, thank you, and I'll first go to my Council to see if there are questions.

Council Member Olsen said thank you, believe it or not, I love this presentation every year, and the reason I do is because it tends to reinforce the things that we hear from our staff throughout the course of the year, but specifically during our budget discussions, which by the way never seem to stop. But when we get into the heart of the budget conversation, we get some messaging that remains consistent through that process, and then when we have a presentation like this, it's nice to see that that has all kind of come to fruition, all the predictions and things. I wanted to ask specifically about the EMS Fund. I know you do this for several other cities, and you mentioned that this has been a challenge in numerous areas of the State, and of course, the State Legislature's been talking about trying to do some things, and I don't know if they're going to get anything done, but they're trying. I guess

what I'm going to ask you is in your professional opinion, when you look at this sort of data, how alarmed do you get? Is it like, oh, my goodness, we're in a world of pain, or hey, we need to make some adjustments here?

Rebecca replied I would say when I look at this slide in particular, looking at where the Fund finished the year, I think you need to be very acutely aware of what's happening in the Fund and make sure that you have a plan for the future. Like I said, this is not unique to the City of Cottage Grove, it's something that every city is going through, and operationally, you're close to right on for your Operating Expenses; it's the future costs of ambulances that you need to plan for, those types of things that you need a plan to cover your capital. So, you need to plan for it, you need to be aware of it. Am I worried that the ambulance system is going to fall apart in a year or two? No, not really, as long as you're doing your appropriate planning.

Council Member Olsen said and I ask because I started doing this in 2008, and the EMS Fund has undergone a multitude of changes in that timeframe, and a lot of it does have to do with Medicare and Medicaid reimbursements, etc. I know that this is a challenge, and for Cottage Grove, maybe a unique challenge because we have a service area, we don't just cover our City, so we also have Newport and St. Paul Park and Grey Cloud Island, etc., and we sort of pick up the tab for all of that. When you go do a run to those cities, part of the challenge is if you're not getting private insurance, you're going to take whatever you get from Medicare and Medicaid; you can charge whatever you want, you're just not going to get it back. So, I wanted to get your sense of how you felt about this so that we can start making better decisions about how we want to manage this because there's a risk here; in the next slide, you showed the dollar amount that is Operating Expense without Depreciation and what that net was, and it's net negative, and net negative is never good. So, I think this is a wake-up call for us, it really is, and luckily, our staff has been working with some of those surrounding communities to try to get some additional cost participation or any cost participation on that so that we can maintain the fund and maintain the service, but that insight was very good.

The other thing I wanted to mention, too, is the amazing amount of dollars saved in Expenditures. I think you mentioned it was roughly \$879,000 saved vs. the budgeted Expenditures. Such a credit to our staff, and we compliment the staff regularly, we are the second lowest taxed community in Washington County per capita, and we don't get Local Government Aid where the place below us does. And that really requires our staff to sharpen their pencils pretty regularly, and I think this speaks for itself, it's pretty awesome. I mean, is this a trend you're seeing, or is this kind of a unique circumstance?

Rebecca replied I want to be careful when I say this, I could be missing one, I don't recall an audit I've done yet this year that has shown every department under budget for their expenditures.

Council Member Olsen said good, good. Well, again, thank you for being here this evening and sharing this information with us. As a Council Member, it makes my heart swell with pride and the staff that we have here in the City, they do such tremendous work, and as I like to say, the numbers don't lie, they speak for themselves. So, I'm very grateful for such a nice, clean audit.

Council Member Garza said first, I want to say thank you so much for presenting and giving it to us in a way that is understandable and we were able to digest it, and we really can be proud of what our City has done and what our staff has done, so thank you so much for that. I had another question to piggyback on Council Member Olsen's comment regarding EMS. So, in your opinion, because you are doing other cities as well, with our City not just servicing our immediate City, we do the surrounding area, are there other cities that are in this same type of unique situation that they are servicing the surrounding areas? And if so, how are they looking to deal with that if they're running into the same type of situation that we're going to eventually be more short than what we already are?

