



MINUTES

June 17, 2025

COTTAGE GROVE ECONOMIC DEVELOPMENT AUTHORITY MEETING

12800 Ravine Parkway South
Cottage Grove, MN 55016

COUNCIL CHAMBER - 7:30 A.M.

Pursuant to due call and notice thereof, a joint meeting of the Economic Development Authority was held on the 17th day of June, 2025, at 7:30 a.m.

1. CALL TO ORDER

The Cottage Grove Economic Development Authority (EDA) meeting was called to order at 7:30 a.m. by EDA President Myron Bailey.

2. PLEDGE OF ALLEGIANCE

EDA President Bailey asked everyone to please stand and join in reciting the Pledge of Allegiance.

3. ROLL CALL

Becca Blair, Administration Specialist, called the roll:

EDA President Bailey-Here; EDA Vice President Olsen-Here; EDA Member Jean-Baptiste-Here; EDA Member Khambata-Absent; EDA Member Latack-Here; EDA Member Scott-Here; EDA Member Tschida-Here.

Staff Present: Jennifer Levitt, City Administrator
Jaime Mann, Assistant to the City Administrator
Becca Bair, Administration Specialist
Phil Jents, Communications Manager

Others Present: HVS: Tom Hazinski, Henry Detmer, Tarika Jain (Online video)

4. APPROVAL OF MINUTES

A. *Staff Recommendation: Approve the April 8, 2025 Economic Development Authority Meeting Minutes.*

EDA Vice President Olsen made a motion to approve the April 8, 2025 Economic Development Authority Meeting Minutes. Motion was seconded by EDA Member Tschida. Motion passed unanimously (6-to-0 vote).

5. BUSINESS ITEMS

A. Hotel Room Leakage Analysis Report
Staff Recommendation: Receive the report from HVS.

EDA President Bailey said HVS will be making this presentation online, and he turned it over to them.

Tom Hazinski, Managing Director of HVS Convention, Sports, & Entertainment said good morning, everyone, let me introduce our team: We're very pleased to have worked for you to do this analysis. Our Minneapolis group has done some work in the area and that's how we came on to understand what you needed and be engaged. The leads on our project are Henry Detmer and Tarika Jane that did the lion's share of the work on this; I kind of oversaw it generally, but they were in the weeds on the study, so I am going to turn it over to Henry and Tarika to present a summary of our findings, which were provided to you in a narrative report, which I hope you have. We'll just go over the highlights of that report in our presentation today. So, Henry, please take it away.

Henry replied thank you, Tom. Good morning, everyone. I apologize if my voice is a little bit hoarse, I've been sick the last couple of days, but hopefully its not too bad. I'm going to be presenting our Hotel Room Nights Leakage Analysis and our overall findings. So, just to give an overview of what we're going to get into today, just an Introduction & Scope Review of what we did, Market Overview, and our Hotel Leakage Analysis findings, and then I'll open it up for Conclusion & Discussion.

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Introduction: So, a little introduction of ourselves, HVS CSE is a division of HVS, founded in 2001. We pride ourselves as a very independent and objective third party that's going to present the results and findings and not necessarily be a cheerleader on the project present you the real results that you need. Market Overview: Cottage Grove, as I'm sure you all know, has a population of just around 40,000 or a little bit more, and is a 17-minute drive from the MSP Airport. Length of Stay: Getting into some of the visitation numbers, which is really what we care about when we're talking about Hotel Room Nights and Hotel Room Nights Leakage, over the last 12 months (which is the unit of time that we're going to be using for all of this Placer data) there were 99,500 distinctive overnight visits made to Cottage Grove. This amounted to a little bit over 300,000 visit nights, so that's about three days on average Length of Stay. While there are 300,000 visit nights, this doesn't necessarily mean that there's 300,000 heads in beds in Cottage Grove or because of Cottage Grove's events, this is because of a lot of family-related events in Cottage Grove, and all of these may not result in hotel room demand.

Tom said Henry, just so I can interject, to explain the data source that we used here, Henry referenced Placer.ai, its a data source that we subscribe to, which is locational data, it's done by tracking cell phones, hundreds of apps on cell phones, and the data is anonymized and it gives us a sample of people that have traveled to Cottage Grove. It gives us information on the origin of the travel, how long they stayed, and where they went when they were in the market. So these are estimates, they don't track all cell phones. So, they get a panel of phones and they also check it against other sources of data they have, like credit card information to validate, but it produces an estimate of total stays based on where these people come from, the percentage of phones they have, and it even tells us about their average income and a lot of other characteristics that are correlated with the data they have. So, that's our primary data source that we're using for this. We also are using Smith Travel Research (STR) data, which is the industry source of data on hotel occupancy and rate; it's reported by the hotels to Smith Travel, and then again anonymously provided on groups of hotels to people who subscribe to the database. So, those are the primary sources that we're using and that's what you're seeing. Keep in mind these are estimates, we think that they are, we deem them to be pretty accurate, but they are estimates so don't take the numbers to be exact, take them as a good indicator of what total volumes of visits are and what the nature of the visits are. Go ahead, Henry.

Henry said so getting into some of the Overnight Visitor Origins, as we look at some of the top destinations that people are coming from, you see Duluth and Mankato at the top there, with 24,000 and a little over 19,000, respectively. Interestingly, Mankato has a much higher length of stay than many of the other destinations we see like Duluth, Chicago, Rochester. Then, as we look down the list a little bit, Madison, Minneapolis, Fargo are bringing a little bit less people, but those are obviously, aside from Minneapolis where there are a lot of daytrips, but Fargo and Madison are a little bit farther destinations.

Lodging Supply in Cottage Grove: As we look at Leakage, it's important to look at the current Lodging Supply in Cottage Grove; there are currently two hotels, the Country Inn & Suites, which is an Upper Midscale property in terms of chain scale and quality, 76 rooms, and the Wakota Inn & Suites, which is Economy and has 31 additional guest rooms. So, a total of 107 rooms, most of which are Upper Midscale, which is pretty limited in Cottage Grove's ability to accommodate surges in visitation for any event, and there are currently no Upper Upscale or Luxury Chain Scale properties, which is really what a lot of corporate travel and higher spending leisure travel are looking for when they're visiting. Lodging Supply in Dakota and Washington Counties: When we look at location of Lodging Supply and the quality, we use ESRI here to map our hotel supply data from STR. So, this is the Lodging Supply in Dakota and Washington Counties, and as you see, there's kind of three groupings around Cottage Grove of hotels and that's in Woodbury, Inver Grove, and Hastings. You can see that there's a little bit more of a diverse spread to their supply: There are two Upscales and a Luxury in Woodbury, an Upscale and a Luxury in Inver Grove, and then an Upper Upscale in Hastings. So, that's just kind of a brief overview and shows you the surrounding supply where people might be leaking to primarily.

Hotel Leakage Analysis

So, as we look at visitation and demand drivers in Cottage Grove, we grouped them up into three categories:

- 1) Wedding Venues: Hope Glen Farm, River Oaks Event Center, and The Madison.
- 2) Corporate Travel: 3M, Renewal by Andersen, American Distribution & Manufacturing Company, Van Meter, Inc. and a couple others. This doesn't catch the entire travel source in Cottage Grove, but these are the ones that we selected, which give us a good representation of what the rest of visitation in Cottage Grove looks like.
- 3) Sports & Recreation: Cottage Grove Ice Arena, Kingston Park holds events like soccer tournaments and the Strawberry Festival, Oakwood Park Disc Golf Course, Hamlet Park. We couldn't include Wolfpack Stadium because I'm aware that's on school grounds and Placer isn't allowed to give data on school facilities, so that's a limitation; but we think the areas we selected are representative of Sports & Recreation visitation as a whole in Cottage Grove.

