COTTAGE GROVE ECONOMIC DEVELOPMENT AUTHORITY
12800 RAVINE PARKWAY SOUTH
COTTAGE GROVE, MN 55016
COUNCIL CHAMBER

July 27, 2026

- 12:30 PM

1 Call to Order
2 Pledge of Allegiance
3 Roll Call
4 Approval of Minutes
5 Business Items
   A Resolution Designating a Certain Building as Structurally Substandard - Majestic Ballroom
   Staff Recommendation: Adopt Resolution 2026-004 which designates the Majestic Ballroom a substandard building in accordance with the laws governing a redevelopment tax increment financing district.
6 Public Hearings
7 Other Business
8 Workshop
9 Presentations
10 Adjournment

Pursuant to Minn. Stat. § 13D.02, some members of the Economic Development Authority may participate in this meeting via interactive technology from remote locations. The public may monitor the meeting in person at the regular meeting location (12800 Ravine Parkway, Cottage Grove, MN) or remotely via the stream link provided.

TEAMS Link: https://teams.microsoft.com/meet/22891709252782?p=m7xG97PEK5zgwzN1Ag

Economic Development Authority Action Request

5.A.

Meeting Date	7/27/2026
Department	Economic Development
Agenda Category	Resolution
Title	Resolution Designating a Certain Building as Structurally Substandard - Majestic Ballroom
Staff Recommendation	Adopt Resolution 2026-004 which designates the Majestic Ballroom a substandard building in accordance with the laws governing a redevelopment tax increment financing district.
Budget Implication	

Attachments

1.	majestic Ballroom TIF findings_staff report_7-27-2026
2.	Ehlers Memo 6-11-26
3.	Cottage Grove Majestic Ballroom EDA RESOLUTION 2026-004_DESIGNATING SUBSTNDARD
4.	260120 Majestic Ballroom TIF Letter of Finding

Cottage Grove
Where Pride and Prosperity Meet

TO: Economic Development Authority
Jennifer Levitt, EDA Executive Director

FROM: Nate Carlson, Economic Development Manager

DATE: July 27, 2026

RE: Consider Resolution Designating a Certain Building as Structurally Substandard – Majestic Ballroom

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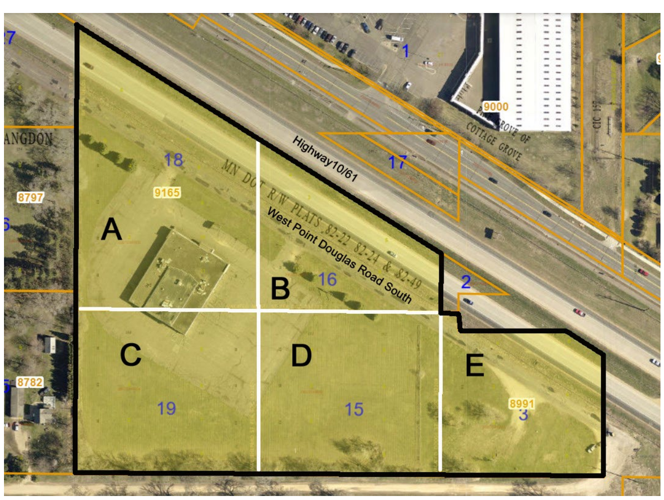
Discussion
The item before the EDA is to consider deeming the Majestic Ballroom a "structurally substandard building" as defined in State law related to making it eligible for Tax Increment Financing as a redevelopment district. This item is not an authorization for demolition. However, this action needs to occur before demolition can begin. This action item is necessary to consider Tax Increment Financing in the future. The attached resolution is a required action prior to a Redevelopment Tax Increment Financing (TIF) District being established. Sec. 469.174 MN Statutes subdivision 10 regulates the creation and uses of a Redevelopment district and details the necessary actions for deeming a building as "structurally substandard."

It is best practice that the City contracts with a consultant that conducts a report for the EDA and Council to review. In this case, City staff contracted with LHB to complete the work. A brief summary of the finds are listed below.

TIF Analysis Findings for 9165 West Point Douglas Road South
LHB was hired to inspect one building on five parcels in Cottage Grove, Minnesota, to determine if it meets the definition of "Substandard" as defined by *Minnesota Statutes, Section 469.174, subdivision 10*. The building parcels may potentially be part of a future Redevelopment TIF District, so they will need to be compliant with all the statutes pertaining to a Redevelopment District. The building is located at 9165 West Point Douglas Road South (Parcel A in Diagram 1 below).