Rebecca replied I think there's a variety of plans because no two situations are unique, right? So, I know one city that I'm familiar with, they group their Fire Service with their Ambulance Service, and then they're external cities in their service area, they might get charged a Fire fee that then goes into this Fund to help with that. There are different extra fees, transport options you can do, but there's no great one size fits all because every department is set up so uniquely. You know, it might work for a different department to pick up extra transfers, but it might not work for this department if it's not staffed with two ambulances at all times. So, there's a whole host of different things that folks are trying, but nothing has proven to be the magic pill quite yet. So, I think everybody is just trying to look at their unique situation and see what they can do in their specific set of circumstances.

Mayor Bailey said I'll piggyback on the EMS situation because as it was kind of alluded; and thank you, by the way, for the audit, thank you, Brenda, and all of our staff for doing such a great job of managing the budgets. Every department to be under budget is pretty amazing, I'll just say that right off the bat. It does go to this testament I'll say as Mayor, that we're always very, very careful with the taxpayer dollars in this community, and that slide definitely shows it.

From the general comment on EMS, though, one of the things as was alluded to is we are obviously having conversations with our surrounding communities, and for those that may not be aware that are watching this or listening, one of the things is we have a service area. So we are required to cover our surrounding communities because everybody has to have some type of coverage. What we have already done is our City Administrator and myself have actually already had discussions with all of the surrounding communities regarding some type of a cost share piece to this puzzle. Because the other option available to us, which is what we've shared and isn't actually what those other communities want, and not what we necessarily want; but my opinion as the Mayor of Cottage Grove is the taxpayers of Cottage Grove shouldn't be having to pay for all the ambulance services for these other communities at this particular point with nothing being paid in return. One of the options that we're looking at and that's why we're having those conversations with the other communities is to help bridge that gap. So, you saw that one slide had a little bit of a deficit on there, right? Our goal is not to have deficits, that's like what Council Member Olsen said, that's a bad thing is having any deficit in any budget. The other option would be, then, to cut those cities out to a different service and doing a contract. If we did that, what that would mean to those communities, just so I can say it, is significantly reduced service; so much so that in those particular cities if you called for an ambulance, if it's coming from Cottage Grove, it would be there in 8-to-10 minutes or whatever that run time is, whereas with the others, you're talking at least a half hour. And, so, we don't want that, I don't think the other communities want that; but at the same time, I also believe, and I think I can speak for the Council, that the citizens of Cottage Grove shouldn't be fronting the entire bill for all the communities, everybody needs to help at least in some way, shape, or form. So, I did want to just let the public know that is something that we are looking at from the City's perspective, so when we dig into those particular budgets, as we're going into this year, to see exactly what that is.

But, again, I just wanted to throw in there about the EMS service, and then again, just amazing to see where we're at for tax for our citizens, on average, comparatively to our surrounding communities or even the State is unbelievable. So, thank you, Brenda, thank you, staff, for doing such a great job. And thank you, Council, for making sure that we keep the taxes as low as possible and supporting our citizens.

So, thank you for presenting.

Motion by Council Member Olsen to accept the Annual Comprehensive Financial Report for the year ended December 31, 2024; second by Council Member Garza. Motion carried: 5-0.

7. CONSENT AGENDA

- A. Approve the May 7, 2025 City Council Special Meeting Minutes.
- B. Approve the May 7, 2025 City Council Regular Meeting Minutes.
- C. Accept and place on file the minutes from the March 24, 2025 Planning Commission Meeting.
- D. Approve the issuance of rental licenses to the properties in the attached table.
- E. Receive a letter in response to the Open Forum questions from the May 21, 2025 City Council Meeting regarding the Lochridge Development and Xcel Energy Coordination.
- F. Receive the response letter to the Open Forum questions on May 31, 2025 regarding The Cottages.
- G. Approve the Letter of Agreement between Washington County and the City of Cottage Grove for the Establishment and Operation of a Fixed-Site Radiological Emergency Reception Center.
- H. Authorize the acceptance of the Hazard Mitigation Grant Program funds in the amount of \$62,994.
- I. Authorize Public Safety - Fire Division to advertise and sell surplus property (2014 Ford Explorer) on Cranky Ape and/or Minnesota Department of Administrative surplus (MNBid).
- J. Approve the Cost Share Agreement with Washington County for the County 19A & 100th Street Realignment Project related to final design and environmental documentation.