Hotel Same-Day Visit Leakage: Off the hotel visits that we were able to track, which is based on same-day visitation, if they went to one of these venues that we selected and then in the same day visited a hotel, we'll count them as having stayed at a hotel. Because typically if you go to a hotel, you're going to be staying there. So, Business and Corporate Travel has the highest percentage of leakage with 87% there as you can see, Sports & Recreation is close to 70%, and then a lot of the Wedding Events & Venues don't have a lot of leakage at almost 27%, so a lot of those people are held in Cottage Grove at the Country Inn & Suites or the Wakota.

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So, overall, for every 10 people, approximately 7 of them stay outside of Cottage Grove just to put it simply. As we discussed before, leakage is highest in Corporate and Sports & Recreation visitors.

Estimate of Hotel Room Night Leakage: Over the past most recent 12 months it's about 58,000, and this is based on the Lodging Capacity in Cottage Grove and the current Room Nights Sold. So, this is our estimate of how much is currently being retained in Cottage Grove: 24,000 Room Nights, and then scaling it up with our Estimated Hotel Leakage Factor, which is based on the Leakage Percentage that we gathered from Placer.ai, we find that over 58,000 people are likely staying outside of Cottage Grove as a result of Cottage Grove demand generation. This is a rough estimate but likely conservative estimate.

Estimated Leakage (Trailing 12 Months): Moving on to what Estimated Leakage means, with an Average Daily Rate of \$125 in Cottage Grove, the Hotel Revenue Leakage is over \$7 million, and at a 3% Local Occupancy Tax Rate, this equals over \$220,000 in Annual Lost Tax Revenue and in Local Sales Tax Revenue it's over \$20,000. So, these numbers show that there is significant Leakage occurring in Cottage Grove.

Conclusion & Discussion

Key Takeaways:

- The current supply of lodging in Cottage Grove of 107 rooms is insufficient to meet the lodging needs generated by Corporate activity and Sports & Recreation.
- The significant Room Night Leakage of 70% is a high number; over the last 12 months, this is over 58,000 Room Nights.
- This translates to over \$7 million in lost Hotel Revenue and over \$220,000 in lost Occupancy Tax Revenue.
- We can't say anything in this study as to the cause of this leakage; it may result from a variety of factors beyond just hotel supply, including: Limited surrounding demand drivers, absence of nearby retail, dining, or entertainment options, amenities for groups, or preferred hotel brands that would encourage overnight stays in Cottage Grove.
- Additionally, this study makes no projection for the performance of new lodging supply; so, we make no projection of how it will perform if a new hotel gets built.

Henry said with that, I can open it up for discussion or questions.

EDA President Bailey said all right, thank you. First of all, I guess I'll throw it out to the EDA; are there any questions that you have regarding the study.

EDA Member Latack said one question I have for the business traveler is the loyalty program, is that pretty important regarding where they're deciding to stay?

Tom replied yes, it is. It is a driver in a couple of ways: It's a driver of hotel choice on the part of business travelers. They have their own personal loyalty programs and most travelers are enrolled in more than one of those loyalty programs, but it really is a big factor in the draw to branded hotels rather than independent hotels. Also, the corporations like 3M or Renewal by Andersen may have corporate contracts with hotels, and they guarantee a certain number of Room Nights a year in exchange for a lower rate. So, that's also a big determinant of hotel choice. So, when you think about hotel development for Cottage Grove, it would make sense to have branded hotel development in Cottage Grove.

EDA Member Scott asked is there a recommended number of rooms that you would recommend based on this study, based on the leakage if we were going to build a hotel?

Tom replied as Henry said, we haven't done or weren't really engaged to do the work that one would do to recommend a hotel room count because that would be a different analysis where we would look at the performance of a competitive set of hotels, project their market performance, and understand how a new hotel might kind of affect that market. There are a lot of other factors besides leakage that would factor into that. Without having done that analysis, I would venture a guess that the most appropriate product for Cottage Grove would be a quality select service hotel that's branded and would have an advantageous rate. The location and specific site of the hotel is very important to how it will perform, what kind of neighboring amenities it will have, what kind of transportation access, what kind of visibility; all those questions would come into play to predict how an individual hotel might perform. Full service, select service hotels typically range from 90 to 120 rooms that you might see in a Courtyard by Marriott, Hilton Garden Inn or Hampton Inn, those kind of properties; that would be the most likely type of development to succeed in this market.

Tarika said if I may, our 2022 study by our Minneapolis office also recommended a 90-room limited service hotel for Cottage Grove. So, that study has been conducted in 2022.

EDA President Bailey said I was just going to share that I believe we did do our own study, is that what she's referring to? One of the things that EDA Vice President Olsen and I just came back in May from the ICSC Convention in Las Vegas and met with a bunch of hoteliers out there or developers. What we were hearing from them was exactly the numbers that you were just sharing; some were between 90 and 120 rooms for a business class hotel, but then also about 40 to maybe 60 rooms of extended stay. So they were talking about kind of almost like a dual brand, if that would be the case, it doesn't have to be; they were commenting that some of

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these brands might want a portion of the hotel to be like the business class type hotel and then with one lobby in the middle, and then to the other side would be their version of an extended stay for that particular brand. So, I thought that was kind of interesting because they did see, based on the study that Tariqa was mentioning, I know there was a comment about extended stay and that same message due to things that are happening in our market area that that was something also important for our community. I just thought I'd throw that out there, we heard that very loud and clear when we were at the ICSC Convention in Las Vegas.

EDA Member Jean-Baptiste said in your previous slide you kind of had a map of the different types of hotels that are in the area. Is there any concern, given the level of consolidation in the hotel industry, that we might have trouble pulling in one of those bigger brands given that they're relatively concentrated in the area and might be worried about some sort of cannibalization on their individual hotels?

Tom replied yes, that would be a concern, and it depends on the developer of these hotels, as they often seek a brand restriction within a radius around them. My guess is that the radius around these hotels probably don't extend into all of Cottage Grove, I would be surprised; the radius restrictions are probably roughly within those circles that you see on the map. There are also a wide variety of brands that are available, brands have proliferated, so even if there were restrictions, there's probably comparable brands that may be available. EDA Member Jean-Baptiste said thank you.

EDA President Bailey said the one thing I had a question on, on that slide that you showed where a lot of the perceived traffic is coming into Cottage Grove; the only thing I personally can take out of that with grandkids in sporting events, when you look at like Mankato and you look at Rochester and Duluth and some of these places, knowing in Cottage Grove that we have a lot of these tournaments that doesn't surprise me to a certain extent. Is that what you feel or does your data kind of state that that's the case, as it is being driven predominantly, at the moment anyway, by sporting events that are happening in Cottage Grove?

Tom replied yes, I think that is a predominant driver because convenience and proximity and drive time, the kind of product that would be appropriate for Cottage Grove suits sports demand. The problem is it's not consistent, you know, tournaments occur typically on weekends, they're seasonal, and so it's not a constant daily source of demand, but it's a very important source of demand.

In support of Cottage Grove, I had Renewal by Andersen just come to my house to replace some windows in my basement. So I asked the sales guy who came over, I said oh, I'm working in Cottage Grove, it's where your headquarters are, do you have to go there for training? He said, no, we all do it here in the Chicago area. I was so disappointed that there wasn't a direct connection, but he obviously was very aware of that being their corporate headquarters, but apparently Andersen doesn't, at least for their Chicago people, they do their training in Chicago. We know there's a lot of demand related to Andersen that does come to the market, but I was hoping to find that direction connection. So, I think if you capture the corporate demand, it's much more difficult because of the brand loyalty that you'd mentioned earlier and because of the quality of hotel and the lack of price sensitivity that corporate visitors may have. So, it would be tough to build a product in Cottage Grove I think that would draw a lot of that demand back into Cottage Grove; it certainly would capture some of it, but that's tougher I think than capturing the sports demand.