Conclusion of Findings
After evaluating the condition of the building on March 9, 2026 and applying current statutory criteria for a Redevelopment District under *Minnesota Statutes, Section 469.174, Subdivision 10*, it is our professional opinion that the building qualifies as substandard.

To maintain the option of a Redevelopment TIF District in the future, the resolution deeming the building substandard must take place before demolition. The City's Financial Adviser, Schane Rudlang with Ehler's, has provided a memo to the EDA that provides detail of the future action.

It should be noted that these actions do not guarantee any financial assistance to a future project. This is merely a preliminary action to lay the foundation for a potential request. If this action is not taken, this common tool used to incentive redevelopment by cities would not be an option. Until an application is made, and a thorough review conducted, the City Council does not authorize any City assistance with the substandard building designation. As a developer plans for development and requests Tax Increment Financing for a project on this site, the City will adhere to the City's Business Subsidy Policy and State Statutes. Future actions would include the following:

1. Application made by developers of Majestic Ballroom Site
2. Financial analysis conducted for request.
3. Workshop with EDA to review financial analysis.
4. Hold a public hearing to establish the TIF District.
5. EDA takes action on TIF request.
6. Council affirms EDA decision.

There is no formal proposal for redevelopment of the site currently. However, staff is working with the current owner to clear the site and prepare for future development. The City Council approved the following actions on Wednesday, July 15:

1. Affirm the EDA's action to adopt the substandard building findings for future establishment of a Redevelopment TIF district.
2. Approve a deferred assessment waiver with the current property owner to assess the cost of the demolition and site preparation to the owner and to be paid at time of a land transaction.
3. Award the demolition bid to the recommended contractor.
4. Demolition could then occur shortly after these actions by Council.

Recommendation
Adopt Resolution 2026-004 which designates the Majestic Ballroom a substandard building in accordance with the laws governing a redevelopment tax increment financing district.

MEMORANDUM

TO: Nate Carlson, Cottage Grove – Economic Development Coordinator

FROM: Schane Rudlang and Stacie Kvilvang - Ehlers

DATE: June 11, 2026

SUBJECT: Majestic Ballroom Redevelopment Site – TIF Redevelopment District Findings

Project Background

The City is considering the potential use of Tax Increment Financing ("TIF") to provide financial assistance for redevelopment of the Majestic Ballroom site (the "Site"). The Site is located at 9165 West Point Douglas Road South is situated on five parcels and contains a building and associated parking that is proposed to be demolished in order to prepare the Site for redevelopment. If a TIF district is ultimately created, TIF generated from the Site could be used to assist with eligible redevelopment costs (including demolition) consistent with the City's objectives for the Site.

Pre-Demolition Findings and Preservation of Eligibility

The use of TIF is governed by Minnesota Statutes, Sections 469.174 through 469.1794 ("TIF Act"). Among other requirements, the TIF Act requires that property qualifying for a redevelopment district include buildings that are structurally substandard to a degree requiring substantial renovation or clearance. The City obtained an inspection of the building from LHB Corporation to document its condition for purposes of the TIF Act. The inspection determined that the building is structurally substandard and further concludes that under the applicable statutory criteria that the parcels comprising the Site are occupied by the building and other improved areas.

The TIF Act recognizes that, in some circumstances, demolition of a substandard building may be in the public interest before redevelopment plans are finalized or before a TIF district is formally established. In that circumstance, the findings necessary to designate the building as substandard must be adopted before demolition, and a formal demolition agreement must be in place. The TIF Act allows the City up to **three years after demolition** to complete the additional steps necessary to establish the TIF district. Taking this action now preserves the Site's eligibility for consideration as a redevelopment TIF district and any future use of TIF remains subject to further City Council and EDA review and approval.

Next Steps

Based on the inspection report from LHB and the applicable statutory criteria, the City Council and EDA should adopt their respective resolutions making the required findings, thus preserving its ability to consider the future use of TIF for redevelopment of the Site. The EDA or City may thereafter undertake demolition of the existing structure if it determines doing so is appropriate to facilitate redevelopment of the Site.