- K. Adopt Resolution 2025-078 awarding the 2025 Sewer Cleaning Contract to Pipe Services in the amount of \$89,840.52 for the material and labor to clean sewer lines and authorize the Service Agreement between Pipe Services and the City of Cottage Grove.
- L. Authorize Service Agreement with Gunnar Electric for the amount of \$22,830 to install the Hearthside Park sports lighting system.
- M. Authorize Service Agreements, subject to minor adjustments by the City Attorney if needed, for the Woodridge Park Ice Rink/Sport Court Dasher Board System project with Becker Arena Products for \$89,574.
- N. Adopt Resolution 2025-080 approving the Second Amendment to the Purchase Agreement between the City of Cottage Grove and Roers Cottage Grove Apartments, LLC, extending the closing date for Outlots A, C, and D of Frattalone's Southpoint Ridge plat to September 30, 2025.

None of the Council Members wished to pull any Items for further discussion and/or approval.

Motion by Council Member Thiede to approve the Consent Agenda; second by Council Member Clausen.
Motion carried: 5-0.

8. APPROVE DISBURSEMENTS

- A. Approve disbursements for the period of 5-16-2025 through 5-29-2025 in the amount of \$3,887,846.68.

Motion by Council Member Olsen to approve disbursements; second by Council Member Garza.
Motion carried: 5-0.

9. PUBLIC HEARINGS - None.

10. BID AWARDS - None.

11. REGULAR AGENDA

- A. ISD #833 Transition Building - 7000 Jamaica Avenue South
Staff Recommendation: Adopt Resolution 2025-081 approving the Variance from the maximum impervious surface standard in the R-3 Zoning District based on the findings, and the Site Plan Review and Conditional Use for an 8,374 square-foot addition and site improvements for an Educational Facility located at 7000 Jamaica Avenue South.

Mayor Bailey said our next item is about the Independent School District 833 Transition Building, 7000 Jamaica Avenue South. Emily Schmitz, our Community Development Director, is going to walk us through this one. So, welcome.

Director Schmitz said Good Evening, Mayor and Council. The next item on your agenda for consideration is a School District project; we were originally calling it a transition project, but it's to move their Next Step Program, currently at two different locations, to what was previously the home of Light the Way Church at 70th Street and Jamaica to utilize that site for that program. As a part of that, they need some additional space on the site. They are proposing about an 8,000-square-foot addition to the building to support a cafeteria, some additional office spaces, and other specific spaces there for the programs that they offer to those 18-to-21 years of age for additional life skills, some career training, and then some independent living skills as well.

This site is zoned R-3, which is Residential. We do allow for educational facilities as a Conditional Use Permit (CUP) in our R-3 Zoning Districts.

As I indicated, they are proposing a building addition on the east side of the building, as you can see on the Site Plan before you; again, that will support a large portion of their programming that they provide as part of their Next Step Program. Some additional exterior improvements include some landscaping improvements, recreational spaces, including a garden, a basketball court, and some other outdoor play areas as a part of that. The applicant is not proposing to expand the parking lot; they're going to use the parking lot as it is today, however, they will do some restriping there. The proposed use of the building requires about 20 parking stalls, they are proposing 70, so sufficient to obviously support the folks that are going to be utilizing the site, teachers, etc. As you can see, there is some additional parking spaces for the buses that will also be utilizing the site.

So, a unique request to this particular site is a Variance to the impervious surface. When we think about a Variance, it's a practical difficulty, something that is out of our control. When we look at uses, specifically educational uses or places of worship, both of those uses are permitted within Residential Districts. However, a lot of times those uses do require some additional infrastructure; you want to make sure that there's parking but also continuing to be that good neighbor in those Residential Districts. The applicant is proposing to be at about 49% impervious, when 40% is the maximum, so just about that threshold with their addition and additional basketball court, so that's what is pushing them over the edge. It's important to recognize they are meeting their stormwater standards on the site and still a very good balance of open space to impervious on the site.

