

COTTAGE GROVE CITY COUNCIL

12800 RAVINE PARKWAY SOUTH

COTTAGE GROVE, MN 55016

COUNCIL CHAMBER - 7:00 P.M

August 20, 2025

1. CALL TO ORDER

The City Council of the City of Cottage Grove, Washington County, Minnesota, held a regular meeting on August 20, 2025, at Cottage Grove City Hall, 12800 Ravine Parkway. Mayor Bailey called the meeting to order at 7:00 p.m. and said this meeting is being recorded by TruLens Community Media. You can view City meetings live and then replay them on Cable Channel 799, and 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-Absent; 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; Paul Sponholz, Engineer; Pete Koerner, Public Safety Director; Korine Land, City Attorney-LeVander, Gillen & Miller, PA; Brenda Malinowski, Finance Director; Emily Schmitz, Community Development Director; Sam Pierret, Senior Planner; Kelly Becker, Associate Planner; 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 Garza to adopt the agenda; second by Council Member Olsen. Motion carried: 4-0.

6. PRESENTATIONS - None.

7. CONSENT AGENDA

- A. Approve the July 16, 2025 City Council Regular Meeting Minutes.
- B. Accept and place on file the minutes from the May 19, 2025 Planning Commission Meeting.
- C. Authorize issuance of a Massage Therapist License to Mary Denise Seifert to work at The Healing Place (8617 West Point Douglas Road South).
- D. Receive the response to the City Council Open Forum inquiry on August 6, 2025.
- E. Approve the issuance of rental licenses to the properties listed in the attached table.
- F. Approve the 2nd Amendment to the Amended and Restated Site Lease Agreement with AT&T at the

Pinehill Water Tower Site.

- G. Adopt Resolution 2025-115 authorizing preparation of Plans and Specifications for the 80th Street (TH61 to Ideal Avenue), East Point Douglas Road (80th Street south to T-intersection), and TH61/80th Street Interchange Rehabilitation Project.
- H. Approve the two Permanent and three Temporary Easements along Lamar Avenue.
- I. Approve the Encroachment Agreement for Almar Village Parking and appropriate officials are hereby authorized to sign the Encroachment Agreement to effectuate this action.
- J. Approve Change Order No. 1 to adjust the project substantial and final completion dates to October 17, 2025 and November 7, 2025, respectively.
- K. Authorize staff to place the order for the Salt Spreader Controls for a total of \$208,000 from Towmaster Truck Equipment.
- L. Approve Resolution 2025-117, Declaring the official intent to bond for the Oltnan Park Project.
- M. Approve the Agreement with Intrepid Fiber.

Council Member Garza wished to pull Item C, Massage Therapist License-Mary Denise Seifert, for further discussion and/or approval. She stated that's not what she wished to speak on, it was the paraphernalia. Mayor Bailey advised her that was C on the Regular Agenda tonight so she could speak on that item later on in this meeting.

Motion by Council Member Olsen to approve the Consent Agenda; second by Council Member Thiede.

Motion carried: 4-0.

8. APPROVE DISBURSEMENTS

Staff Recommendation: Approve disbursements from 08-01-2025 to 08-14-2025 in the amount of \$3,719,117.56.

Motion by Council Member Olsen to approve disbursements; second by Council Member Garza.

Motion carried: 4-0.

9. PUBLIC HEARINGS

A. Public Hearing for Issuance of Conduit Multifamily Housing Revenue Bonds-Real Estate Equities, LLC

Staff Recommendation: 1) Hold a Public Hearing on the Housing Program, the Bonds, and the Interim Loan. 2) Adopt Resolution 2025-118, Adopting the Housing Program, approving a Public Hearing, authorizing an Interim Loan, and the issuance of a taxable Interim Note for a multifamily housing development, and approving and authorizing execution of documents.

Mayor Bailey said Brenda Malinowski, our Finance Director, will kick this off and she has a guest who's joining us this evening.

Director Malinowski replied I do, Mayor and Members of the Council, just very quickly, tonight you'll be doing the Public Hearing for the issuance of the conduit debt, the first piece of that; our bond attorney law firm is Taft Law Firm and here tonight to step you through the process is Rhonda Skoby with Taft Law Firm. So, I'll turn it over to her.

Mayor Bailey welcomed Attorney Skoby.

Thank you, Mayor, Council Members. My name is Rhonda Skoby, and I am a bond attorney and partner at Taft Law Firm. We represent the City in this proposed bond financing. The Public Hearing and Motion before you tonight for consideration relates to the proposed conduit bond issuance for a workforce housing project to be

located at the intersection of Hadley Avenue and 100th Street in the City; the project will be known as Hadley Ridge Apartments. As this Council is aware, conduit bonds are authorized by State and Federal law and the Federal Tax Code in order to help developers of multifamily housing and certain other projects borrow money at tax-exempt rates. If the Council approves the bonds, the bonds will be the obligation only of the borrower; the borrower in this instance is Cottage Grove AH1LLL, which is an affiliate of Real Estate Equities, LLC. The City will have no financial obligation for the bonds, and all costs of the City will be paid by the borrower. The borrower will also pay an administrative fee to the City for the issuance of the bonds.

The Council originally considered and approved a Preliminary Resolution for this project in June, 2024. The action authorized an application to the State for volume cap authority, which was awarded in July, 2025 in the amount of \$30,250,000. The City subsequently considered a Resolution earlier this month, on August 6, calling for tonight's Public Hearing and authorizing the submission of a housing program for the project to be submitted to the Metropolitan Council. This August Resolution also preliminarily authorized the use of an increased amount of bonds, up to a maximum of \$50 million; it preliminarily authorized the use of recycling volume cap allocation from the Washington County CDA to finance the project through the use of an interim loan in the amount of \$8,220,000, to be applied to refund certain outstanding Washington County CDA bonds; and to apply the existing volume cap to the permanent bonds to potentially be issued by the City for the Hadley Ridge Apartments. Like the permanent bonds, this interim loan is a conduit obligation, meaning the City again has no responsibility for its repayment and that obligation is passed on to the conduit borrower. This interim loan would also be fully cash collateralized by the borrower and would be repaid upon the issuance of the bonds.

Tonight's proposed Resolution would provide the final authorization for the application of the recycled bond proceeds and would authorize the interim loan, as well as approving the housing program and the execution of certain documents.

A separate Resolution for the issuance of the permanent bonds would be presented to the City for consideration later this year, after the terms of the permanent bonds are established and the documents are prepared.

Attorney Skoby said I'm happy to take any questions that the Council may have, and I believe a representative of the borrower may be in attendance if you have specific project questions.

Mayor Bailey said all right, thank you. Council, are there any questions for her or our staff at this point? Other than the extension of it from earlier, we did already do this preliminarily last year. Mayor Bailey said all right, I guess there are no questions at the moment, thank you. Attorney Skoby replied okay, thank you.

Mayor Bailey opened the Public Hearing. If there is anybody in the audience who wants to speak or ask questions on this item, they are welcome to do so at this time. No one spoke. Mayor Bailey closed the Public Hearing.

Motion by Council Member Garza to Adopt Resolution 2025-118, Adopting the Housing Program, approving a Public Hearing, authorizing an Interim Loan, and the issuance of a taxable Interim Note for a multifamily housing development, and approving and authorizing execution of documents; second by Council Member Thiede. Motion carried: 4-0.

Mayor Bailey thanked Attorney Skoby for coming here tonight.

10. BID AWARDS - None.

11. REGULAR AGENDA

A. 61 Marine & Sports - Conditional Use Permit and Site Plan Review

Staff Recommendation: 1) Adopt Resolution 2025-110 approving a Conditional Use Permit for the display, hire, service, rental, leasing, and/or sales of boats and recreational vehicles conducted outside a building, with servicing conducted within a building at 61 Marine &

Sports, 11730 Point Douglas Drive South. 2) Adopt Resolution 2025-111 approving a Site Plan Review to construct a 4,000 square-foot building addition for boat servicing at 61 Marine & Sports, 11730 Point Douglas Drive South.

Mayor Bailey said Samantha, our Senior Planner, is going to walk us through this one, so welcome.

Samantha Pierret, Senior Planner, said thank you, Good Evening, Mayor and Members of the Council, tonight I am bringing forward to you a Conditional Use Permit (CUP) and Site Plan Review request from 61 Marine & Sports, located at 11730 Point Douglas Drive South, on approximately 11.97 acres of B-3 Zoned property. A little background for everybody: The use here, which is the boats and recreational vehicles sales and service, was a legal nonconformity and has been since 1984; there were several permit approvals, Conditional Use Permit approvals between 1984 and 2015. In 2015, all of those previous approvals were rescinded, and a new CUP, Site Plan, and minor subdivision were approved for expansion of the business. Between 2018 and 2021, additional Site Plans and CUPs were approved, as the business continued to expand onto neighboring properties. In 2022, the Zoning classification was changed to B-3, where the use for recreational vehicle and boat sales and service conducted inside a building is now a conditional use. So, now is the time with the applicant proposing to expand their building with a 50' x 80' addition on the east side of an existing building, now is the time for them to also apply for that CUP to comply with our ordinances instead of doing another CUP to expand a nonconforming use. So, we're just getting in line with the ordinances here and everything like that.