EDA RESOLUTION NO. 2026-004

RESOLUTION MAKING CERTAIN FINDINGS WITH RESPECT TO A STRUCTURALLY SUBSTANDARD BUILDING AND OTHER IMPROVEMENTS PRIOR TO DEMOLITION IN CONNECTION WITH THE MAJESTIC BALLROOM SITE

WHEREAS, the Cottage Grove Economic Development Authority (the "Authority") is duly organized and existing under the Constitution and laws of the State of Minnesota;

WHEREAS, the Authority and the City of Cottage Grove, Minnesota (the "City") have determined that certain property currently identified as Parcel ID Nos. 21.027.21.41.0015, 21.027.21.41.0013, 21.027.21.41.0016, 21.027.21.41.0012, and 21.027.21.41.0005 located at approximately 9165 West Point Douglas Road South (the "Property") in the City is in need of redevelopment;

WHEREAS, the Authority and the City are considering establishing one or more Tax Increment Financing Districts which are anticipated to include the Property and adjacent roads and rights of way (each a "TIF District") pursuant to Minnesota Statutes, Sections 469.174 to 469.1794, as amended (the "TIF Act");

WHEREAS, Section 469.174, subdivision 10(d), of the TIF Act, provides, among other things that a parcel may be deemed to be occupied by a structurally substandard building and/or other qualifying building and by improvements if (1) the parcel was occupied by a substandard building or other improvements within 3 years of the filing of the request for certification of the parcel as part of the district with the county auditor; (2) the substandard buildings or other improvements were demolished or removed by the authority or the demolition or removal was financed by the authority or was done by a developer under a development agreement with the authority; and (3) the authority found by resolution before the demolition or removal that the parcel was occupied by a structurally substandard building or other qualifying building and that after demolition and clearance the authority intended to include the parcel within a district;

WHEREAS, under Section 469.174, subdivision 10(d), of the TIF Act, the Authority is authorized to make findings regarding parcels occupied by a structurally substandard building and other improvements prior to demolition or removal of the building and other improvements and prior to establishing a TIF District and, subject to certain terms and conditions as described in this resolution, such buildings and other improvements will be deemed to exist at the time of establishing a TIF District despite demolition or removal;

WHEREAS, such findings and actions do not obligate the Authority to create a tax increment financing district but preserve the opportunity to do so;

WHEREAS, for public safety and redevelopment reasons, the Authority and the City wish to demolish a substandard building currently located on the Property in connection with redevelopment of the Property prior to the creation of the TIF District (the "Project");

WHEREAS, the Authority and the City have determined to designate certain expenses of the Authority or the City relating to the Project, including but not limited to, demolition, real estate, planning, engineering, infrastructure, environmental and administrative expenses and debt service costs related to financing such expenses (the "Expenditures") as an interfund loan under Section 469.178, subdivision 7 of the TIF Act.

NOW, THEREFORE, BE IT RESOLVED by the Board of Commissioners of the Cottage Grove Economic Development Authority (the "Board") as follows:

1. The Board has received that certain TIF Analysis Findings for 9165 West Point Douglas Road South, dated April 2, 2026, prepared by LHB Corporation (the "Inspection Report"), documenting that the Property consists of five parcels with one building and, based on an inspection of the building, the building on the Property was determined to be substandard under the definition set forth in Minnesota Statutes, Sections 469.174, subdivision 10 (the "Substandard Building"). Based on the Inspection Report and other information available to the Board, the Board finds that the building currently on the Property is structurally substandard to a degree requiring substantial renovation or clearance. The reasons and supporting facts for this determination are included in the Inspection Report and on file with Authority staff.

2. In addition, in satisfaction of Minnesota Statutes Section 469.174, Subdivisions 10(a)(1) and (d)(3), the Board hereby finds, based on the Inspection Report, the following conditions, reasonably distributed throughout the proposed TIF District, exist: (1) parcels consisting of at least 70% of the area of the proposed TIF District are occupied by buildings, streets, utilities, paved or gravel parking lots, or other similar structures and (2) more than 50% of the buildings located within the proposed TIF District are deemed "structurally substandard" (within the meaning of Minnesota Statutes, Section 469.174, Subdivision 10(b) and (c)) to a degree requiring substantial renovation or clearance as follows:

The Property consists of five parcels, and (1) four of the five parcels (i.e. 80% which is more than 70%) are "occupied" as defined in Minnesota Statutes, Section 469.174, subdivision 10(e), in that at least 15% of the area of each parcel is occupied by buildings, streets, utilities, paved or gravel parking lots, or other similar structures, and (2) there is one building on the Property, which is structurally substandard to a degree requiring substantial renovation or clearance and the costs of bringing the structurally substandard building into compliance with building codes applicable to a new building would exceed 15% of the cost of constructing new structures of the same size and type on the site.