The applicant is proposing 65% Class I materials. The existing building does incorporate some brick already, but they are going to give it what I'm going to call a facelift, and then that addition will also include those 65% Class I materials.

The applicant is proposing to meet the minimum landscape requirements on the site. As you recall, we do have a coefficient, we use a calculation for the area of disturbance to make sure that those areas are being landscaped with shrubs, trees, etc.

One final unique aspect to this site is there are actually some trees, as you can see on the screen outlined in red, that were planted at one time over some watermain. We really care about our City infrastructure, and we want to make sure that we can protect that any way that we can. Today we would never permit a tree to be planted over our infrastructure; so, in this unique situation, we're asking that they actually remove those trees so that we can protect that watermain, but it's important to note that there are other mature trees on the site, and they're also filling in the gaps with their required landscaping. So, the site will still continue to look full, green, and luscious.

Finally, it's important to mention that this is adjacent to a County Road, 70th Street, with which most of you are familiar. As with all projects, we look to say, okay, in the future is additional Right-of-Way needed, and this is no exception. However, because the project is not adjusting the site from a platting perspective, they're not proposing to adjust the property lines, they're working through it with the County on what we would call Right-of-Way easement as opposed to platting that Right-of-Way, again preparing for the future to be sure that if 70th Street is ever expanded, they have enough Right-of-Way to support that.

Director Schmitz said with that said, I will leave the recommendation before you. I'm here for any questions, and the applicant is in the audience as well.

Mayor Bailey said thank you, Emily. Council, are there any questions?

Council Member Olsen said thanks, Emily. So, first of all, I'm super excited that the School District's finding a way to bring the two separate Next Step facilities together. My son spent several years in Next Step, and I can tell you that it was challenging for space purposes because some of the programming was in Cottage Grove, some of it was in Woodbury, and they had to bus kids back and forth, depending on their activities and the day; and you're dealing with a population of students who have a variety of needs, and whenever there is any sort of disruption to the schedule, it can be challenging, so this is great.

A couple of questions: Because we're dealing with that population and you can phone a friend if you want on this, this site provides an opportunity for outside activities that did not exist in the past at those other facilities. My personal concern is supervision because yes, you're dealing with young adults, who are in that 18-to-20-year-old range in terms of their genealogical age, but sometimes that developmental delay has them at a much younger age; and there's proclivities for things like running and not really paying attention to where they're going and

those kinds of things. So, what do we know about supervision or any kind of, I don't know if this is the right word, but containment to ensure that we keep people safe, especially next to a County Road like 70th Street that's busy. Anybody want to field that for me?

I'm Nicky Loch, I'm the Administrator of the Next Step Program in South Washington County Schools, and I appreciate that question. Every day our students' safety and security wherever we are is first and foremost one of things that we're thinking about. We know our students well, so our facility in itself, within the doors, we feel is very safe. In the spaces that our students would utilize outside, we do have perimeter fencing for those spaces, the Sport Court. When they would be by the learning patios, in the space a little bit before the gardens, from like that parking space between where cars would potentially be moving, we have a high staff-to-student ratio. When you look at the number of parking spaces we're considering, some of our students have 1-to-1 staffing; we think about how they move in their day, the places that they're accessing based on their environmental awareness, that predictability, and how confident we can feel that they are going to be able to successfully move in their learning space. Their IEP teams (those teams that come around their learning every year in that transition from high school to a transition program) consider the facility, consider what that building is like, and the supports that are there. They always consider if the program we offer here in the community is the best for them or possibly our partner with 916 Intermediate School District. So, our students' learning experience is very much built into our design for this plan, and then we still continue to make that student-by-student decision about what their day looks like and also what their learning environment, where their actual location is that they learn.

Council Member Olsen said that's such a great answer, and you must be so excited. Administrator Loch replied we are so excited. Council Member Olsen said yeah, I'm excited for you, I looked at this and I read through the plan, and I thought gosh, I wish Corbin could have had that, but you know what? He still had a great experience, but this is just going to elevate your whole program, it really is, so. Administrator Loch said we agree. Council Member Olsen said thank you for that.