The addition must be made of matching materials to the existing building that is out there now, which was a condition for some of the other previous additions as well. There is no impervious surface being added here, as the addition is going to be constructed over existing gravel. There are three stormwater basins on site that currently are capable of handling the existing impervious surface. In 2019, the CUP condition was that some vegetation be planted within a 10' setback along that east property line there; there is a condition for your consideration tonight that 11 coniferous trees be planted in the southeast corner of the property there, just as some additional screening from Highway 61 as you drive by there.

For your consideration tonight, there are two resolutions on the table. Thank you.

Mayor Bailey said all right, thank you, Samantha. He asked if Council had any questions; none were asked, and Mayor Bailey said I don't see the applicant in the audience.

Motion by Council Member Olsen to Adopt Resolution 2025-110 approving a Conditional Use Permit for the display, hire, service, rental, leasing, and/or sales of boats and recreational vehicles conducted outside a building, with servicing conducted within a building at 61 Marine & Sports, 11730 Point Douglas Drive South; second by Council Member Garza. Motion carried: 4-0.

Motion by Council Member Thiede to Adopt Resolution 2025-111 approving a Site Plan Review to construct a 4,000 square-foot building addition for boat servicing at 61 Marine & Sports, 11730 Point Douglas Drive South; second by Council Member Olsen. Motion carried: 4-0.

B. Cedarhurst - Historic Conditional Use Permits, Zoning Amendments, Site Plan Review, and Business Subsidy Agreement

Staff Recommendation: 1) Adopt Ordinance No. 1103 to approve a Zoning Amendment to rezone the property at 6940 Keats Avenue South from AG-2, Agricultural, to M-U, Mixed Use. 2) Adopt Resolution 2025-112 to approve a Historical Conditional Use Permit to operate an event center/ wedding venue on the Cedarhurst Mansion property located at 6940 Keats Avenue South, which is on the National Register of Historic Places and the City's Register of Historic Sites and Landmarks. 3) Adopt Resolution 2025-113 to approve a Site Plan Review for improvements to the site and the Mansion and an addition to the Mansion located at 6940 Keats Avenue South for use as a wedding and event center. 4) Adopt Ordinance No. 1104 to approve a Zoning Amendment to rezone the property at 9912 70th Street South from AG-2, Agricultural, to R-3, Single Family Residential. 5)

Adopt Resolution 2025-114 to approve a Historical Conditional Use Permit to use the Gardener's Cottage property, located at 9912 70th Street South, in conjunction with the commercial event/wedding venue on the adjacent parcel at 6940 Keats Avenue South. 6) Approve the Business Subsidy Agreement with Bellagala to provide a business subsidy for \$37,275.00 for up to 15 SAC units.

Mayor Bailey said Emily Schmitz, our Community Development Director, is going to take us through this. Welcome, Emily.

Director Schmitz replied Good Evening, Mayor and Council. Cedarhurst, or Bellagala, is the applicant. They have submitted several applications which I'll go through in just a little bit more detail throughout the presentation. However, for those who may not know as they're driving by at the corner of 70th and Keats, there is a historic Mansion tucked behind the vegetation, so, just to orient you as to where we are looking at for this beautiful Mansion in our community.

So, a little bit of background: It was originally built in the 1860s, I'm not going to get into a lot of the historic details, but there are a lot out there, some great stories, so we're looking forward to seeing this site and this building repurposed and utilized in the community. In the 1970s, it was approved as a catering business, and then later in the 2000s to host events as well; so, this is not a unique proposal as a use for this particular site.

The current property owner purchased the property in 2021; if you recall, there was a proposal for that redevelopment of the site with some additional residential development as well as improving the Mansion. However, that project fell through; therefore, Bellagala is before you this evening looking for an opportunity to operate their wedding venue out of the Mansion. Bellagala is a company founded in Minnesota, they own and operate quite a few wedding venues throughout the Twin Cities metro areas. They are here this evening and can certainly offer you some additional details into their business ventures as well, but they are proposing a year-round wedding and event center at the Mansion, as well as the adjacent parcel we call the Gardener's Cottage. So, to be clear, there are two buildings, two parcels involved in their request, both coming together to support those operations.

How do we get there? The Land Use and the Zoning do have to come together to support us getting to a point where we can support and allow for that wedding event operation. Both of the parcels are currently zoned Agricultural; however, our Land Use Plan or our Comprehensive Plan does guide the parcel with the Mansion as an excuse and it guides the Gardener's Cottage parcel as R-3, Low Density. When we have unique parcels, especially with the Mansion on the National Register of Historic Places and the Gardener's Cottage, which we would hope someday will be on our Local Register, we find that using a Historic Conditional Use Permit (HCUP) allows us to be creative in the use to continue to maintain that historic integrity. So, it is a HCUP that will comply with both of those Zoning Districts, the R-3 District as well as the Mixed-Use District; we use the HCUP as a tool to allow for those unique operations to support those historic buildings and the integrity of those. So, the ask tonight is a HCUP on both separate parcels.

Director Schmitz said so, I'll go into just a high level of the restoration that is proposed for the Mansion and for the site. Most notably, they are proposing a 4,000 square-foot addition to the Mansion, which they are calling the Atrium, where they will host the majority of their events; ceremonies will take place outside, which I'll get to a little bit later, but the Atrium will be the most notable improvement on the site.

I've also included some images for the public to be sure that they're aware of the current status of the interior of the Mansion and the fact that it has sat vacant for quite some time. The improvements will be intense, but the applicant is committed to meeting those standards; they are working towards Historic Tax Credits with the State Historic Preservation Office (SHPO), which requires them to align with certain standards at the State level and maintain that historic integrity. So, even as you see the deterioration, this applicant is committed to making those improvements.

It's also important to note that they are committed to removing a couple of outbuildings on the site and will work to preserve as much as they possibly can; of course, we want to be certain that they're preserving the safety of the folks who are going to be using the site, so several of the buildings will be removed as a part of their improvements to the site as a whole: The barn, this is an outdated photo, as that barn actually now has fallen over, and then a couple of these other buildings that just cannot be saved.

The applicant is proposing a couple of different outdoor ceremony spaces, which I think is important to recognize. I've got some additional details on the Rose Garden, but as you'll notice 5 and 1 are also proposed outdoor ceremony spaces; again, just the ceremony, but the dance and the reception will all take place indoors, in the Atrium.

As I mentioned, the Rose Garden, which was a focus to ensure was maintained on the site. If you can see color from this Site Plan, I'm assuming it is just going to be gorgeous, especially as we look at the vegetation that they're proposing to make sure that this particular outdoor ceremony site is the integral part of the wedding venue as a whole. It's important to note the way that they're orienting the addition to the Mansion, the Rose Garden actually sits centrally into the site, I would say protecting it quite well, but also protecting the adjacent properties. They've really put a lot of thought into how that orientation matters and makes sense to limit the impact to those adjacent properties.

They will be aligning with our standard hours of operation, ensuring that any of the amplified music, sound, etc. ends no later than 10 p.m., Sunday through Thursday, and 12:00 a.m. on Fridays and Saturdays, which aligns with other event centers that we have within the community. We do have a really good buffer between those adjacent property owners, a mature tree buffer that the applicant is planning to maintain.

As I had mentioned, the Gardener's Cottage is on our wish list to be on our Local Register; therefore, the applicant is committed to applying for that property to be on our Local Register as they use it in conjunction with the activity happening at the Mansion: Likely an office space, maybe a refuge for employees to get a drink of water and a snack, whatever that might be, but no events will take place within the Gardener's Cottage, but it will support the activity happening on the Mansion site.

The general Site Plan, as I mentioned is a 4,000 square-foot addition. They are addressing the access and the driveway within the site. If you've been there recently, you know that that access is quite skinny, for lack of a better way to put it, so when you think about a public safety perspective, we want to make sure that that equipment can get in there. So, they're making sure to widen that driveway throughout the site, so there are no issues there. There are some new parking areas and then of course the utility connection, but I've got some additional details as we continue on.

Access is currently from 70th Street and Keats Avenue. The current access off of 70th is actually shifted a bit to the east, and they are proposing to shift it a bit to the west. When the County worked through their roundabout project, this median, as you can see here on 70th Street, was installed. The current driveway location is kind of right in the middle of that median, so when we think about a free flow of traffic in and out, as a full access, that median makes it a little tricky. So, by shifting that driveway to the west, that opens up that free flow of traffic, both in and out of the site and having definitely a safer intersection or access in and out. The applicant is committed to shifting to the west and also recognizes if we run into traffic challenges at their driveway access, they do have the opportunity to connect at Military on the north end, in the northeast corner of their site, using that as a full access.

The 20-foot driveway aisles, they are committed to expanding those. Of course, the final note that I wanted to make was the Gardener's Cottage also has its own driveway access to 70th; they are removing that additional access off of 70th, and there will be a shared access, of course eliminating that additional in and out onto 70th Street there as well.

Parking: 79 parking spaces are required to support the proposed use on the site. The applicant is providing 80 parking spaces. What you'll notice, that's quite unique about what the applicant is proposing, and this will lead me back to the HCUP, is they truly were committed to finding opportunities and ways to preserve the real aesthetic feel of the site, the Mansion, and the history. So, the applicant came to us and said, hey, we're really interested in using this unique material, it's called TRUEGRID. Don't ask me the specifics about the engineering, but what I understand it to do is it allows for these folks to maintain that grassy area for parking spaces, as opposed to adding more impervious surface. It holds the soil in place so we eliminate the potential for a muddy surface or washing away with rain events and things like that, so they are proposing that unique material to be utilized for their parking surface, which again aligns with that HCUP request.