EDA President Bailey asked if the EDA Members had any more comments or questions for HVS and there were none. He stated well, thank you for the information, we do appreciate getting it, I think it kind of solidifies what we thought with some of the challenges. I do know that, as I mentioned earlier, when we were out at the ICSC Convention, all of this different data that we have been gathering for the EDA was very well received by all the different hoteliers that were out there. For our group, we are working on an RFP for a hotel in Cottage Grove, and one of the hoteliers we met out there has already been to town to look at the site, is planning to put in an RFP on the site, and it would be a business-class hotel. So, that's great news, it does go to show the data you provided to us, as well as what we felt were the issues in Cottage Grove, are absolutely there. Hopefully, we'll see something develop on that site within the next year. He thanked HVS for their presentation.

B. Economic Development Update

Staff Recommendation: Receive Beige Book Report - April 2025 & Development Update 6-10-2025.

EDA President Bailey said City Administrator Jennifer Levitt will walk us through this one.

Beige Book Report: Overall, the economy activity is lower since the last report across most sectors. Employment: Many business sectors are reporting hiring freezes and, in some cases, temporary layoffs. Prices: Have increased moderately since February. Construction Activity: Had fallen overall but is beginning to pick up into spring. Manufacturing: Has increased modestly as companies move to "buy now" before prices rise. Yesterday, as we met with a broker, one of the observations he was making was that a lot of our retailers in the Midwest market have kind of I'll say go dormant; they weren't making investments and were kind of

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holding their position. He said right now, he's starting to see a lot of those retailers start to emerge, more with an interest to expand in the market, so that is good news. Residential Real Estate Sales: Also, anecdotally from Cottage Grove, when you look at our single-family housing stock, it is still going very strong; so, that is one good news for us is when you see those platted lots, we see those new housing permits come in, that activity is still very good and helping our local economy.

Community Development Updates: Lumbermen's: Is working on their buildout, as you recall, there are two buildings that NorthPoint has, and Lumbermen's was in the smaller building and now they've moved to the larger building. So, they are starting to complete their tenant improvements: Carpet and floor tile are being laid; Ceiling grid and the plumbing fixtures are being installed in the office area; Building permit secured to relocate the original conference room and convert the space into additional office space. I met with NorthPoint on Friday, and the good news is that the larger building where Lumbermen's is now being located, they do believe they're close to securing another tenant that is kind of a partner with Lumbermen's; so we hope to see that actually come in the door for a building permit shortly. So, they're still leaving some vacant space there, but it's exciting to see that those spaces are filling up and that Lumbermen's obviously is growing. Bluestem Apartments: This was that deeply affordable housing product that is right across from GROVE80 and the library. We had an exciting ribbon cutting there earlier this spring. Right now, they're finishing up the exterior site work and we'll be issuing a full Certificate of Occupancy shortly and then working on their business subsidy. Low Zone Water Treatment Plant: A big thing to note is when you have a glass of water this week, you will be drinking treated water coming from this very facility. The Council toured this facility two weeks ago, just before we became operational, and we are hopefully flowing treated water to residents. In these interesting two blue tanks here on the left of the screen, what's interesting is there is a green sand in there that actually helps the tanks take out the manganese in that; that was actually one of the things that was delaying the plant from coming on was that green sand from Brazil. You never know when you're dealing with projects where all of your products are going to be coming from, and we had some controls that were stuck in France. It's exciting to see even the global market right here in Cottage Grove on a Water Treatment Plant. Interior finishing work and water quality testing continues. Curb and gutter work have begun with the paving of the parking lot to begin shortly. Public Works Remodel: Has a very small renovation that's taking place in their mechanics' shop; we're taking out an interior wall so that we can bring in a larger hoist to enable our fleet team to be able to service some of our larger vehicles, fire trucks and apparatus like that and plow trucks. So, that work is underway. Oltman Middle School: Work has started on footings and foundation for the building addition. Council just awarded the Oltman ball field and playground and so that project will start as well. If you're up in the Oltman area, you'll actually see our activity start with the park and then you'll also see the building improvement taking place. Park High School: If you've driven by on 80th Street, you've seen a chain-link fence all the way around and down to Crestview. A couple of things are happening there: 1) There's a very extensive new drive being constructed between the tennis courts and Crestview, so you're going to see that road alignment come out to 80th Street. 2) As part of our 2026 project on 80th Street, we'll install the turn lanes for that. Right now, if you're out there, you'll start to see some demolition work but you're also starting to see a lot of that civil work with the piping and other things being delivered to the site. HORSCH AgTec Grand Opening: I know you've all received the invitation for the grand opening at 9700 Hemingway on June 18, from 1:00-10:00 p.m., they're bringing in their team for a German-made agricultural product, and so it's exciting that they're here in Cottage Grove. So, if you have an opportunity to stop by and welcome them to the community, you'll have a fairly significant timeslot to do that on Wednesday.

Administrator Levitt said I would be happy to stand for any questions. EDA President Bailey asked the EDA Members if they had any questions for Administrator Levitt, none were asked. EDA President Bailey thanked Administrator Levitt.

C. Resolution Modification - 2024-01

Staff Recommendation: Adopt Resolution 2024-014 correcting a numbering error in our official records, ensuring clarity and accuracy for a previously-approved action related to Purchase Agreements with Glendenning Farms and Kwik Trip.

EDA President Bailey said Tammy will be taking us through this one.

Tammy Anderson said I have the honor of being the City Clerk for Cottage Grove. I'm not used to standing right here, I'm usually over where Becca is, but this is kind of nice, I could get used to this.

Today I want to talk to you a little bit about what Clerk responsibilities are and my responsibilities as Clerk would be to make sure that I have clear, transparent, and legal records that go forward for future generations that reside in Cottage Grove. During an audit three weeks ago, we discovered that two Resolutions that were presented to the EDA in 2024 had the same Resolution number. The first one was presented on January 9, 2024, and it was approving a modification to the development program for Development District #1 and Adopting a Tax Increment Financing Plan for Tax Increment Financing in District #1 through 2024 and that was for Roers. Then, we found another one with the same Resolution number, as I stated before, 2024-01, which was

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approved by the EDA on February 13, 2024, and that Resolution was approving the First Amendment to a Purchase Agreement and that was in regards to Kwik Trip.

So, after consulting with our City Attorney, Kori Land, we came up with a solution and that Recommendation is before you today, and I'll stand for any questions.

Recommendation: Adopt Resolution 2024-014 correcting a numbering error in our official records, ensuring clarity and accuracy for a previously-approved action related to Purchase Agreements with Glendenning Farms and Kwik Trip.

EDA President Bailey said so, it's just kind of a formality situation you just need to make, to make sure that the two aren't equal. Tammy replied correct.

Motion by EDA Member Jean-Baptiste to Adopt Resolution 2024-014 correcting a numbering error in our official records, ensuring clarity and accuracy for a previously-approved action related to Purchase Agreements with Glendenning Farms and Kwik Trip. EDA Member Tschida seconded the motion. Motion passed unanimously (6-to-0 vote).

D. 9430 East Point Douglas Road Purchase Agreement

Staff Recommendation: Authorize the EDA President and the City Administrator to execute the Purchase Agreement with Martha Ross to purchase 3.59 acres for development purposes.