Council Member Olsen said my next question is about stormwater, so you may not want to take that one. So, you mentioned impervious surface; obviously, stormwater capture, that kind of stuff, so what, if any, provisions are going to need to be made on the site for stormwater capture being that impervious surface is going to go up, exponentially?

Ryan Burfeind, Public Works Director, said Mr. Mayor, Members of the City Council, so with the engineering team, we work with our stormwater review staff. We do take a look at each project, so we would have given them a letter early on to let them know what they had to do, and it's kind of two parts; so, there was already a lot of existing impervious, and they are not required to do additional treatment of that, so it's just that amount that's going up. As Emily mentioned, they're accommodating the necessary treatment on site to make sure they're not increasing their rate and doing all the water quality things that they have to do as well. That's specific to the added impervious.

Council Member Olsen replied so, we have no concerns whatsoever, because again that's on that path towards the river, you know, just to make sure we're good. Okay, perfect. Well, again, exciting project, looking forward to seeing it be completed, and thank you guys for entertaining my questions.

Mayor Bailey said I have maybe just one question, I'm not sure which one wants to answer it. So, you're obviously taking the two remote places and putting them into this one spot, one's in Woodbury, one's here in Cottage Grove. What's your timing, what's your plan? Because if this gets approved tonight, obviously, you need to construct the building; are we talking a year from now, two years from now? Whoever wants to take it.

Good Evening, Mayor and Council Members, the bids are actually coming in tomorrow. So, our intent is to hopefully get this approved. Well, K-A is our construction manager, they'll vet the bids, and hopefully, we'll be able to get it on our Board agenda for the end of June and get things rolling. We'd love to have shovels in the ground by September, this is going to open up next fall, that's our goal.

Mayor Bailey asked a year from now?

K-A replied yes, fall of 2026. And again, this is one of those projects that's so much fun to be a part of because we're looking at getting kids out of a strip mall and getting them into a place that's going to be great for them.

Mayor Bailey replied awesome, thank you. That was my question, we have some interest in redevelopment, as you know already, so, thank you.

Motion by Council Member Garza to Adopt Resolution 2025-081 approving the Variance from the maximum impervious surface standard in the R-3 Zoning District based on the findings, and the Site Plan Review and Conditional Use for an 8,374-square-foot addition and site improvements for an Educational Facility located at 7000 Jamaica Avenue South; second by Council Member Clausen. Motion carried: 5-0.

12. COUNCIL COMMENTS AND REQUESTS

Council Member Clausen said I just want to mention a couple weeks ago, our Public Safety team, along with some high school students, teamed up and raised some money for Basic Needs and the SoWashCo Cares Unit. They raised almost \$9,000, so my thanks to the police, firemen, and the high school students for putting that together. The Fire Department did win; however, they didn't have any video review or challenges, so I'm not sure, but next year the police will win.

Council Member Garza said I have it on video; Council Member Clausen said okay, thank you.

Council Member Olsen said a couple things here first. I wanted to follow up on something that we talked about at our last meeting, those who were watching at home or were in the audience may recall, we had Cottage Grove resident Gary Spooner here, and we honored him with the Historic Preservationist of the Year Award. In that same meeting, we had several residents who live at the Dominion Legends facility here in town come to talk to us about some of their concerns related to what they're paying in rents and those sorts of things. They actually had a legislative update meeting at The Legends this past Saturday, which Gary coordinated, and that was for Senator Seeburger, our two State Representatives, and Washington County Commissioner Bigham and I were able to attend as well. It was a very nice meeting, cordial, good conversations, lots of good questions from the residents. One of the key takeaways here is there is legislation that is working its way through the State Senate and the State House of Representatives; that will provide some additional guidance to the property owners of that sort of facility as it relates to various rents that they charge and the return on investment for the resident, etc. The Senate actually did pass the Bill already this year, but it has not yet passed the House. Senator Seeburger was really good about explaining the various provisions of the Bill, etc.; this is one of those things that actually came up several years ago and the mayor got involved. At that time, you'll have to correct me if I'm wrong, mayor, but the mayor I believe was President of the Metro Cities consortium, which is a lobbying group here that works with metro communities at the State legislature, and we also have the League of Minnesota Cities. I am now a Board Member of Metro Cities, the mayor timed out, and this was put on their legislative agenda as a lobbying conversation at the capitol three years ago; and so, it's been working its way, sometimes government works a little slower than we'd like, but the good news is there's some positive outcomes in the offing here, hopefully this year, if that Bill can pass the House and ultimately be signed by the governor. But I wanted to give you guys an update that it is something that we're working on; cities have very little control over these sorts of things, as you heard in some of the commentary from various members of the audience, but we do have the power of influence, and influence over our State legislative contingent is certainly being brought to bear.