They are proposing to connect the Mansion to utilities, which are currently stubbed in 69th Street, in that court there, so they will extend that connection all the way to the Mansion to ensure that they're not operating on the existing septic and well that are out there.

Again, their focus was to limit the impervious that they were adding to the site; however, for the impervious that they are adding, they do need to find a way to treat and manage that stormwater on site, which they are doing with a small basin and flow through and off the site appropriately.

There will be minor tree removal on the site; so, no need for us to worry about tree mitigation and certainly meeting that minimum landscape requirement with the improvements, specifically to the Rose Garden, but also throughout the site as a whole.

The ACHP reviewed this application way back in June, actually, and there was a 5-to-0 vote in support of the proposed use and improvements to the Mansion.

Finally, there is a recommendation before you this evening to support a Business Subsidy in the amount of \$37,725, as a SAC credit. We certainly appreciate the proposal for the economic driver on this site within the community and continuing to support that economic growth as well.

Director Schmitz said the applicant is here if you have specific questions.

Mayor Bailey said thank you. First of all, Council, do you have any questions for Emily?

Council Member Olsen said thanks, Emily. This presentation gets better every time I see it, so I appreciate you bringing this forward, and thank you to the applicant for being here this evening and for your interest in this site. One question that stems from the changeover to public utilities vs. well and septic, will this well be sealed, then, at that point?

Director Schmitz replied Mayor, Council Member Olsen, it will be, yes.

Council Member Olsen said okay, perfect. Thank you.

Council Member Thiede said I was just curious on the alternate entrance and exit from Keats and Military over there, would that replace the existing Keats drive in?

Director Schmitz replied Mayor, Council Member Thiede, yes, it would if they so chose to address that driveway location to have that full access because that median on Keats doesn't extend all the way to that old Military connection.

Council Member Thiede said okay.

Mayor Bailey said kind of on the sewer and water thing, the only other question I had was is the Gardener's Cottage already City sewer and water?

Director Schmitz replied Mayor, it's not, and so the Gardener's Cottage will remain on private well and septic until such time either of those systems fail, then they will be required to connect to City.

Mayor Bailey said I was curious, because I know you mentioned the Mansion but not the Gardener's Cottage, okay, all right.

Mayor Bailey asked if the applicant wanted to speak.

J.J. Maleitzke with Bellagala, said Mayor, Council Members, thank you very much. I have a presentation, but she like nailed it, and you were right, she gets better every single time. So, I guess do you have any questions for me? You guys have seen this a handful of times.

Council Member Olsen said we got to see some really nice renderings at the Economic Development Authority meeting that we had. We missed you, we were hoping you would come and have some coffee with us and hang out, but it's fine.

J.J. replied that would have been incredible; I was at Disney World, unfortunately.

Council Member Olsen said no, that's just fine. J.J. said, well, maybe not unfortunate, but.

Council Member Olsen said a lot of times people compare Cottage Grove to Disney World, so that's a conversation for another day. But the renderings looked absolutely amazing.

J.J. replied, well, I think we've still got, do we have a couple in here? All right, let's do it. I've got a few things, we'll skip, we tried to Cliff's Note this thing because it was about a 30-minute speech earlier, so you already saw these things, obviously. She talked about the 4,000 square-foot addition in the back, and you did talk about that section in the center where the Rose Garden is; it's really going to be helpful to sound, light, any types of those

organic pollutions that we're going to be creating, that it's not going to really go into any of the adjacent neighborhoods, which is awesome. So, this is just a different view of it; obviously, you'll see the glass structure. Our goal is to make that Rose Garden as beautiful as possible. Our designer, Ed, and the owner of the company, Tim, not me, unfortunately, but Tim has been working with Ed for decades. He's helped create some of our best of our six locations statewide, and it's his design, it's his willingness to kind of lean into the history, to lean into the true aesthetic of what this thing was 100+ years ago.

So, you'll notice here, this is just like a Bridal Suite, it's going to be that luxurious breakaway from the big day and everything else for the bride or whoever is getting ready in that suite. The Groom's Suite, or another getting-ready space that we have, has a pool table, those things that have a little more luxury for us gentlemen, but a foosball table, maybe an arcade game or two, but those are going to be only things that are really going to have the modern touch, I suppose; and we're still going to lean in heavy to that and actually President Roosevelt had, that's kind of a goofy thing, but we're doing it anyway, had taken a bath, apparently. There are no photos to prove it, but we're going to take that bathtub out of the restroom and actually put it into the Groom's Suite as kind of like a photo opp, just a neat piece of history that we want to hang onto. So, there's a lot of things throughout the buildings that we're not going to be able to use, per se, but we want to use them, we want to use them for art; maybe not function, but art, a story, just to kind of keep that history alive as best as we can.

You know this is, she obviously talked about the 4,000 square-foot addition is really the biggest thing that we're doing. We're not doing a lot to the inside of the house, other than repairing, replacing when we have to, but trying to bring as much back to life, whether it's flooring, whether it's original lighting, original wallpaper even, the original chandeliers in the original ballroom are still there. So, we're going to keep all that alive. This is probably the biggest adjustment in there is making a bar; it's just this bar isn't necessarily functional enough, it wouldn't allow for proper ADA movement and everything else in there. So, we're going to move that and actually remove a piece of the wall that used to be gone 100+ years ago, so we're actually bringing it back to its original self and then placing this right beside the original fireplace that will also sit there, too. So, they can come in here, grab a cocktail, and head out to the Atrium and the Rose Garden to enjoy the rest of their evening.

And then our ballroom, too; obviously, the historic departments in the State don't want you to make something that looks too much like the Mansion, they want it to be different, they want it to be more or less detached so if anything were to ever happen in the future; so the exterior of that is certainly going to have some modern feel to it, but the interior is where we want to bring in some of those more period pieces. We're talking about an old, historic, 100+ year old fountain that's actually going to be inside. You'll see some of the lattice attributes in there, lattice was apparently pretty awesome back in the late 1800s, early 1900s, and again, just trying to lean as far as we can into the history of the place. So, just another approach, you'll even see some of the lattice on the ceilings to create some dimension and actually a little bit of a sound barrier, too, which is cool.

Our ask today is to get full approval to allow us to move forward ASAP, and there we go. Is that too bold? We want to move forward, so let's go?

Council Member Garza said those are awesome, they're amazing. It's really awesome, so when do we expect to have our first event there?

J.J. replied if you approve, I know we could go there after this, it would be free, complimentary. No, we are shooting for next August. So, we're still, obviously, this is a major milestone for us to get this thing done, and other final approvals we're hoping for early September, from financing to all that other stuff, SBA, and all those things are still jumping through a couple of hoops. But it's about an 11-month project and so our goal is to begin as soon as possible, we're really kind of ready to start swinging hammers as soon as we get that final approval, which is great.

Council Member Garza said thank you; J.J. replied you're welcome, thank you.

Council Member Olsen said recently, our former Public Safety Director and his wife attended their son's wedding at your facility in Chaska, and they had the opportunity to chat with some of the personnel in Chaska about the fact that you were looking at this site and trying to come to Cottage Grove. I think there was a lot of mutual excitement there because they really were impressed with the offering in Chaska. I have no question that if you

can move forward in the manner that you have planned, this really is going to become another jewel in the crown here of Cottage Grove, as it was for many, many years way back when.

I have something I want to share with you, and I have not shared this with any other members of the Council, nor have I shared it with the staff, so don't worry, it's nothing crazy. We take Christmas pretty seriously here in Cottage Grove, and in fact, Mayor Bailey is affectionately known as Mayor Christmas if you ever go by his home during the holiday season, it's like you're going by MSP Airport with the amount of lights and doodads and different things on it. I don't know how he does it, but he does it. As I think about a neat event at the Mansion, I think about maybe a Christmas Ball; so, as you're putting your plans together and you're thinking about next year and August and what have you, if that's something that you might consider doing, I'd be happy to pitch in and help organize. I happen to be the President of the Lions Club here in town, and I've shared it with a couple of my Lions colleagues, and they think it's an amazing idea. This kind of a facility would really up the game, it's a little different than having a dance at the VFW if you know what I mean. So, it's just something that I wanted to put out there in the ether and see if we can bring that to life at some point, but to see Mayor Bailey in the suit and the tails and all that at a Christmas Ball I think would be pretty neat and definitely would be something that the community would enjoy. Otherwise, you have my full support, I'm really looking forward to see what you guys can do with this. The drawings are amazing, the planning has been done impeccably well, you've been very careful about maintaining the true character of the facility and the grounds, and I really look forward to when we can pop the champagne cork and get going.

Mayor Bailey said fantastic. The only other one thing that wasn't mentioned in this meeting, but it's been mentioned in all the other ones, and you kind of alluded to the Chaska events place, is that you guys have experience in doing these kind of things with historic buildings. So, some of the pictures and renderings that we've seen of these other buildings that you guys have done actually gets us to where I think we've always wanted, I can say as a Council; even the last people before you that were coming with some ideas, it really wasn't the greatest on what we thought the property could be doing. So, I'm very much happy with what you guys are proposing on this site, so thank you.

J.J. replied thank you.

Motion by Council Member Olsen to Adopt Ordinance No. 1103 to approve a Zoning Amendment to rezone the property at 6940 Keats Avenue South from AG-2, Agricultural, to M-U, Mixed Use; second by Council Member Thiede. Motion carried: 4-0.