3. After the date of approval of this resolution, the building and other improvements on the Property may be demolished or removed by the Authority or the City, or such demolition or removal may be financed by the Authority or the City, or may be undertaken by a developer pursuant to a development agreement between such developer and the Authority or the City.

4. The Authority and the City intend to demolish or finance the demolition of the Substandard Building on the Property and, subject to the requirements of the TIF Act, after demolition and clearance the Authority and the City intend to subsequently include the Property in one or more redevelopment TIF Districts, which, if established, shall be established and

certification requested therefor from the Washington County auditor within 3 years after the date of building demolition on the Property.

5. Upon filing the request for certification of a new TIF District, the Authority will notify the Washington County auditor that the original tax capacity of the Property must be adjusted to reflect the greater of (a) the current net tax capacity of the parcel, or (b) the estimated market value of the parcel for the year in which the Substandard Building thereon was demolished or removed, but applying class rates for the current year, all in accordance with Minnesota Statutes, Section 469.174, subdivision 10(d).

6. The Authority and the City hereby designate the Expenditures as an interfund loan to be repaid from the tax increments from the applicable TIF District, when and if established, in an aggregate principal amount up to $121,023.50 (the "Interfund Loan"), together with interest thereon from the date of expenditure or advance at the rate of 7.0%, which is the rate determined in accordance with Minnesota Statutes, Section 469.178, Subdivision 7 as the greater of the rates specified under Minnesota Statutes, Sections 270C.40 or 549.09 at the time the Interfund Loan, or any part of it, is first made; provided, however, the Economic Development Manager is authorized to specify a lower rate.

7. Principal and interest ("Payments") on the Interfund Loan will be paid annually on or before December 31 (each a "Payment Date"), commencing on the first Payment Date on which the Authority or the City has Available Tax Increment (defined below), or on any other dates determined by the Economic Development Manager, through the earlier of (i) the date the Interfund Loan and all accrued interest thereon are paid in full or (ii) the date of last receipt of tax increment from the applicable TIF District.

8. Payments on the Interfund Loan will be made solely from the tax increment from the applicable TIF District received by the Authority or the City from Washington County in the 12-month period before any Payment Date, net of the amount paid under any agreement with a private developer or otherwise pledged to the payment of any obligation (the "Available Tax Increment"). Payments shall be applied first to accrued interest, and then to unpaid principal, unless otherwise specified by the Economic Development Manager. Interest accruing from the loan date will be compounded semiannually on February 1 and August 1 of each year and added to principal, unless otherwise specified by the Economic Development Manager. Payments on this Interfund Loan may be subordinated to any outstanding or future bonds, notes, or contracts secured in whole or in part with tax increments of the applicable TIF District, and are on a parity with any other outstanding or future interfund loans secured in whole or in part with tax increments of such TIF District. The principal sum and all accrued interest payable under this resolution are pre-payable in whole or in part at any time by the Authority or the City without premium or penalty. As directed by the Economic Development Manager, such payments may be used to directly reimburse the City or the Authority for demolition, real estate, planning, engineering, infrastructure, and environmental expenses of the Project and administrative costs in connection with the Project.

9. This resolution is evidence of internal borrowing by the Authority and the City in accordance with Section 469.178, subdivision 7, of the TIF Act and the Authority and the City are authorized to advance or loan money from any fund from which such advances may be legally

made in order to finance expenditures that are eligible to be paid with tax increments under the TIF Act. The written terms and conditions of the Interfund Loan are set forth herein and may be modified or amended in writing by the Authority or the City, as applicable, prior to the final Payment Date.

10. The Interfund Loan shall not be deemed to constitute a general obligation of the State of Minnesota or any political subdivision thereof, including, without limitation, the Authority or the City and is payable solely from Available Tax Increment.

11. The Authority or the City may at any time make a determination to forgive the outstanding principal amount on the Interfund Loan, in whole or in part, on any date, to the extent permissible under law.

12. The President, Vice President, and Executive Director are hereby authorized and directed to take all actions and sign any documents or agreements necessary to implement this resolution.

Approved by the Board of Commissioners of the Cottage Grove Economic Development Authority this 27th day of July, 2026.

____
Vice President

ATTEST:

____
Executive Director

April 2, 2026

Nate Carlson
Economic Development Manager
City of Cottage Grove
12800 Ravine Parkway South
Cottage Grove, MN 55016

TIF ANALYSIS FINDINGS FOR 9165 WEST POINT DOUGLAS ROAD SOUTH

LHB was hired to inspect one building on five parcels in Cottage Grove, Minnesota, to determine if it meets the definition of "Substandard" as defined by *Minnesota Statutes, Section 469.174, subdivision 10*. The building parcels may potentially be part of a future Redevelopment TIF District, so they will need to be compliant with all the statutes pertaining to a Redevelopment District.