The second thing is I wanted to mention that we had a really nice Memorial Day event this year, out here near the Veterans Memorial, on the patio here at City Hall. The weather was perfect, we had nice attendance for the event, it was 10:00 a.m. on Memorial Day. We had two very powerful speakers, who I thought did just a magnificent job in talking about the experience of our Asian American and Pacific Islander veterans and their status within the veterans' community. I wanted to pay special thanks to the Washington County Honor Guard for being here that morning to present the colors, along with our own Cottage Grove Police Department representatives, Sergeant Pat Nickle, Sergeant Mike McCormick, and Officer Tyler Harris. I also wanted to thank our Mississippi River Valley Beyond the Yellow Ribbon team for getting here nice and early at 8:00 a.m. and getting all the flags and chair and everything set up. This is one of those things that it takes a whole bunch of people to put together, and we couldn't do it without the support of our City staff, including those folks at River Oaks, who bring

up the chairs and take them back, etc. But it was a great day, and a lot of credit to the people who were there to make that happen.

And then the last thing, mayor, that I wanted to mention and I certainly don't want to take anything away from Council Member Thiede's soon-to-be very ebullient commentary about Strawberry Fest, but we have a really special guest coming to Strawberry Fest this year; were you planning to talk about that, Eric being here? Council Member Thiede replied oh, I probably was not. Council Member Olsen said so, we have a really special guest coming to Strawberry Fest this year. For those of you who were at our Food Truck Festival last year, Eric Dowdle, who did the big community painting that many of you have seen and then the big puzzle, last year we were hoping to have him for Strawberry Fest and it just didn't work out that way; so, we ended up doing that at the Food Truck Festival, and it was a great day and we had a lot of fun and Eric signed a bunch of puzzles. You know, he's a very charismatic guy, so he got a chance to sit and visit with a bunch of people, but he decided he wanted to come back and do it all over again, except this year he wants to do it at Strawberry Fest. So, we're going to have him on Saturday, June 21, at Strawberry Fest. So, if you have a puzzle at home and you want to come and get it signed, it's a great opportunity to do that. If you haven't yet purchased your puzzle, this is a phenomenal opportunity to come and purchase your puzzle, get it signed, maybe get a picture or two with Eric, make a thing of it, I think it'll be really cool. So, I'm looking forward to seeing him again and looking forward to having him back in Cottage Grove.

Council Member Thiede said all right, here we go! Yeah, I will mention something about the puzzle, though, is that it makes a fantastic wall hanging. First of all, it's a great family activity to put the puzzle together, and you can do it over time or whatever, you know, and getting everybody together, putting the pieces together, learning more about your City or the city you used to live in, or whatever. So, it's amazing, and then once you get it put together, and you frame it, it's actually quite a beautiful picture, too, and it goes with a lot of décor, let me tell you. So, it's amazing, and also, obviously, if you have Eric put his initials on it, and also if he dates it, because I always tell the kids, you know, when you find something, if it has a date on it, it could be valuable someday because you know how old it is.