Motion by Council Member Thiede to Adopt Resolution 2025-112 to approve a Historical Conditional Use Permit to operate an event center/wedding venue on the Cedarhurst Mansion property located at 6940 Keats Avenue South, which is on the National Register of Historic Places and the City's Register of Historic Sites and Landmarks; second by Council Member Garza. Motion carried: 4-0.

Motion by Council Member Garza to Adopt Resolution 2025-113 to approve a Site Plan Review for improvements to the site and the Mansion and an addition to the Mansion located at 6940 Keats Avenue South for use as a wedding and event center; second by Council Member Olsen. Motion carried: 4-0.

Motion by Council Member Olsen to Adopt Ordinance No. 1104 to approve a Zoning Amendment to rezone the property at 9912 70th Street South from AG-2, Agricultural, to R-3, Single Family Residential; second by Council Member Thiede. Motion carried: 4-0.

Motion by Council Member Thiede to Adopt Resolution 2025-114 to approve a Historical Conditional Use Permit to use the Gardener's Cottage property, located at 9912 70th Street South, in conjunction with the commercial event/wedding venue on the adjacent parcel at 6940 Keats Avenue South; second by Council Member Garza. Motion carried: 4-0.

Motion by Council Member Garza to Approve the Business Subsidy Agreement with Bellagala to provide a business subsidy for \$37,275.00 for up to 15 SAC units; second by Council Member Olsen. Motion carried: 4-0.

Mayor Bailey said motions carry, you're on your way. We're looking forward to it, thank you so much. Council Member Olsen added thank you both for being here tonight, we appreciate it.

C. Ordinance Amendment, City Code 5-1-3 (Paraphernalia Definitions)

Staff Recommendation: Provide direction on the Ordinance Amendment.

Mayor Bailey said Kori Land, our City Attorney, is going to take us through this one, so welcome.

Attorney Land said Your Honor, Members of the Council, you haven't heard enough about cannabis from me in a while, so I know you miss the topic, and I miss talking about it.

So, we talked about cannabis businesses, we've talked about cannabis uses, we've zoned them, we've put a registration ordinance in place. You've approved at least one cannabis use with Leafline Labs, but now we're going to talk about paraphernalia, which is a product that they sell; it's a little bit of a gray area in the law.

Currently, we have an ordinance, most cities do, that is very common sense and it's State law, too, that you can't have drug paraphernalia, you can't use it, you can't possess it, and drug paraphernalia is defined as any device that is used to inject, ingest, inhale, or otherwise introduce a controlled substance into the body. So, that seems like a very commonsense definition, so we don't allow drug paraphernalia. We do allow tobacco devices in tobacco stores; tobacco devices are known as a device that is intentionally used, designed, or intended for the chewing, sniffing, smoking, or other consumption, whether by inhalation, aerosol or vapor, or ingestion of tobacco or tobacco products. Again, it seems like it makes sense, commonsense definition.

The way that the City currently interprets these two definitions is that you can sell obviously tobacco devices at tobacco stores, we don't allow drug paraphernalia, but the gray area is cannabis paraphernalia because sometimes they look a lot alike.

So, we had an application from two tobacco shops that have requested the ability to sell cannabis paraphernalia. You may say, well, don't we allow that today, and the answer is no, we don't because it is often indistinguishable from drug paraphernalia. So, we have taken an approach with the consent or we've discussed it with the City prosecutor, who supports this interpretation: That cannabis paraphernalia, unless it is truly in an environment, such as a cannabis retail store, it is adjacent to cannabis products, it can be indistinguishable from drug paraphernalia. So, we have said tobacco stores, you can't sell cannabis paraphernalia. So, these two tobacco shops, CG Smoke Shop, which is on East Point Douglas Road, and Moon Soon Tobacco, which I believe is the one next to Dunkin' on 80th Street, they have requested that we make the definition clear that tobacco shops can sell cannabis paraphernalia.

So, cannabis paraphernalia has a similar kind of definition, it includes equipment knowingly or intentionally used primarily in ingesting, inhaling, or introducing cannabis into the body. So, we have all these different kinds of devices, what are we talking about?

These are some pictures I picked off the internet of drug paraphernalia. I am not a connoisseur, I am not an expert in any of these devices, any of them, but these are what I've asked other experts from the Drug Task Force to help me out here to understand what these products look like. So, this is drug paraphernalia. This is tobacco paraphernalia that tobacco shops can currently sell, and this is cannabis paraphernalia. So, you can see some of them are very unique to their product, and some of them, when you put them side by side, can look similar and also can be used for all three kinds of products. So, this is sort of the interpretation question that we're in right now. We have taken the strict, as I said, interpretation that we don't allow anyone to sell cannabis paraphernalia. When we do, if we do, when we do, probably, get a cannabis retail or a low-potency cannabis retail store, they are allowed by State law to sell cannabis paraphernalia; not a problem, we don't have one of those yet.

So, who can sell cannabis paraphernalia? I asked this question of the Office of Cannabis Management, and they said, well, clearly, a cannabis store can, clearly, well not quite as clearly, but we think you can kind of get there by connecting dots that a low-potency retail store also could. And I agree, I think that is a natural segue into the product. If it's a low-potency store, whether it's adult use or low-potency cannabis devices.

So, who else can sell it? They didn't have an answer to that question, and so they felt like it was an interpretation question that each local government could decide for themselves because it is a vague area in the law, it doesn't say that anyone can sell cannabis paraphernalia. So, that's why we're posing the question to you; there has been an application to make an ordinance amendment to allow cannabis paraphernalia to be sold at tobacco shops, that is the specific request that was made. But I pose to you that you actually have three options:

A) You can say we're going to leave it as is, the ordinance says no drug paraphernalia anywhere; and our interpretation is cannabis paraphernalia looks a little bit too much like drug paraphernalia, so nobody gets to sell it other than when we get to the point of a cannabis retail store. So, we'll leave the ordinance as is.

B) Or you could allow what they're application is, which is to do an ordinance amendment that would specifically say we're excepting out from the definition of drug paraphernalia, cannabis paraphernalia. So, that is not included, that is not overarching in the definition of drug paraphernalia, and it is a legal product to be sold, and we would allow it only at tobacco stores, which is what the ask is. So, the ordinance that I've drafted in just for review, not for adoption tonight, just as taking a stab at what it could look like to amend the ordinance. All we've done so far is except out cannabis paraphernalia from the definition of drug paraphernalia. So, that ordinance doesn't go far enough because there's a separate ordinance we would have to amend to say and tobacco stores get to sell cannabis paraphernalia.

C) You could say let's just amend the drug paraphernalia ordinance to say cannabis paraphernalia is not included, and then anyone can sell it if that's your policy direction; and with anyone, I mean gas stations, drug stores, grocery stores, anyone, it's a legal product and anyone can sell it.

So, those are your three options, and I normally wouldn't pose this at a Council Meeting, we would have a work session on it, but this is an application that's similar to a planning application for an ordinance amendment except it's on the City Code side, not the Planning Commission side, so I'm posing it to you.

Mayor Bailey said okay, all right, thank you. First of all, Council Member Thiede.

Council Member Thiede said so, my question would be obviously I've never seen any paraphernalia that automatically would come with free product in it or anything, that really is the issue, right? So, what would be the problems with just saying everywhere; what kind of issues would we run into?

Attorney Land replied Your Honor, Members of the Council, you would have to decide if these are issues. This means that products that look like this could be sold at any retail store or any store that wants to sell that kind of product, and if you think that's not a problem, then that's not a problem.

Council Member Thiede said so, when I look at this, I don't know that I would say it's necessarily a problem because you could do whichever in kind of any one of those things. In some of the other documentation we had, you know, it said for the purpose of this section, *Drug paraphernalia shall mean all equipment, products, and materials of any kind which are used, intended for use, or designed for use in planting, propagating, cultivating, growing, harvesting, manufacturing, compounding, converting, producing, processing, comparing, testing, analyzing, packaging, etc., etc.* So, there's just a whole list of things, which I see there, which I say is different than what I'm seeing here in a sense.

Attorney Land replied I wouldn't expect a tobacco store to be selling some kind of cultivation equipment; so, I mean, I think therein lies the difference. They truly are looking at selling something like the things on the screen. So, but again, the ask is just to be sold in tobacco stores, and I'm asking, do you want to open it up, do you want to close it up, do you want to go in between?

Council Member Olsen said we recently had an application come before us for low-potency hemp, which is somewhat different than what we're talking about with pure cannabis, but from a chemical perspective, THC and all that is still part of that. So, what I think I heard you say earlier is at this point, we don't have anybody selling that, but we will soon. At that point, they would be eligible currently to sell this product?

Attorney Land replied under State law, it's the gray area, there's a section of that 342 new Statute that says cannabis paraphernalia can be sold at cannabis retail stores, period. It doesn't say that in the low-potency section, so again, by sort of extrapolation, you could say it's a similar product, it would make sense.

Council Member Olsen said so that being said, if we look at the options that you presented, B would put us more in line with what the State is sort of guiding, I'm not going to say that they're doing a good job of guiding it, but they're sort of guiding it. Is that accurate?

Attorney Land replied with the exception of allowing it specifically at tobacco stores. So, calling it out that they would say, State law is very clear, cannabis can sell it, adult use cannabis, grayer, but probably at low potency, anywhere else would be up to the City.