EDA President Bailey said this item will be presented by Jennifer.

Administrator Levitt said well, thank you, we talked a lot this morning about hotels and we're going to continue that theme. As the City Council had looked at the Strategic Plan in January of this year, we knew there was a need for a hotel. We had estimated the leakage through our Chandlerthinks project, we knew that there was a driver and a need for a hotel here in Cottage Grove. One of the unique opportunities that presented itself is that there is a 3.59-acre site adjacent to Walmart that is owned by the Ross family; they have been interested in selling, and so we have been engaged with them to negotiate a Purchase Agreement. You'll recall you previously approved an appraisal to be conducted on the property. The property is zoned Residential today, but is guided as Mixed Use, so it would support a hotel and be compliant. The City hired our consultant to make sure that a hotel would actually fit on the site itself, and so what you have demonstrated here is that a 90-room hotel would fit on the site and that it would be conducive to that. We are undergoing a Phase 1 Environmental on the site right now and that report should be completed at the end of June. With that, we're looking at an additional assessment and soil borings. The leakage study that was just presented will be sent to all of those that are currently holding our RFP, and the RFP for the hotel would be due at the end of August. So, we would be bringing a proposal to you most likely in September to discuss an acceptance of a proposal to start the acquisition process. The intent with your action today is for the EDA to actually buy the Ross property, and then our intent is to do the demo work on the house, the well, the septic, and if there's any environmental work, we would take care of that. So, that way before we close with a hotel investor, those things would be done. We are trying to make it as easy as possible for a hotel to come in on this site. We also believe when you look at the adjacent 73 acres, this might be that catalyst or that spur to help bring additional investment on that 73 acres. In talking with a couple of the hotel companies, they do like the visibility from Highway 61, and so that prominent visibility and easy access is very attractive to them.

One of the other things, too, is we did receive Federal funds of just over \$3 million for the Shoppes at Cottage View related to infrastructure; we would anticipate starting that work in the spring to construct the spur road into this and then realign a road going into Walmart, and then we would provide the sewer and water services as well. So, it's as easy as we can make it for a developer, making it shovel ready the day they would sign on the dotted line for the acquisition.

So, with that, I do have a Purchase Agreement in your packet with Martha Ross for purchase of that 3.59 acres, and I'd be happy to stand for any questions.

EDA Member Jean-Baptiste said I'm assuming we have Site control for the piece of land where the Shoppes at Cottage View would be already, is that correct?

Administrator Levitt replied currently the 73 acres is under option to River Caddis, and so I'm not sure if he is going to continue to extend his option on the property, but it is under option by someone at this time. So, even if our project moves forward, it would be a catalyst for that end user, who holds that option, or if he relinquishes it, it could give an opportunity to another investor to pursue acquisition on that 73 acres.

EDA Member Jean-Baptiste replied got it, and do we know when our current option expires?

Administrator Levitt replied I'm not sure of the exact deadline, as that is a private agreement between the broker and the landowner.

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EDA Member Jean-Baptiste said got it, and then there was a couple other lots surrounding both Shoppes at Cottage View as well as where the hotel is going to be, it looks like there is a small piece of land to the left and then one to the right. Do we have any interest in those or are those up for sale or is there any plan to develop those as well?

Administrator Levitt replied that's a good question. The lot to the left of the 3.59 acres, that's a stormwater pond, so that's an Outlot owned by the City. The other parcel that's not highlighted here could be included at the Shoppes at Cottage View, it's maybe just an error in my graphic. It's actually under a separate entity, a different LLC, and so it actually goes together as the same underlying landowner, it's just two different companies that own it but it's the same landowner. So, it probably should have been shaded on the graphic, so I'm sorry for that.

EDA Member Jean-Baptiste said oh, no worries, that makes perfect sense. And then my last question is for the Shoppes at Cottage View, I think I've seen some renderings that originally had a hotel as a part of that. Is that still the case? Would we duplicate and have two hotels or would we just do something else with that space? I think it would be in the bottom-right corner, now that we are hopefully going to purchase this 3.59-acre lot and have that as the hotel.

Administrator Levitt replied in my perfect world, I would love to see that 90-unit hotel, you know like a Marriott brand type hotel come in, and you might then have an extended-stay hotel maybe purchase the land adjacent. It gives that opportunity for more upscale restaurants that we're lacking in our community to potentially be attracted to this site. So, we think all of that is going to make this acquisition a great catalyst to make all of that happen.

EDA Member Latack said so for the 3.59 acres, I'm curious if we can go back to the map; the property on the other side of the road, that may not be super useful to a hotel, would that be able to almost be resold as a gas station, quick-serve restaurant, or something like that?

Administrator Levitt asked just for clarification, are you referring to this little triangular piece?

EDA Member Latack replied yes, or is it too small to do anything?

Administrator Levitt replied actually, we'll be cleaning that up as Right-of-Way; so on East Point Douglas, we would secure the Right-of-Way for that, and then the DOT would actually take that little sliver there. We have to clean up that Right-of-Way as part of this acquisition in the plat, but a good question on that.

EDA President Bailey said I will just say one thing, real quick. There were some great questions down there about the plat. Because I've been part of knowing about this from the very beginning, at the very beginning, the owners of the Shoppes at Cottage View, the Heringers, they had an agreement with the Rosses years and years and years ago that as things would develop on that site that they would go in and whatever Jerry was selling the property, he would go in and help buy the Rosses. Well, Jerry passed away and Jim Ross passed away, and so we just decided after a conversation I had with Mary was just it would be a good idea for us to go ahead and do it because right now, as you kind of heard, things have been kind of stagnant on that site with the current option that's out there. The other piece of the difference I think on that screen that you were showing is at the time, when Jerry was alive, he actually purchased that other square on the corner. And what's nice about that, to be honest with you, is when Walmart came in and did the deal with the Heringers, Walmart put a bunch of restrictions on what can go in down there. And so, as part of the deal, for example, I don't believe there can be a grocery store in any of that bigger parcel there if there was a need for a grocery store; and so, this area down on the bottom there where the cursor is right now, that area has no restrictions because it was purchased and came on board with the Heringers after the agreement with Walmart. So, just giving you a heads up that there's all these tentacles of things that can be a challenge with some of these sites, but hopefully, we'll see something develop in there other than what we're proposing to do with this one site.

Recommendation: By motion, Authorize the EDA President and the City Administrator to execute the Purchase Agreement with Martha Ross for the purchase of 3.59 acres for development purposes.

EDA Vice President Olsen made a motion to Authorize the EDA President and the City Administrator to execute the Purchase Agreement with Martha Ross for the purchase of 3.59 acres for development purposes. The motion was seconded by EDA Member Scott. Motion passed unanimously (6-to-0 vote).

E. Façade Improvement Program

Staff Recommendation: 1) Award VP Investments, LLC, owners of 80th Street Crossing, an award letter for the submitted project with matching funds of up to \$24,999 for any eligible expenses as part of the City of Cottage Grove Façade Improvement Grant Program and \$2,000 in design assistance. 2) Award Alisan, LLC c/o Kin Properties, owners of the Sherwin Williams building, an award letter for the submitted project with matching funds of up to \$24,999 for any eligible expenses as part of the City of Cottage Grove Façade Improvement Grant Program. 3) Award Boondocks Vintage Boutique an award

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letter for design assistance for the submitted project of up to \$2,000 for any design work procured by a licensed design professional to assist with the creative design for their Façade Improvement Grant Program application.

Mayor Bailey said Jaime Mann, Assistant to the City Attorney, is going to walk us through this one.