So, at any rate, in terms of Strawberry Fest, I can hardly believe actually that it's only two weeks away, it's 15 days away, I mean, where's the time gone, right? And, you know, just a couple of the different activities, the hours and things like that, you know the carnival is coming back into town on June 19, that's Thursday, everything will start at 4:00 p.m. and it runs until 10:00 p.m. On Friday, it goes from 2:00 p.m. until 11:00 p.m. On Saturday, it's 11:00 a.m., that's right after the parade, by the way, that starts at 10:00 a.m., and it'll go until 11:00 p.m. On Sunday, the carnival is from 12:00 p.m. to 4:00 p.m.

Then, also, I'm going to mention again that Thursday, we got an expanded kids' program and Family Day on Thursday; the fact is for some people it will be a holiday, Juneteenth, so it'd be a great day to get the family out, and I've been told it's going to be fantastic weather and everything like that. So, get the family out, have a fantastic time, there's a tractor pull, there's just a variety of activities on Thursday.

On Friday, there's something new that we've got, we're going to have a Drone Show. These things are neat, I don't know if you've ever seen them fly around and things like that, but it is fantastic, and the technology is extremely interesting with these. They actually kind of put together a story board and they make like a 3D video of what it's going to look like, and it's something that the Strawberry Fest Committee looks at, approves, and everything, and then it all comes to life; and that's Friday night at 10:30 p.m., a little bit late, the kids might have to have a nap beforehand.

On Saturday, we have the fireworks again at 10:30 p.m., and we've got bands on Thursday night, we've got two bands on Friday, two bands on Saturday. I could talk for another hour or two, so maybe I just better let you go to the website, www.cottagegrovestrawberryfest.com, that has all the information about it, all the activities are there. I mean, it's going to be a great event, great show, and a great time.

Council Member Garza said well, yes, I agree the puzzle you should do it with your family. We have been working on it since the Food Truck Festival, we're working hard, though, slowly but surely, so, yes, it's definitely a fun family thing.

Also, to piggyback off of Council Member Olsen's comment related to the meeting that they just had up at our senior living facility, I actually just visited Washington, D.C. this past week, and I had the opportunity to sit in on

some of the legislative sessions, and it was really, really promising related and surrounding to housing. So, as much as we're hearing within the news and social media and all the things that are happening right now, I felt good to hear that they are still moving right ahead to make sure that housing is affordable for people, and they're just working hard on that. It just seems like that hasn't been forgotten, and I'm really happy to be able to share that with you all; so, that was a really great takeaway to know that we are still working hard on making sure housing is affordable.

Mayor Bailey said obviously, we've talked about Strawberry Fest.

We do have Safety Camp that is coming up here on June 22, ages 6 to 9, at the old Cottage Grove Fire Station, it's from 8:00 a.m. to 3:30 p.m. If you're interested, you can register online, the cost is \$35; it's a great event for kids, I get the opportunity to go out there and speak to them while that event's going on. It's a great learning experience across the board for our Public Safety Department and our Parks Department.

And then Movies with Mo is June 13, it's the first movie of the year, 7:00 p.m. at Highlands Park, which is where the splash pad is, and the first movie that's going to be seen this year is *Wild Robot*. I've seen it online, I haven't seen the actual movie yet, though, so that's going to be a great opportunity. I encourage everyone to come out, it's always kind of fun, especially when the weather's nice. Bring your blanket, there are some free items out there for people to do, some food.

Council Member Garza added free popcorn, free lemonade, free glowsticks, I believe Eggroll Queen will be there, Mik Mart will be there, and I think we have a couple other smaller vendors as far as food goes, so, it should be fun.

Mayor Bailey just so I can say it, if you want to buy stuff you can, but it is a free event for anybody who wants to go there, that's the important thing to remember. So, you talked about all the free stuff, but if you just want to go put a blanket out there with the family and the kids and watch a great movie, this is your opportunity to do that. So, again, that is June 13, at 7:00 p.m. at Highlands Park.

13. WORKSHOPS - CLOSED TO PUBLIC - None

14. WORKSHOPS - OPEN TO PUBLIC - None.

15. ADJOURNMENT

Motion by Council Member Thiede, second by Council Member Garza, to adjourn the meeting at 8:10 p.m.
Motion carried: 5-0.

Minutes prepared by Judy Graf and reviewed by Tamara Anderson, City Clerk