Council Member Olsen said and the tobacco stores are the applicants that are currently asking for that opportunity?

Attorney Land replied yes, and Your Honor, Members of the Council, if I may add, we did a little informal survey or found one of what other communities' tobacco stores, and it really varies. In some, I couldn't even say it's 50-50 of tobacco stores, whether they're selling it or not. It really just varies by community, it varies by store, by store owner; some store owners don't want to get into it. So, I think it really comes down to what you're comfortable with.

Council Member Olsen said well, the piece that I wrestle with, whenever we look at something like this is the enforcement piece, because that's always going to fall on our Public Safety team to be able to enforce whatever it is that we choose to do. I'm assuming that our Public Safety Director and our Public Safety team have been engaged in these conversations; have you been able to identify a preference or thought on anything they may be uncomfortable with or comfortable with here?

Attorney Land replied Your Honor, Members of the Council, I think the problem is this picture. Unless it is next to a spoon with residue in it, they can't say for sure that its drug paraphernalia. I actually had an email from the Drug Task Force from the Sheriff's department today, and he, the one who's sort of been guiding me through this discussion with you. When I said I don't understand, you've got to help me out with the difference, how is the Council going to be able to understand the difference between drug paraphernalia, truly drug paraphernalia, and cannabis paraphernalia? And he said, I can't even tell the difference. So, is there a recommendation or a clear line? No, there's not. Because this is unfolding, I think the safest approach would be to say all cannabis stores get to sell it and that's it, then we know what it's for. But if you want to open it up to tobacco stores at their request, other communities are doing it, I wouldn't say intentionally, though; I could not find a single ordinance, and I looked, where a community has said we are allowing the sales of cannabis paraphernalia at tobacco stores. So, it's being done, and it's not being enforced as drug paraphernalia, so I think that's the position that most communities are taking.

Council Member Olsen said well, we do have a neighboring community where this does get sold at tobacco shops, which is I think what prompted, Mayor Bailey said it is, our local community tobacco shops to ask or question. From where I stand, I think Option B seems like a reasonable and fair option based on what I know to be true of what is occurring in some other communities, but that's as far as I'd be willing to move the needle; I'm definitely not in favor of kind of opening Pandora's box and letting it happen everywhere, but again, I always go back to that enforcement element. There's an educational piece along with this, too, that we'll need to engage in, but at least from me, Mayor, I would favor Option B.

Council Member Garza said so, my question, with our tobacco stores and our cannabis store that we already have in town, are they already selling products that are nicotine but are similar or look something like the products you had on the screen?

Attorney Land replied I honestly don't know what the tobacco store, what kind of products they're selling. They can sell tobacco devices. All of them, I think we have three tobacco stores that are exclusive tobacco stores; regardless, they are all complying with our you can't sell cannabis devices. And, so, they're selling something that looks like tobacco devices but not cannabis devices, and Leafline, which is the only manufacturing, doesn't have a retail component, they're not a store.

Council Member Garza said so my question is we haven't gone to the tobacco stores to see what type of devices they're currently selling, so what I'm really alluding to is they're probably already selling these devices but calling them nicotine.

Attorney Land replied they are not, they are not selling devices that could be used for cannabis. They have been told this looks like a cannabis device, you can't sell it.

Council Member Garza asked so they don't sell any like tobacco pipes or anything?

Attorney Land replied I'm sure the old-fashioned kind of pipe, yes.

Council Member Garza said the reason I'm asking is because if they're already these types of products and now they're just looking to rename their section a cannabis use section, were they already selling this stuff in their store?

Attorney Land replied Your Honor, and Council Member Garza, I don't think so, and that's why they're making the ask. Otherwise, I don't think they would have applied for this. If they were already selling a product that looked close enough, I don't think they would be making the request of us to change our ordinance to make it more clear.

Council Member Garza said they may want to expand their operation, so that's probably, instead of just calling it strictly tobacco use, they may be able to expand to the other product. So, that's the reason why I'm asking it.

Attorney Land replied but the low-potency store is not selling paraphernalia.

Council Member Thiede asked how about a liquor store that sells tobacco?

Attorney Land replied no, this would be for exclusive tobacco stores only, not just anybody with a tobacco license.

Council Member Garza asked so, how do they get around that? So, if you're only a brick-and-mortar tobacco store, but if you hold a tobacco license, you're not allowed to do that? Only a tobacco store, strictly.

Attorney Land replied Your Honor, Members of the Council, that would be my suggestion, otherwise you're going to find them at every gas station and bar and anybody that has a tobacco license as part of the rest of their business.

Mayor Bailey said the one question I have, I'm trying to remember back when we had these discussions, is it accurate that liquor stores are not able to sell any of that; is that accurate right now?

Attorney Land asked in Cottage Grove?

Mayor Bailey replied well, whether it's Cottage Grove or anywhere, I just was curious.

Attorney Land replied yes, liquor stores can sell the low-potency beverages. In Cottage Grove, we have not allowed low-potency other products to be sold at liquor stores, it would just be the beverage.

Council Member Thiede said but liquor stores can sell pipes, yes or no?

Attorney Land replied only if they're a tobacco store can they sell tobacco products.

Council Member Thiede said but if they have a tobacco license they can.

Mayor Bailey said that's kind of where I was heading with that is if they're selling tobacco, then would this be another option in there?

Council Member Thiede said well, somebody could smoke just about anything in a pipe, right?

Council Member Olsen said again, I like Option B because it does limit the tobacco store vs. having a tobacco license, I think that that's an important distinction. The other thing I think goes hand-in-hand with this is when you think about a tobacco store or even a cannabis retail store, they're set up to do the training. They're set up to handle compliance, we already do the compliance checks, those kinds of things; so our people are going to be in those buildings anyway, and they're already aware of the way that our City operates with respect to holding folks accountable to follow the ordinance correctly and that sort of thing. I believe we have pretty good relationships with the tobacco stores in town at this point. I know we had a little bumpy road for a minute there, but we took care of that. So, to me, it feels fair, it feels reasonable to allow the tobacco stores to move forward with this request as opposed to, as you stated earlier, kind of having it at every gas station and every other place that has a tobacco license. That's important for me anyway, that's important to draw that line of delineation there, and I think if we do that effectively, this makes sense.

Mayor Bailey said so, I'll just say from my standpoint, I'm going to go at the moment, and I'm not saying you come back later and I change my mind, like before we actually get this going, but I'll go with B for now, would be my idea. I do have a little bit of angst or heartburn as it relates to, you know, at some point in time, we could get a gas station owner or somebody that says hey, but I want to do it. I guess what I want to really do, myself personally, and then maybe with our staff is just to find out what other, I know you already know because as a matter of fact,

a city to the north of us doesn't even have an ordinance, and all their people are selling it in the tobacco stores. The fact right now that we've had two tobacco stores that actually reached out to us, asking for this, and the fact that a city to the north of us doesn't even have anything about it, but they're still selling it, I think it's better to do it legally from an ordinance standpoint and go from there. I'm also not against somewhere in the future looking at, you know, what if this evolves, because this has been evolving even yet this year with what's going on at the State level, that that might be something that we want to entertain. Of course, as a Council, we can always do that, right?

Council Member Olsen said one would hope the State would take that on at some point and give a better direction, that would be wonderful if that could occur.

Attorney Land said and Your Honor, Members of the Council, as you know, OCM is a new organization, they're still trying to figure it out; the legislature is enacting a lot of things that are not super specific, and so, they're trying to do their best interpreting things, and so, we're filling in the blanks for them where there are blanks. And, as you said, maybe eventually either the Statute or OCM will get more definition for us, but until then, I think it's helpful to put this in writing so everybody knows our rules.

Council Member Olsen said it seems like a reasonable first step.

Mayor Bailey said and I do like the fact that they're asking us for permission because the reality is they're saying multiple cities are out there with nothing, and they want to be good partners. And, so, I'm totally okay with B at this point, personally, but I'm also not against looking at it in the future.

Council Member Thiede said so, I'm probably all right to start with B, too; I'd rather be a little more strict and then be able to open it up because if you go the other way and if you find some problems, it's tough. I also have heartburn for like Public Safety and that and trying to figure some of these things out sometimes because it is kind of tough to say what's what.

Council Member Garza said I'm right on board with you all. I believe B is probably our best option to start with, to figure it out for where we're going, how we're going, all the things, so, yeah.

Mayor Bailey asked Attorney Land do you need an official vote?

Attorney Land replied I do not need a vote, I appreciate the direction, and the next step would be for me to prepare the two ordinances to come before you, and it may be on Consent as long as it's not controversial; and it could be as soon as the next meeting. So, I appreciate that, thank you.

Mayor Bailey said sounds good, thank you, Kori.