Jaime said I'm happy to announce that we have three applications this year for our Façade Improvement Program, but we'll start out with a little bit of history on the program:

- It started in the City of Cottage Grove in 2019 as a way to beautify commercial stock in the City;
- It is a grant-based program that is a 50% match, up to \$25,000, but they also have to provide a \$25,000 investment into the upgrades.
- It is meant to keep our commercial stock beautiful in the City.

Criteria for the awards:

- It has to be a location within the City of Cottage Grove.
- Ability to encourage improvements to surrounding businesses.
- Ability to improve the appearance and attractiveness of an area.
- Consistent with Cottage Grove Comprehensive Plan.
- Compliance with City Codes.
- Priority may be given to local businesses over national/regional tenants.
- Building owners who have not previously been awarded a grant will be considered before those who have already received grant funding.

We do have Façade Improvement Grant Priority Zones within the City of Cottage Grove, you can see them on the map here. Priority is given to applications from areas that contain a larger concentration of commercially-zoned parcels, as well as those areas in the community that have a more visible/higher traffic count: Priority Zone 1 is indicated by green on the map and includes 80th Street and East Point Douglas Road, as well as Jamaica Avenue and East Point Douglas Road. Priority Zone 2 is indicated by blue on the map and includes the Southwest Corner of 70th Street and Keats Avenue, the Northwest Corner of 70th Street and Hinton Avenue, and West Point Douglas Road.

So, with the grant EDA has, we have budgeted for two Façade Improvement grants this year of \$25,000 each, so we have \$50,000 in the 2025 EDA Budget. With that, all the work needs to be performed before we pay out the dollars. So, they pay for everything and they submit the paid invoices to us and then it's reimbursement to them for up to 50% of cost. You'll see estimates on the future screens that I have here; we base the dollars we pay on their final cost, so those are just estimates at this point as we move through the three projects.

1) 80th Street Crossing Application: This is the first one we received and is where Pizza Hut, Basic Needs, and Ace Hardware are located. They are in Priority Zone 1 and their total estimated project costs are just over \$75,000. They plan to include: Tuck pointing and painting; Removing Pizza Hut sign from the roof and putting it on the front of the building; Replacing lighting with under-canopy lighting and can lighting; Installing privacy film on back windows (ineligible expense totaling \$2,036). They are requesting the full grant match of \$25,000. They also requested \$2,000 for design assistance to go out and do the final design, and we also allow \$2,000 for design assistance to businesses that apply for that.

2) Sherwin Williams: This is the second application we received, and on the bottom right of the screen is a rendering of what they're looking to do. The extensive list for their project includes: Power washing exterior; Replacing damaged/rotting fascia and soffits; Replacing missing fencing; Replacing/repairing existing drip edge; Tuckpointing any deteriorated mortar joints, cleanout and recaulking masonry expansion joints; Prime and paint for entire building, soffit, fascia, pylon signposts, wood fence, bollard, and doors and frames; Installing approximately 336 SF of cultured stone over brick at front elevations and around base of pylon sign; Re-lamping the soffit lights with LEDs and re-lamping the parking lot light with LED (ineligible expense). Their estimated project costs are just over \$75,000, and they are requesting the full grant match as well. They did not request design assistance because they've done that inhouse.

3) Boondocks Vintage Boutique: There have been some ongoing Code violations with Boondocks, and they did not have complete estimates. They submitted estimated project costs of just over \$21,000, asking for a 50% grant funding of that. They did not submit quotes as the other two applicants have, but they did request design assistance. They are looking at the biggest cost for the project being leveling their parking lot, which is not included in our grant program. We have ineligible expenses such as parking lot replacement lighting, so a big portion of their grant request was for that ineligible expense.

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Jaime said so, with that, I have a Recommendation and a few Motions before you, but I'll be happy to stand for any questions about any of the three projects.

Recommendation: By Motion:

- 1) **Award VP Investments, LLC, owners of 80th Street Crossing, an award letter for the submitted project with matching funds of up to \$24,999 for any eligible expenses as part of the City of Cottage Grove Façade Improvement Grant Program and \$2,000 in design assistance.**
- 2) **Award Alisan, LLC c/o Kin Properties, owners of the Sherwin Williams building, an award letter for the submitted project with matching funds of up to \$24,999 for any eligible expenses as part of the City of Cottage Grove Façade Improvement Grant Program.**
- 3) **Award Boondocks Vintage Boutique an award letter for design assistance for the submitted project of up to \$2,000 for any design work procured by a licensed design professional to assist with the creative design for their Façade Improvement Grant Program application.**

EDA President Bailey thanked Jaime and confirmed with her that there would need to be three separate motions. He asked if any EDA Members had questions for Jaime.

EDA Vice President Olsen thanked Jaime for the update. I was aware of all of these previous to the presentation, but I'm grateful that we got some further detail here on what everybody's looking for. One of the things you mentioned earlier in your presentation was we try to prioritize those local businesses, which I think is absolutely the right thing to do. One of the questions that I would ask, though, is when you work with a local business, in many cases you're working with a single owner, maybe two owners, much smaller infrastructure than you'd get with working with a corporate entity. Do we help them with their submission? In other words, when they express interest and they say I heard about this program, I really would like to get involved, but I'm not quite sure what to do, do we do any advising or provide any sort of support in terms of application submittal, make sure that its buttoned up the right way so that they can hopefully gain some sort of award? The reason I'm asking the question is I think back to our COVID timeframe, and at that time, we had a number of local businesses at risk of shutting down because of the changes in the market caused by the COVID pandemic, and we did a lot of handholding. I recall our former Economic Development Director, Christine Costello, literally going and sitting down with people and taking out a little piece of paper and saying okay, here's what you fill out here and what you fill out there. I'm just wondering, I know that is very time consuming and staff time is definitely something that we have to watch closely; do we help to get these folks tracking the right way?

Jaime replied thank, EDA Vice President Olsen, it is an option available to businesses. I actually met with the Sherwin Williams group before they did their submittal to talk through the process, answer any questions they might have. So, if they do let us know they are looking for assistance, we are more than happy to help.

EDA Vice President Olsen said thinking about the Boondocks, one of the things that was mentioned to me on a visit here about a month, month and a half ago was that they were pursuing this, they mentioned that they were pursuing this and that they had a meeting set up with our former EDA Director. Do you happen to know if that meeting ever took place?

Jaime replied I am not sure on that one. I can look back to a calendar to see if it's out there.

EDA Vice President Olsen said and maybe that's a wise decision because when you mentioned that they had some things that they were looking to do and that those things weren't eligible, I would hope that if they did have that meeting, that would have been discussed with them; but I just would like to know whether or not that meeting actually took place or not because if it didn't, maybe we need to do a little handholding there that we hadn't done in the past. It's just a thought, that's all I have. Thank you.

EDA President Bailey asked if there were any other questions, and there were none.

EDA Member Scott made a motion to award VP Investments, LLC, owners of 80th Street Crossing, an award letter for the submitted project with matching funds of up to \$24,999 for any eligible expenses as part of the City of Cottage Grove Façade Improvement Grant Program and \$2,000 in design assistance. Motion was seconded by EDA Member Jean-Baptiste. Motion passed unanimously (6-to-0 vote).

EDA Member Tschida made a motion to award Alisan, LLC c/o Kin Properties, owners of the Sherwin Williams building, an award letter for the submitted project with matching funds of up to \$24,999 for any eligible expenses as part of the City of Cottage Grove Façade Improvement Grant Program. Motion was seconded by EDA Vice President Olsen. Motion passed unanimously (6-to-0 vote).