The building is located at 9165 West Point Douglas Road South (Parcel A in Diagram 1).

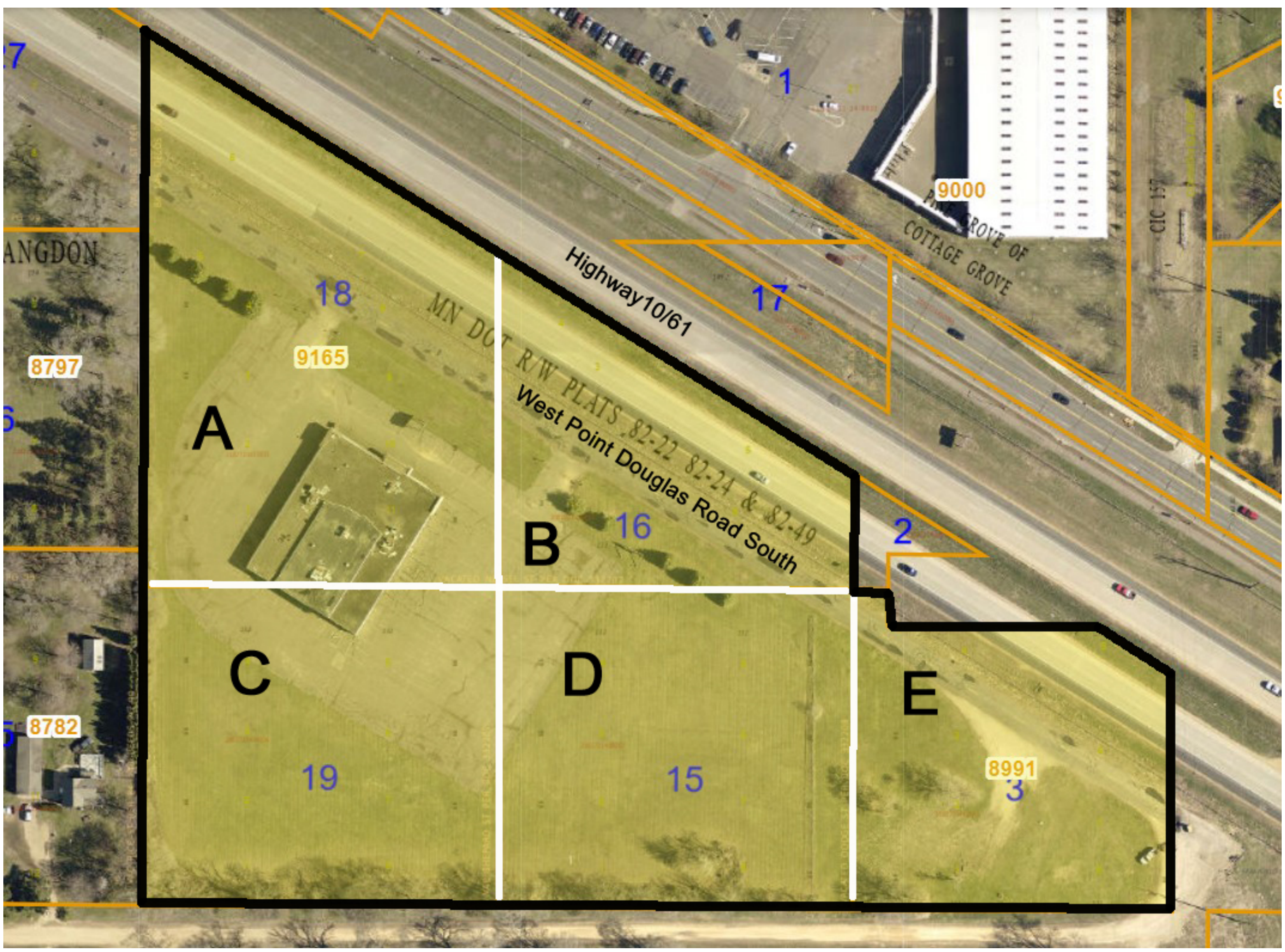


Diagram 1

CONCLUSION

After evaluating the condition of the building on March 9, 2026 and applying current statutory criteria for a Redevelopment District under *Minnesota Statutes, Section 469.174, Subdivision 10*, it is our professional opinion that the building qualifies as substandard.