12. COUNCIL COMMENTS AND REQUESTS

Council Member Olsen said there's an awful lot of things coming around the bend here as we transition into Labor Day, and I'm sure that you're going to hear all about them from my colleagues. One thing I wanted to mention is if you are a fair-going person, and I know that there are an awful lot of those in our community, Cottage Grove was once again selected as a site for the Bus Rapid Transit to the State Fair. So, if you're looking to get out to the fair and get back home here to Cottage Grove, you'll have that opportunity if you go to the Cottage Grove Park and Ride, which is right along Highway 61 on West Point Douglas Road, between 80th Street and Jamaica; it's right near the Youth Service Bureau building. It's a great way to do it, I think it's \$6 round trip. The first bus in the morning leaves I believe at 8:00 a.m., and the last bus at night comes home from the fair at midnight except for Labor Day, which is the last day of the fair; the morning bus is at 8:00, but that evening bus that will bring you back home from the fair is at 11:00 p.m. When my family and I go, that's the only way we go, and I'm telling you it's really great, but be prepared because a lot of people like to use that. So, they do have buses that circulate pretty regularly. Again, if you're interested in getting out to the State Fair, and it sounds like this weekend the weather's going to be beautiful, make sure that you consider the Park and Ride here in Cottage Grove. It's well worth the \$6 round trip price; by the way, kids that are 5 and under are free, and we also have disabled veterans who get to travel for free on the bus. So, if you have young ones, you don't have to pay that price. Finally, if you're an electronics person and you're into the Metro Transit app, which I didn't even know they had an app, but I guess they do, that \$6 round-trip price is only

\$5 if you buy your ticket through the app; so, it's a great way to save a little money. And with that, Mayor, I'll turn it back to you.

Mayor Bailey said all right, thank you. Yeah, I think it's going to be busy this weekend at the fair.

Council Member Thiede said yeah, and we always typically take that bus, too; in fact, we're going to take it tomorrow, on the first day. I've never gone on the first day before, so that should be fun.

Also, I guess the other thing I have is Mo wanted me to see if yo wanted to go to see *Moana 2*. But at any rate, Movies with Mo is tomorrow, at Highlands Park, at 7:00 p.m. Council Member Garza said there's free popcorn, free lemonade, and free glow sticks. Council Member Thiede said holy cow, you can't beat that. Council Member Garza said the movie starts at dusk. Council Member Thiede said so, I think you'll want to go. Council Member Garza said yeah, it's the last one of the season.

Council Member Garza said so, I will round it off with a few other activities that we have going on in the City. Of course, on Thursday, we have Food Truck Thursdays, that's right here at City Hall; so, tomorrow we'll have a food truck up here, it's going to be the California Dip & Eat, so that should be really, really good. They're usually down at Cub Foods, so they're heading their way up here, so that's pretty good.

Also, our Food Truck Festival, that's coming around the corner, that's on September 13, from 11:00 a.m. to 6:00 p.m., at Kingston Park. I believe we have 40 food trucks or so? She was told 35, and said okay, close. Council Member Olsen said but there is a waiting list, too, of other food trucks that want to get in. So, there's a marketplace, there's kid activities, there's a beer tent, I'll be volunteering there for a few hours, and then we'll have live music again, Basic and Boring will be there from 11:00 to 2:00, and Revved UP! will be there from 3:00 to 6:00. So, it's always a fun event. If you're not doing anything, come on out and enjoy the day with us.

Mayor Bailey said well, then I'm going to piggy back on that because before you go to the Food Truck Festival, you've got to do your Beyond the Yellow Ribbon Walk, Run, Ruck, which is the same day, September 13. It starts at 8 o'clock at Kingston Park, so you can get all that stuff done, and then you're going to be so hungry, you're going to go eat all that bad stuff at the food trucks probably. But if you're interested in joining in, this is a fundraising event for the Beyond the Yellow Ribbon group; Council Member Olsen said yeah, we're the Mississippi River Valley Beyond the Yellow Ribbon, and we serve military families, veterans in the area. This is a great fundraiser to help support us in that mission. Mayor Bailey said absolutely, so, if you're interested and want to learn how to sign up and all the pieces to that, just go to www.runsignup.com and you can sign up there. Again, you can walk, I've heard that comment from my colleague over here, it isn't necessary that you have to run, so if you want to get involved, or frankly, let's say you want to sign up and just donate the money, that's an option, too. You don't have to run. Again, all the money goes to military families and military members in the area. Council Member Olsen said there's a 5K, 10K, and a 15K, so you can do any of those. When you sign up, you'll get a T-shirt, you'll get your timer, you get a little gift bag, some refreshments, and then you get to stay for the Food Truck Festival. Mayor Bailey said there you go; Council Member Olsen asked how much better could it be? Mayor Bailey said sounds good.

Mayor Bailey said the next item on our agenda is a Workshop, which is Open to the Public. I believe we'll be going into the Training Room, and that is just kind of our final look at the 2026 Budget for the City of Cottage Grove. Then we'll also be talking about communication, to make sure that we get the information out to the public on what's going on there. We don't have a Workshop, Closed to the Public, tonight. We won't be adjourning in here, we'll adjourn in the Training Room. So, everybody have a great evening, and we'll talk to you soon.

13. WORKSHOPS - OPEN TO PUBLIC - TRAINING ROOM

A. 2026-2027 Budget Workshop

Staff Recommendation: Provide feedback regarding 2025 Property Tax Levy and Budget Communications.

Director Malinowski said so, I have a very quick presentation and then I'll open it up to you for discussion and direction. We got the property values from the County, and really got even more favorable values than we got in July. We got multiple taxable dollars, which is what we use when we calculated our property tax rate; it went up, which is moving our property tax rate down, so that's great news we got from the County.

Insurance Update: We met with our broker last week or the week before, and we have a 0% increase in our health insurance for 2026, so that's great, positive news. We have had an Insurance Committee that has been meeting this year that's been talking about different options about insurance, whether we offer different types of plans, but at the end of the day, because of how we do our staffing with the health insurance, it really does keep our claims history down per our broker, which is showing that 0% increase. So, the health insurance isn't recommending any changes to our plan, but one of the things that they looked at was to offer revision insurance, whether that is paid by the employee or the employer; so the approximate cost is \$12,500, that is the annual cost to be able to offer it to our employees.

Council Member Olsen asked is that like a BMC type of program? That's a great added benefit for sure.

Director Malinowski replied and that's an enhancement of benefits to employees, so we can add that in recruiting, our employee benefits, it could help with that. Jennifer, do you have anything to add on the health insurance regarding the committee?

Administrator Levitt replied I think it helped out having the Insurance Committee to be able to weigh in because they looked at some different dental options and different things like that with braces and everything like that. This was clearly one that they brought forward, and so, when we looked at the premiums, we looked at braces that were recommended, I think the cost of \$12,500 is critical to offer to our employees in November.

Council Member Olsen said yeah, I agree we move forward with that.

Mayor Bailey said and so, that's the thing, if this is for the families, will there be an option for a buy in for the family or something?

Director Malinowski replied that's a great question. I forgot to mention that, yes, they would, and it has that cafeteria benefit then for them, so that's that nontaxable benefit for them, absolutely. And by the employer offering it, they actually reduce the premiums. So, if our employees pay for that single benefit, it's a little bit more, that's because the employer option is what we're recommending, and that actually went down a little bit. Our Health Insurance Fund, which is our self-insurance fund, it is at that lower level when we talked; and so, we're not recommending that 0% levy increase to go and change all their health insurance premiums on the individual cost centers, but believe that fund get back up to that \$2 million, so that we have that for claims in the future.

Property Tax Levy Changes: So, this was the chart that we looked at last time. For the things that you had wanted to add back in, into the levy, some of them are listed there. The bottom two things are things that were talked about the last meeting, and so with that part of that health insurance savings, we are recommending to add those into the levy. So, we're not expecting the property tax levy but being added to the budget.

And then here's the 14.92, or the 14.98 if we look at the City of Cottage Grove running portion, what that does, we talked about it last time, is it helps mitigate that large increase that we saw, that we would see in 2027 had we not gone with that 14.92 increase in 2026; and there was just the Equipment Levy at 0 and then going up \$927,000 in 2027 was spiking the levy impact, and so, we've been able to mitigate that a little bit to get that better for 2027.

Equipment: So, based on that \$927,700, in the packet the three police squads are in there, and that was what the Department needs for next year, a utility gator in 2027 has been moved up to 2026. The loader, \$345,000, and then we are recommending that the remainder of the money be used for an Interfund Loan, for the ambulance that's arriving in December 2025. That can be an Interfund Loan right now over to the EMS Fund until we try to size that Fund and come up with the extra money in the future.

Mayor Bailey asked so, at this point, do you think that we'll get that ambulance this December? Director Malinowski replied that is the last I've heard was December this year.

Equipment Replacement Fund: We're not spending that all the way down just because sometimes pieces of equipment do fail and if we need to replace them, we want some money in that fund if something happens. So, at

the end of 2026, we're at \$723,000, and we do still have \$900,000 in Equipment in 2027 that we're going to have to find additional funds for; maybe there is some opportunity at the end of this year to fund some of that in 2027 with the budget carry forward and something like that. We don't have to solve that today, but at least we've solved 2026, and we're in a great position in 2027.

That's the equipment that's being funded, we've seen it all, we've talked about the other items at the bottom that we're adding, and with that, I'm going to open it up to you for comments and a levy discussion.

Mayor Bailey said right now, it's a little bit, and then you would adjust it, I suppose, to what happens because we saved enough money in the fund, hopefully, for the next period, so.

Council Member Olsen said and I know it's a little early, but do you have any sense of what Fund Balance would be at the end of the year, or is it just way too early to make that guess?

Director Malinowski replied it's too early to make that guess, but we're tracking well; two years ago, I think that we felt that we were unsure of if our budget was solid, and so, can we make those budget numbers? I think we feel more confident with the budget for the last two years that we can make that budget number, it's just how much can we make, is there any opportunity above what that budget projection is?