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EDA Member Latack made a motion to award Boondocks Vintage Boutique an award letter for design assistance for the submitted project of up to \$2,000 for any design work procured by a licensed design professional to assist with the creative design for their Façade Improvement Grant Program application. Motion was seconded by EDA Member Scott.

EDA President Bailey asked if there was any further discussion on this. EDA Vice President Olsen said yes, as I mentioned earlier, I'd be curious if that meeting did take place and what additional support we may be able to provide to this local business. I'd like to just remind people that one of the owners of this business had a terrible tragedy in their family here in the not too distant past, and that may have been something that would have prevented them from maybe dotting the I's and crossing the T's to the degree that they needed to. So, if we can just follow up with that, see if there's any additional support we can provide, I would sure like to see that happen.

Motion passed unanimously (6-to-0 vote).

F. National Community Survey Report
Staff Recommendation: Receive Report.

EDA President Bailey said Phil is going to walk us through this one.

Phil Jents, Communications Director, said you've heard a lot of information data, a lot of data on some different topics. I'm very excited to present to you a little bit more data from our very own residents and talking about the results of the Polco National Community Survey, which was recently conducted. Before I get into the slides, it's just important to note that there was a lot of information in the full survey report that I have copies of if anyone would like that in physical form or emailed. The slides that I have before you are shortened from the full presentation, if you will, just in the interest of time, and also focusing on topics that the EDA Board might be interested in. Having said all of that, there's a lot more information available that I'd be happy to discuss or provide you with the full report as a follow up to this morning.

So, all households within Cottage Grove were eligible to participate in this survey. The City used and Polco used GIS boundary files provided by the City, and addresses located outside of Cottage Grove boundaries were removed from the list of potential households for this survey. From that list 3,000 addresses were randomly selected to receive the survey, and of those 3,000 randomly-selected households, they received mailings beginning on March 20, 2025, and the survey remained open for six weeks. The first mailing was a postcard inviting the households to participate in the survey, and the next mailing contained a cover letter with instructions, the five-page survey questionnaire, and a postage paid return envelope. Both the postcard and cover letter included a web link to give residents the opportunity to respond to the survey online. All follow-up mailings asked those who had not yet completed the survey to do so and those who had already done so did not respond twice. The survey and all mailings were also available in English and Spanish. A total of 483 completed surveys were received from these efforts; that provided a response rate of 16% with a +/- 4% margin of error. It's very worth noting that nationally we are hearing that survey responses are down and that our 16% response rate and margin of error rate is higher than that national average and better than that national average; and I'm happy to report that our residents are clearly engaged and responding to surveys even though survey fatigue nationally may be a real thing.

In addition to the randomly-selected probability households, a link to an online open participation survey was published by the City. In the following slides, you're going to see words like "in comparison to benchmark communities," so those are communities all across the country that have filled out the National Community Survey and how we rank against them. So, you'll see words like "higher," "lower," "similar" just for point of reference. The methodology that Polco uses defines higher as 10 percentage points higher than an average, lower is at least 10 percentage points lower, and similar is within that range. So, when you see we ranked higher than the average, similar, or lower, you kind of have an understanding of what that actually means.

In the survey, in addition to many other topics, we had two questions related to Community Livability. The first asks residents to rate the quality of each, and you can see the resulting comparison to the National Benchmark in the shading on the chart. So, where we rank higher is in kind of that darker green, similar in that lighter green, and lower in an even lighter green. The second question asks about the same facets of livability, but is centered upon how important residents think it is for the community to focus on each facet in the coming two years. I personally really appreciate this particular data point because it's really important that a City is a lot of things to a lot of people and provides a lot of services with limited time, limited staff resources, and other resources. It's very important to see if somebody thinks Safety or the Economy or Utilities is of high or medium or low quality, where did they rank it on a scale of importance. I think that this thing needs to be improved and I also think it's really important to focus on that, or I don't think this thing necessarily needs to be improved, but it's not as important to me. So, that is very interesting insight in terms of how we prioritize our time moving forward.

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The next slide is just another representation, visually, of that gap, if you will, of importance to quality. Polco put this together, this Gap Analysis Chart, which is used to help determine which areas are relatively higher in importance and lower quality to residents. This chart is one of many ways to interpret the data and can be used to identify key findings and help determine which areas may need additional focus or resources allocated in the coming years and which others are performing well in comparison. So, you see here some standouts are the Economy, Utilities, Community Design, and again, just another visual representation of that relationship between opinions on quality and importance.

So, in terms of the Economy in Cottage Grove, which the EDA Board may be uniquely interested in learning about, we saw that earlier 86% of the residents emphasized the importance of focusing on the economy, ranking second among the ten facets. The overall economic health of Cottage Grove was rated positively by about six of ten residents as was the overall quality of businesses and service establishments. Cottage Grove as a place to work followed at 49%, ranking lower than the benchmark, highlighting other potential areas of focus, ratings were also lower than the national average benchmark for the variety of business and service establishments at 36% and Cottage Grove as a place to visit at 35%. An important note on a variety of business and service establishments, we also had a couple open-ended questions: What would you like to see changed or added, I believe was the phrasing on one particular question, and we have a lot of written responses to that open-ended question about what people are looking for; it's a little bit of an unwieldy spreadsheet to print out, but I do have those results and you see a lot of common themes that support kind of that talking point of people are looking for a variety of businesses in the community. Also worth mentioning is that custom question that the City developed and added into that survey where residents share open feedback on anything they would like to see improved or added; while those verbatim responses are not coded and analyzed as you see in this slide, as I said, those survey responses are available and support people's opinions on wanting that variety of businesses.

Here we have some information regarding Taxes and Services. There's a lot of information on this particular slide here and a lot of interesting feedback. When asked about their opinion relating to Taxes and Services in Cottage Grove, about a third of residents that responded have a positive opinion about our taxes here in the City of Cottage Grove; 34% of residents said they were satisfied with the current level of taxes in Cottage Grove, and a similar portion, 32%, felt they paid too much in taxes for the level of service they receive, and even yet 11% are willing to pay more taxes to get those services. A small share, 5%, reported having no preference, and 3% had an opinion that was not listed. For additional context, we also see here the ratings for one of the default survey questions, which asked residents to rate the value of services for taxes paid to Cottage Grove. The results showed that 9% of respondents rated this item as excellent, 44% as good, 27% as fair, and 20% as poor. For benchmark comparison purposes, Polco combined the excellent and good ratings to represent an overall "percent positive" in this case giving us a 53% rating, which ultimately ranked similar to other communities nationwide.

And then in terms of City priorities, when I referenced those custom questions that we added into the survey, those custom questions sought some insight into longer-term focus for the City. Among the options provided, residents placed the largest priorities on focusing on Utilities, so that's 97% at high or medium priority, Fire and EMS, Transportation, Police, and then of course Economic Prosperity.

Council Member Olsen said Phil, I'm going to stop you for a second. The Fire and EMS color coding on 68%, what does that represent?

Phil replied EDA Vice President Olsen, that's a good point. This is something that I actually caught yesterday that I didn't correct in this slide because I was working on a different presentation for tomorrow night, but that's just a coloring error; that should be the blue, high priority. EDA Vice President Olsen replied thank you.

Phil said so with that, I'll stand for any discussion or questions. As I said at the beginning, that was a lot, and there's a lot of information, a lot more, in the full report that I'd be happy to give you as a follow up.

EDA President Bailey said all right, sounds good, thank you for presenting it. EDA Vice President Olsen, you have an additional item you want to ask?