Council Member Olsen said the reason I ask is I like the idea of any carry forward potentially going back towards equipment, which we've done a couple times in the last few years; and I think that's all just mitigate to some degree, something new that we've had, but that will also then provide us with a little additional push for 2027, if we can pick up another piece of equipment at the end of this year, based on what the Fund Balance looks like. So, we'll just have to rely on that. Director Malinowski replied we will.

Mayor Bailey said just looking out at the 2026-2027 budget, for the 2026 we're looking at today, do you see anything on the horizon in 2027 that gives you maybe some heartburn when it comes to what you guys might be hearing? Whether it's, I'm talking, you know, about the economy, or heaven forbid, if that economy were to collapse, you know, with the tariffs and all that kind of stuff? I mean, do you see anything at this point that would give you angst?

Director Malinowski replied no, you know, but EMS funding from Medicare-Medicaid, if we're going to have that go down further, or where is that going to be? State Aid, when the State feels the effects of the trickle down from the Federal government, that is what I looked at in 2027.

Mayor Bailey replied, well, the only reason I bring it up is I actually had the opportunity to meet with somebody that I know that is a V.P. of one of the big hospitals in St. Cloud, and last week, they just laid off like 100 people in anticipation of the Medicare-Medicaid. And just like what we know is the ambulance service and how it was made, the hospitals can't turn away people. So, whether they have insurance or not, just like us with the ambulance, we cannot, they have to take them. And, so, they're anticipating losses, significant losses, and it sounded like Fairview is either doing it this week or next week, that they're also going to go through some major layoffs in preparation for what's coming. And that's the reason I kind of heat it up for you because I kind of knew, like based on what she shared, I didn't realize it was that significant, though, for the hospital and yeah.

Council Member Olsen said inflation on durable goods is going up, too, because of tariffs, so that's another reason why we plan now like we do.

Mayor Bailey said okay, are there any other questions on this? If not, we're going to talk to Phil and talk about communication, right? All right.

Phil Jents, Communication Manager, said well, Mayor, Members of the Council, I'm happy to be here tonight to talk budget communication. The last time we were here for the budget workshop, a little bit ago, before you had a few options, just general approaches to how budget communication might go. I only say might because all of this is subject to change, based on accurate numbers and feedback from the Council, needs from staff leadership, so on and so forth. At that time, you had expressed some interest in an option that included some videos, some social media posts, obviously some new information posted to the website, and so on and so forth.

So, now, we're here tonight to obviously gain your feedback, answer any questions you may have to give us that direction moving forward, but also give you a sharper focus of what that approach might actually look and sound

like. So, some drafted language for the website or social media posts, and a rough outline for what those videos might look like; obviously, all of that is subject to change as things move forward.

So, that is essentially my preface, but as you'll see before you and in the coming slides, some more specific language around content that will be posted to the website, *Cottage Grove Reports*, social media, *Cottage Grove Connect*. One thing that is in the slides but isn't on the bullet points is a virtual community event, probably like a virtual Town Hall that we were kicking around doing about the budget.

This, with the exception of some numbers that we filled in based on what we learned since the last workshop, has gone unchanged. Essentially, the key message is around the realities that we're in, or at least the information that I have in front of me right now, tonight: The proposed Property Tax Levy, where it sits right now, and we heard a little bit about development and an expanded Tax Base and how that can help ease the impact to our overall Property Tax Levy. And then some of the other things that are causing the budget realities that we're in today, namely: Capital Improvement and equipment costs for all departments, really, but significantly around Public Safety, Public Works, etc. And then, as was mentioned just a second ago, impacts around inflation, tariffs, costs of goods and services, rising personnel costs, things like paid medical and family leave, EMS costs, and so on. And now that we have those more-accurate numbers today, the impact of the median value home, \$369,200 is \$1,434 a year, \$119.50 a month, or \$3.92 a day. Some key messages continue, none of this is surprising to the folks in the room tonight, but nevertheless it is important to state that budget decisions now have impacts in the future, right? And, so, I think it was stated earlier if we're not buying ambulances and loaders and sign trucks today or soon, those pieces of equipment don't get any cheaper; then, as unknown financial realities come down the pike, it may make things even worse. So, budget decisions today do have impacts down the road, for better or worse. In addition to expanding the City's Tax Base, essentially cuts to service and personnel, as was stated about the health care facility, that's essentially the only way to lower costs, right? We don't make things and sell them, we do have fees for service and fees for facility rentals, but we don't make products and sell them, there's only so many ways we can cover the cost to provide City services to the public.

Speaking of City services to the public, as you also know the National Community Survey showed us that of those surveyed, 80% of residents do experience a good quality of life here in Cottage Grove, 34% are satisfied with the taxes they pay, 32% were not satisfied with the taxes they pay, and 15% are willing to accept service reductions in order to pay lower taxes. This is a slide you've seen before, but that's just a graph representation of what I just said, essentially: Some of those results of the tax question on the National Community Survey, which is important just to get a sense for how residents feel about the services that they receive, relative to the cost that they pay for those services.

So, I didn't list all of the words on this slide, but they are in your handout before you; so, this would be the content that we would pose to the website. You obviously have a graphic here that shows you, generally speaking, \$119.50 on that median value home. Well, how much of that \$119.50 goes toward each department? This graph shows us that: \$53.83 to Public Safety, \$19.38 to Public Works, and so on and so forth. Again, not all of the literal words are on this slide, but they are on your handout before you, but it's content around the overview of the annual budget itself, the Property Tax Levy, General Fund, Special Revenue Funds, Enterprise Funds, and so on and so forth.

Social Media

Post #1: Is very straightforward, very basic. This would just be whenever the preliminary budget is actually posted to the website, we post a social media that that information exists on the website, right? Just letting our residents know if they want to go online and take a look at the preliminary budget, what's in there, where it is at, that we are letting them know that by going to cottagegrovemn.gov/budget.

Post #2: Gives our residents a little bit of insight around in general, when you get your Tax Statement mailed to you, where is it actually going; I feel like that context is very important, right? The City is not the only taxing entity on your Tax Statement, there are many entities. You all know this, but I think it's important context to note that 19.5% goes to the County, a little over 48.5% goes to the School District, the City is a little under 28.25%, Watershed another, it all adds up to what your taxes as a resident actually goes to. So, that's what that post and that graphic is related to, to let people know.

Post #3: You see a bunch of zeroes on there, only because we don't have, or at least I don't have those numbers quite yet, but I've seen this graphic before, not too long after I started, about where does, again important

context, Cottage Grove rank amongst all of our neighbors, our East Metro neighbors here in this neck of the woods. We don't have copy yet drafted for that post, because I don't know where we land, right? So, it's hard to draft a post not knowing exactly what that information is, but I think you all have talked about or seen similar information from past budget years, so I think you get the intent behind what that post would be.

Post #4: Drills down to the second post, talks about where your tax dollars in general go to, the County, the School District, the City, the Watershed District, and others. This one gives us that more specific insight, similar to the website, of where your \$119.50 are going per each department; so, Public Safety, Public Works, Parks and Rec, the HRA, Community Development, etc. Just giving people that context of when I actually pay my taxes to the City, how much is each department costing me.

Other Potential Posts to Social Media: In the next slides, you'll see some general thoughts around some kind of explainer or budget videos we could do. Typically, we would post videos that you would create or that TrueLens Community Media helps us create; typically, we would post them to social media, so in my mind, it's natural to consider that if we're going to do those videos about the budget, we would post those to social media. Having said that, we don't necessarily have to; we can post them to the website, we can send them out by email, a lot of different ways we can deliver that content. Also, the virtual Open House that we are kicking around doing, it makes sense that we would also promote that on social media, right? So creative a Facebook event, let people know when and where that is and how to log in. And then I put Other, As Needed, because in my experience, I've gone through now I think 8 or 9 budget cycles, almost every time if there's something that comes up or something that changes, and that's true of really any communications endeavor that I've ever experienced in City government; so, we don't know what we don't know until that day comes, right, and so we want to leave some flexibility for hey, we do want to do a video about this or that or post it on this or that. So, it's just important to say, you know, some times other things pop up.

Videos

Video #1: Would be where do my tax dollars go? This is a video representation of that graphic that showed where all your tax dollars go to with the County, to the School District, to the City, to the Watershed District, and others. This would be most likely probably an animation with some info graphics that move on the screen, a voiceover. Same information as that graphic you saw earlier but in a video format, trying to give people different ways to receive that information, to understand where their tax dollars go.

Video #2: Kind of talks about well, what's our budget doing this year? Why is our budget the way that it is this year, giving folks some information maybe about some of the equipment that's being planned to be purchased, to kind of explain to folks our budget is this way this year for a reason, right?

Video #3: Not unlike that graphic that showed of your \$119.50, \$58 goes to Public Safety, this many dollars goes to Parks and Rec, and so on and so forth. This is a video representation of that graphic, right? Similarly, we might see some animations, we might see Department Heads talking about a few key things that their departments do, and how much of that tax dollar goes toward supporting their department and their services that they provide.