EDA Vice President Olsen replied I do, thank you. This is the first time we've used Polco; we've done community surveys like this in a variety of manners for as long as I've been a member of the City Council and even before that, when I was on the Public Safety Health and Welfare Commission, and we've tried a lot of different ways to extract what we felt would hopefully be valuable information from surveys. How do you feel about the methodology and the data capture that we got using this method vs. the number of different ways we've done it in the past? I'm sure you've done a little bit of looking back, even though you weren't here, but a lot of members of the staff certainly have been for quite some time. Do you feel it was better, do you feel it was valuable, etc.?

Phil replied that's a good question, and while I can't very specifically speak to methodologies that were used in the past, I can definitely speak to this experience using Polco. I think that overall, any survey is going to have, you know, I mentioned a percentage

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of margin of error, response rates, and how people respond. There's always going to be a little bit of an element of imperfection, right, in any survey that you conduct. My perception of Polco as a vendor, highly professional, very engaged, very responsive, and so our project manager, our experts who designed the survey, were excellent to work with and very responsive to our feedback, our pushback, our questions, and so on and so forth. I also think I was probably bothering our project manager during the survey, as I was asking him very frequently how we were doing, what our responses looked like, and what our response rate looked like, and he was very gracious in his time in responding to me. And so I think both the survey methodology makes a lot of sense to me, they're using a survey that is used all across the country, I believe it's something like 500 some communities nationally. And, so, not only do you have a solid, again with that caveat of every survey is going to have a level of imperfection to it, I have a lot of confidence in the survey itself and responses we received via the methodology used just on its own; but then also understanding that survey is used almost verbatim, I mean, the communities are allowed to tweak things, like we removed the word sheriff because the County provides the sheriff, not the City. But the overall survey is more or less the same because they want, you know, trust in data when you compare against those 500 communities nationally, and so I have a lot of confidence in this survey itself and also appreciate how their methodology applies to other communities across the country. And then, just to end, my experience in my prior job, I would have dearly loved to have the resources to conduct a survey such as this. Because one thing that we gleaned with this survey, through the open-ended question, which I'm very glad we asked it on communication methods, as obviously as the City's Communications Manager, I'm very interested in people's responses to how we communicate and how they feel about it. It's hard to always understand when we send out a newsletter to thousands and thousands of addresses, that takes a lot of time to gather a lot of staff resources across multiple departments, a lot of costs in terms of postage and mailing, is that worth it? Are people reading it? Do people find value in it? It's hard to know, right? You create it and you like to think that it's important and that people will read it and find value in it, and then lo and behold, they respond to an open-ended question about communication platforms and the newsletter, Cottage Grove Connect, emails, things that stood out as very common themes of how people responded. I was very pleased to hear that hey, this thing that we're spending a lot of time and effort on across so many different departments, that people seem to actually value it. And, so, that's a long way around of saying that in my previous job I would have loved to have had that similar insight into what we were doing and why, and we weren't always able to do that sort of thing just because everyone's got limitations on resources. So, hopefully, that answers your question.

EDA Vice President Olsen replied it does, thank you very much, and again, you know, as I look back at making phone calls, you know, using that sort of methodology, we've done the community conversation surveys, and tried to kind of catch people where they are, and we had chalkboards all over town and did a bunch of different things. You know, I was excited when we talked about Polco because, precisely as you said, they have a benchmark, and they work with so many other communities; I thought it would give us a more valid snapshot of how do we look vs. similar communities across the country, and I think we achieved that objective. But methodology is everything when it comes to surveys, it's the manner in which you ask the question, how do you interpret the data, and of course you spent a lot of time before the survey even went out kind of dissecting what do we want to ask, what do we not want to ask, and how do we want to try to gather this information. So, I was hopeful that from your seat you felt comfortable with it and it sounds like you did, and that means the data can be utilized moving forward as we get into the budget conversations and things to kind of guide our decision making process, which is really the point. So, thank you again for the presentation and thanks for your feedback.

EDA Member Latack said I just have one question, when was the survey performed?

Phil replied March 20th to May 1st, 2025, that's a great question. EDA Member Latack said thank you, I appreciate that.

EDA President Bailey said it's funny, too, because this is just me personally on two things: One is I think we also learned whatever's happening at the time of the survey will possibly dictate some of the items that you're asking for in the survey. So, when you kind of look at the economy kind of thing, I guess you could probably say because there was concern about tariffs and rising prices and all that. So, I just wanted to throw that in there as what I thought was interesting. And then though statistically Cottage Grove has been higher on survey response rates, I'm still not personally happy with the lack of total survey responses, you know what I mean? That's just me again. I know statistically they're saying we're higher than the national average, but I'm just like, gees, we just can't get enough people to give us feedback, you know what I mean? So, those are just the two things. I mean, the information that was provided was very good. I have not had a chance to see the comments yet, I know you're putting that together, though I've been told on a few of them of what some of the items are, but I will be interested to kind of see what people are saying in a general, open-ended question comment with regards to communication, what do you want to see in Cottage Grove, you know, restaurants and things like that.

EDA President Bailey asked if there were any other questions, but none were asked. He said awesome, thank you.

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- G. Housing and Redevelopment Authority Preliminary 2026 Levy Adoption
Staff Recommendation: 1) Approve Resolution 2024-10, authorizing a preliminary levy to be set on taxable property of the City of Cottage Grove, Washington County, Minnesota, for fiscal year 2025, a special benefit tax levy not to exceed \$142,500 per the Proposed 2025 Budget on file with the City. 2) Call for a Public Hearing to consider adoption of the final levy to be held by the EDA at their regular meeting on December 2, 2025, at 6:00 p.m.

EDA President Bailey said Administrator Levitt will be speaking on this item.

Administrator Levitt said well, I have to say, EDA, I wear a lot of hats in the City, but I have never worn the Finance Director hat before, so I am going to put the Finance Director's hat on for this presentation, so that's my intro to say go easy on me. If you want to talk about streets, plowing, development, I'm all there; on the finance, just throw me the softballs this morning is all I ask.

So, to start with, we are looking at the EDA Levy once again for this year, we obviously adopted our first levy last year. The way our EDA is set up and structured does permit for a levy for EDA activities and HRA activities. If you think about that as economic development, redevelopment, housing, and affordable housing, a good example of that redevelopment element related to affordable housing is Trellis; so, we talked about that deeply affordable subsidizing, and we've been talking to Real Estate Equities, once again bringing affordable apartment units into our community, so that's looking at your HRA activities. So, on the EDA, that's when we look at the TIF development for properties that may be blighted or properties that have environmental challenges that we can bring to the table there.

In this year's active EDA Levy for 2025, we had a levy of \$137,500; to remind you, our statutory maximum was \$1.2 million. What we are proposing for the EDA Levy in 2026, which we will take to Council in July, would be for \$182,500. So, that is not in your purview, but that would be the City Council taking action, that's where we're looking at that recommendation.

When we look at the EDA, what you would be taking action on today is the HRA Levy portion. Now remember, that calculation of how we get to that \$1.22 million is based on a percentage of our market value, which is limited by that .0185%, and that's for payable taxes in 2026. We will be holding a Public Hearing on the levy, it's an evening meeting by State Statute, on December 2, 2025, at 6:00 p.m., so mark your calendars as we do need a quorum for that.

What we are proposing today is to just increase the levy from that \$137,500 to \$142,500, so just over a 3.5% increase for the levy, trying to track with that Financial Management Plan that we had put together a couple years ago to continue to grow that base.