The Community Event, or Teams Town Hall: This is something that we've been kicking around, doing a virtual budget meeting. It could be in person at Glacial Valley or at City Hall; in my experience with public meetings, you get what you get, right? You could promote the heck out of it and sometimes you get three people, sometimes you get 30 people, or somewhere in between. When it's virtual, what's nice about that, not that we can't do it in person, but what's nice about virtual is with all due respect to budgets and how important that they are, and they are very important; maybe it's tough to get people to, you know, leave work or leave their evening when they're taking care of their kids, or whatever else that they're doing, to go learn about the budget at City Hall, right? That's not an insignificant ask to make of someone's time. Hosting it virtually, maybe over the noon hour for someone on a lunch break, maybe doing it at 5 o'clock or 6 o'clock, whatever it might be, where they can take it from the couch or the dinner table or whatever. It just gives them a little bit more flexibility to tune in. Doing it virtually, we could also record that, post that to the website, post it to social media, people can engage in it and see it after the fact, they don't necessarily have to tune in live, which is a nice advantage. So, in this you would have probably Brenda, the Finance Director, Jennifer, the City Administrator, whomever else is appropriate, just to sort of give a brief budget overview, talk about where we're at and why we're there, and then give residents an opportunity to ask questions; submit questions into the Chat or into maybe an email with those questions specifically, and those can be answered either in real time or as a follow up after that.

Phil said that is all I've got. I'm happy to get your feedback, answer questions, jot down your ideas, and see what you think.

Mayor Bailey said I think your ideas and the processes you have in doing it is good, but the only, this is more of a request of TrueLens, I guess, and that is can they provide us or you, Phil, with how many people; we've done some of these, and you know, I'm the one who was at the last meeting, I said yeah, let's go ahead and do the Teams seg, but I also don't want to just waste your time or their time or whatever. Are they able to tell us, you know, who joined in last time we did one? And then, I guess, the other piece of it is whether we broadcast it, can they tell us how many clicks. Because it isn't so much maybe just the day that we do it, but if other people are viewing it later, if it still makes sense to do it, then I'm like do it; but if we're going hey, you know what, two people joined in and then it only got looked at by 50 people, I don't know if it's worth all the effort that we're going to have to put into this and have them put into this. I mean, the rest of it, the way you're going to do it, and the combination of social media and your ideas on the videos, I think are great. So, that's kind of my take, I don't know if there's any other communication you guys have?

Council Member Olsen said I'll be honest with you, one thing that we hear frequently, and you even heard it with the community survey is a lot of people still get their information from this guy right here. We really have to do a good job of utilizing this tool to give people the same information that we might be sharing, whether it's video or social media, or whatever the case might be in a compelling way. When I look at your plan, a couple things really stood out for me: You and I have talked before about how important it is that you personalize things, right, that there's an emotional connection to what we talk about. When you look at top budget changes this year, we talk about, we did a survey, and this is what you told us, this is what we invested in as a result, and this is what that's going to look like in real life. I think that story resonates well with people, and being able to do that effectively in written format as well as in whether it's a video or social media, or a combination of the two, I think is pretty important; because many people, you know, they see a number, and if they don't have any context around that number, they react differently than if they have context around it. That's where I think we really need to be effective is where is it going? And you kind of laid out exactly how to do that, but that really to me feels like we're functioning like that. You know, we've done all the, you know, we take the dollar bill and we slice it in different pieces and all that, and we've done that before, and TrueLens has done videos for us before, and they do a great job, all kinds, they're awesome, and I think it's important to do that. But I think the most important thing is to connect it to how does it affect my life? You know, there's going to be an extra cop or two on the street, there's going to be a new ambulance, whatever, right? Because there will be additional equipment, so we'll be able to make sure that the streets get plowed on time and the railways are plowed. That's what's going to really I think grab people. So, that's, at least from my own chair, that's the way I look at it.

Council Member Garza said Phil, I think, I love to see you approach it from all the different ways that you did, and it's interesting, so on Monday I had the opportunity, I was at the League of Women Voters, Minnesota, and I was invited to speak on a panel with students from Ukraine. So, there were about 20 students from Ukraine that were looking to build it up, and so they were looking to find out, you know, how we're doing and how it went. And one of the biggest things that they were asking is how do you communicate with your City or with your community? How do you do that? And that was an interesting question because, you know, they're rebuilding their government, and right now, they're, how do they communicate? How can they deliver their message that they're trying to get? And that's exactly what I said to them is there's not one right way, right? There's many, many means to do this, and as long as you're trying to meet the people where they're at, that's one of your best approaches. And, to me, what you're doing is exactly that, you're meeting them where they're at, like Justin said. You know, maybe this is, that's what it is, meeting them where they're at, or maybe it is on social media because they're not all online. So, by doing this, I think you're managing to, I think about all the different people that would be, you know, looking at these numbers and stuff, so I don't know.

Mayor Bailey asked is there anything you want to add, Dave?

Council Member Thiede replied everything you do Phil is fine, you know how we do this every year, always try to explain why people are all being asked to spend this much more money on taxes, and obviously, Justin's right in

terms of how does that affect your living; and some people are going to say, oh, yeah, I'm willing to pay what, 23% or 31%, to pay for certain things, uh, they're going to say, I don't like it, and 31% are going to say no, I don't, and 15% are saying well, I don't need that so I'd rather have my taxes go down. I guess my one comment for the record, but a few years ago, a couple years ago, we created a Financial Management Plan, and we created that to, you know, to give us guidance; and hopefully, it helped with our AAA Bond Rating, you know, because it says hey, we've got a plan, right? But, you know, and I commend Administration for coming in and saying okay, here's where it is, we're not in alignment with the plan; but if we keep throwing the FMP out the window, I would say, you know, being 50% higher than the FMP, I would say anything with the work that or Council, if you'd say plus or minus 10, 15, I think we ask, we literally ask where is it, do we need to do something beyond that, we have to do it. If we can't, you know, really plan, model our plan to that FMP, then we should rely on the financial plan and, you know, and maybe go with something different. You know, I just have a hard time with not buying into this with my cooperative background. This is the whole reason why we make financial plans. So, but what you did is great, you know, with all those types of communication.

Mayor Bailey said I do think, to your comment, Dave, I mean we can use our Strategic Workshop in January as kind of a review to see, because I think and as you know, we had literally here, I'm not trying to rehash things up is our financial plan, we saw it move once, or somebody said in a few years it would be at \$100 and we came in at \$75.

Council Member Thiede said just a real quick comment on that, to a certain extent at that point, then we should have found some way maybe to, you know, come in at \$100 and we put it in reserve, because then it would have leveled off, right? And I know that may not be possible, it's a little different in commercial and outside of a municipality and things like that, and I understand that, but it's a lot more than it used to be.

Mayor Bailey said well, no, I was just thinking, but that was my point is that we can relook at it, just to see, especially by the time I think we get into January, I'm hoping we'll have a better feel what's going on for the future; if you know what I mean, to see if there is going to be some tweaks and we're going to be able to stay close to the plan, the FMP. But I think, that was my other comment is we haven't truly from the beginning, if we followed it when we went back, we wouldn't have those numbers, and see if the same thing would have been as if we were able to do that, would that number still if that were to happen today, you know what I mean? So, just food for thought for you now. But that was a Council decision that we did want to move up to that \$100.

Director Malinowski replied we are at \$308, in an increase over that 3-year period, \$71, \$85, and \$152, which is \$308. So, maybe if we thought about it and did that \$110 the first year, we might have been at \$100.

Council Member Thiede said so, are people planning to use that in our Strategic Plan? But, you know, we were underneath the financial plan for a couple years, right?

Council Member Olsen said I know what you're saying. Yeah, there's value in looking at, you know, the bigger picture sometimes, and I like the averaging thing, I always have, but that's one of the reasons that I like this. Mayor Bailey said I do, too. Council Member Olsen said I think this really speaks to where we've landed consistently, year over year over year, and it provides the additional perspective of this is where we compare to other communities; and further, and I'm going to tell him you did this, but if you look at the League of Minnesota Cities data, which I look at all the time because I'm a nerd, you know, we're third from the bottom in the League of Minnesota Cities data for communities of our size. And as I've argued before, one of the cities below us, Shakopee, gets a gazillion dollars a year in fiscal disparities that we don't get because they have the racetrack. So, where you look relative to where we rank is pretty impressive, and I think our people need that perspective; so this Post 3 that you're referencing about how do we compare to other cities, use the graph, etc., this is another important one for people to realize because that speaks to the value of what they receive for the taxes that they pay.

Council Member Garza said and maybe even, you know, there's more in there to highlight with, you know, to say that we've ranked #2 within our own County for this long a time; so, I think that.

Phil said where do you rank when you zoom out? Council Member Olsen and Council Member Garza both said yeah.

Council Member Olsen said but Phil, really, you put a lot of work into this, and you and your team have done a nice job of doing your best to articulate in as many different ways that you can the same message, and you know the

challenge is how do you grab people's attention? I mean, it's not a sexy subject matter, so, I mean, you can only do the best you can do, and I think you guys have done a really nice job.

Mayor Bailey said and finally, before we adjourn, thank you to all the staff, I know not everybody's in here tonight, but this, I know you're officially doing it in September. Jennifer, I know on my agenda, I have it on my calendar, but we don't have a meeting next week, right?

Administrator Levitt replied right.

Mayor Bailey said but I just want to say you guys did a great job in working with us and, you know, telling us what you needed to give up or what you truly needed and that helps us make our decisions. Thanks, everyone.

14. WORKSHOPS - CLOSED TO PUBLIC - None.

15. ADJOURNMENT

Motion by Council Member Olsen, second by Council Member Garza, to adjourn the meeting at 8:46 p.m.
Motion carried: 4-0.

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