Now one of the interesting things is you heard in the Polco study, a few interesting points: One is when you look at what people desire in the community, for economic development it was like 89% and where they believe our quality is, it's at 54%. So, you saw one of the largest gaps in the survey what our residents are desiring are more economic development activity, so just a reminder that the EDA Levy plays a critical role in that. One of the other elements in the survey that we didn't highlight today was related to affordable housing. I think we were below the market nationally of what people want and need in affordable housing. So, our residents have said affordable housing is important to us. So when you look at your HRA Levy, you now have the statistical data to show how important affordable housing is and then as the body of work that you do as the EDA, how important economic development is for our residents, you know they're noting there is a need and a desire for us to achieve more on that.

So, with that, I will stand for any questions, and the Recommendation and Motions are on the screen.

EDA President Bailey said okay, thank you, Jennifer. Are there any questions on the process here or the levy as it relates to HRA? There were no questions.

Recommendation, by Motion:

- 1) Approve Resolution 2024-10, authorizing a preliminary levy to be set on taxable property of the City of Cottage Grove, Washington County, Minnesota, for fiscal year 2025, a special benefit tax levy not to exceed \$142,500 per the Proposed 2025 Budget on file with the City.**
- 2) Call for a Public Hearing to consider adoption of the final levy to be held by the EDA at their regular meeting on December 2, 2025, at 6:00 p.m.**

EDA Vice President Olsen made a motion to Approve Resolution 2024-10, authorizing a preliminary levy to be set on taxable property of the City of Cottage Grove, Washington County, Minnesota, for fiscal year 2025, a special benefit tax levy not to exceed \$142,500 per the Proposed 2025 Budget on file with the City. The motion was seconded by EDA Member Jean-Baptiste. Motion passed 5-to-1 (Nay vote by EDA Member Tschida).

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EDA Member Scott made a motion to call for a Public Hearing to consider adoption of the final levy to be held by the EDA at their regular meeting on December 2, 2025, at 6:00 p.m. The motion was seconded by EDA Vice President Olsen. Motion passed unanimously 6-to-0.

Administrator Levitt said EDA President Bailey and Members of the EDA, I'm my first time wearing the Finance Director's hat and I have a slight glitch. The Resolution that was on the screen does not match the Resolution that was in the packet for the Levy. Could I just ask you to acknowledge the Resolution that is in the packet for the EDA Resolution, it's 2025-001, just for absolute clarity related to the fiscal year 2026?

EDA President Bailey said I was wondering about that, I saw that on there, I almost stopped this, so I was wondering because it says 2025 vs. 2026. Okay, so do you want us to?

Administrator Levitt asked so could you just remake that motion, matching the Resolution in the packet? EDA President Bailey replied yes. Administrator Levitt said my apologies.

EDA Vice President Olsen asked so could you put it back up on the screen, please? EDA President Bailey said and then we'll just update it. Administrator Levitt said so, it is Resolution 2025-001 and fiscal year 2026 and the \$142,500.

Motion by EDA Vice President Olsen to Approve Resolution 2025-001, authorizing a Preliminary levy to be set on taxable property of the City of Cottage Grove, Washington County, Minnesota, for fiscal year 2026, a special benefit tax levy not to exceed \$142,500 per the Proposed 2026 Budget on file with the City. The motion was seconded by EDA Member Jean-Baptiste. Motion passed 5-to-1 (Nay vote by EDA Member Tschida).

6. PUBLIC HEARINGS - None.

7. OTHER BUSINESS

EDA President Bailey said the ICSC Meeting this year in Las Vegas was very well attended. We had literally every half hour meetings set up with all these different end users, hoteliers, business investors, and so on. I did take away some very good information. As I was mentioning earlier, within a week of getting back from the convention, we actually had an investor in town looking at the hotel situation, and that's just the one, we've had more that have reached out to us since then. And then of the interesting things and I'll just say it and then EDA Vice President Olsen can elaborate if he wants: That is we met with a couple of different investors and developers, and one particular investor and developer literally shared with us and I'm not exaggerating when I say this number, he said he had over 100 retailers, restaurants, whatever, that want to be in Cottage Grove, they just need a home. And it kind of blew me away and then he started going down the list, some of them we're aware of, some of them are going to be new to the Twin Cities that are coming in that have been visiting Cottage Grove, and they're like find me a place. So, one of the big challenges once again that we're having is either our ability to bring these businesses into town; it either has to be through redevelopment opportunities within certain corridors in our community, or the Shoppes at Cottage View I know is what I'd mentioned as an option. We did meet that person that has the option out there, and I was not happy with basically what we heard from him; so, at this point, I've been speaking with the current family members that own the actual property there to talk about what's the future hold for that site. Because as you all know, at some point here we are going to be having some development on the other side of the highway, alongside Highway 61 where the old Majestic Ballroom site is, and my comment has been if that opens up at some point down the road, we could see that fill up fairly quickly and then the Shoppes at Cottage View will kind of wither on the vine, so to speak, if they don't get going on their project, especially with what we're hearing from the developer and such out there. So, the great new is people know who we are, we've said that before, but even people and businesses that we had no idea were interested in coming to our community, are literally planning to come to our community, it's just they need land and they need a place to locate. So, the good news is we're hearing that, the great news is our staff's working as diligently as we can to figure out how do we get these people into town. Some of it is the things that we just did today, which is the EDA purchasing some property to kind of spur some opportunities in certain areas of our community, but I don't know if you want to add anything else to what I just shared.

EDA Vice President Olsen said yeah, it was a very productive trip to ICSC this year, and I would argue that probably 10-to-15% more attendees than last year with respect to the brokers and the various businesses, etc. They keep expanding that Las Vegas Convention Center, and no matter how big they make it, it seems to be full, so we definitely got our steps in. In terms of the Shoppes at Cottage View site, I would echo EDA President Bailey's sentiment when we met with the individual who is currently enjoying the option on that site, and we asked the specific question, well, hey, are you marketing the site here at ICSC? The response was, well, no, I don't really have any drawings or anything like that. And, so, as we met with the other brokers and developers with whom we had appointments, they all seemed incredibly excited to potentially take down that site if and when the property owner decides to make a change. And, so, we'll continue to work that angle because as EDA President Bailey mentioned, there are numerous entities, end users, who want to be here in Cottage Grove, some of whom actually are currently doing business in other states, in other parts

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of the country, but they haven't quite dipped their toe in the water yet in Minnesota and they'd like to. So, there's a lot of work to be done there, we had a very nice debrief meeting with the staff after the ICSC Convention, and I know that Jaime and Jennifer, etc. took tons of notes and I know that there's a whole lot of follow up going on. This is the place where you plant seeds and then you try to watch them grow, and we've got a number of businesses in town that have resulted from our excursions to ICSC over the last several years that we're proud of. I think having control of the Ross site is going to definitely help us when it comes to being able to make something happen there, sooner vs. later. So, all in all, I thought it was a really, really beneficial trip. We were tired, it was a lot of running around, but it was a good kind of tired, you felt like you accomplished something.

EDA President Bailey said oh, yeah, definitely.

EDA Vice President Olsen said anyway, I'm glad we did it, and am excited to hear that there's already been some attention paid to the community by some of the folks we talked to out there, and I would expect we're going to have more good news to share here before the year closes out.

EDA President Bailey replied I agree, I agree.

8. WORKSHOP - None.

9. PRESENTATIONS - None.

10. ADJOURNMENT

EDA President Bailey said the next EDA Meeting will be on July 8.

EDA Vice President Olsen made a motion to adjourn. Motion was seconded by EDA Member Scott. Motion passed unanimously (6-to-0 vote). The meeting was adjourned at 9:01 a.m.

Respectfully submitted,

Jaime Mann
Assistant to the City Administrator

JM/jag