The remainder of this letter and attachments describe our process and findings in detail.

MINNESOTA STATUTE 469.174, SUBDIVISION 10 REQUIREMENTS

The properties were inspected in accordance with the following requirements under *Minnesota Statutes, Section 469.174, Subdivision 10(c)*, which states:

INTERIOR INSPECTION

> *"The municipality may not make such determination [that the building is structurally substandard] without an interior inspection of the property..."*

EXTERIOR INSPECTION AND OTHER MEANS

> *"An interior inspection of the property is not required, if the municipality finds that*
>
> *(1) the municipality or authority is unable to gain access to the property after using its best efforts to obtain permission from the party that owns or controls the property; and*
>
> *(2) the evidence otherwise supports a reasonable conclusion that the building is structurally substandard."*

DOCUMENTATION

> *"Written documentation of the findings and reasons why an interior inspection was not conducted must be made and retained under section 469.175, subdivision 3, clause (1)."*

QUALIFICATION REQUIREMENTS

Minnesota Statutes, Section 469.174, Subdivision 10 (a) (1) requires two tests for occupied parcels:

1. Coverage Test

   > *"…parcels consisting of 70 percent of the area of the district are occupied by buildings, streets, utilities, or paved or gravel parking lots…"*

   The coverage required by the parcel to be considered occupied is defined under *Minnesota Statutes, Section 469.174, Subdivision 10(e)*, which states:

   > *"For purposes of this subdivision, a parcel is not occupied by buildings, streets, utilities, paved or gravel parking lots, or other similar structures unless 15 percent of the area of the parcel contains buildings, streets, utilities, paved or gravel parking lots, or other similar structures."*

The LHB team reviewed the following parcels:

Parcel A ID Number 21.027.21.41.0015

- The parcel is approximately 137,281 sf and is 81 percent covered by buildings, parking lots or other improvements.

Parcel B ID Number 21.027.21.41.0013

- The parcel is approximately 69,655 sf and is 82 percent covered by buildings, parking lots or other improvements.

Parcel C ID Number 21.027.21.41.0016

- The parcel is approximately 98,284 sf and is 30 percent covered by buildings, parking lots or other improvements.

Parcel D ID Number 21.027.21.41.0012

- The parcel is approximately 98,285 sf and is 12 percent covered by buildings, parking lots or other improvements.

Parcel E ID Number 21.027.21.41.0005

- The parcel is approximately 78,269 sf and is 32 percent covered by buildings, parking lots or other improvements.

Findings

Four out of five parcels are covered by buildings, parking lots or other improvements, exceeding the 15 percent parcel requirement.

2. Condition of Buildings Test

Minnesota Statutes, Section 469.174, Subdivision 10(a) states:

> *"…and more than 50 percent of the buildings, not including outbuildings, are structurally substandard to a degree requiring substantial renovation or clearance;"*

Structurally substandard is defined under Minnesota Statutes, Section 469.174, Subdivision 10(b), which states:

> *"For purposes of this subdivision, 'structurally substandard' shall mean containing defects in structural elements or a combination of deficiencies in essential utilities and facilities, light and ventilation, fire protection including adequate egress, layout and condition of interior partitions, or similar factors, which defects or deficiencies are of sufficient total significance to justify substantial renovation or clearance."*

We do not count energy code deficiencies toward the thresholds required by *Minnesota Statutes, Section 469.174, Subdivision 10(b))* defined as "structurally substandard", due to concerns expressed by the State of Minnesota Court of Appeals in the *Walser Auto Sales, Inc. vs. City of Richfield* case filed November 13, 2001.

Findings

The building exceeds the criteria required to be determined a substandard building (see the attached Building Code, Condition Deficiency and Context Analysis Reports).

Buildings are not eligible to be considered structurally substandard unless they meet certain additional criteria, as set forth in *Subdivision 10(c)* which states:

> *"A building is not structurally substandard if it follows the building code applicable to new buildings or could be modified to satisfy the building code at a cost of less than 15 percent of the cost of constructing a new structure of the same square footage and type on the site. The municipality may find that a building is not disqualified as structurally substandard under the preceding sentence based on reasonably available evidence, such as the size, type, and age of the building, the average cost of plumbing, electrical, or structural repairs, or other similar reliable evidence."*
>
> *"Items of evidence that support such a conclusion [that the building is not disqualified] include recent fire or police inspections, on-site property tax appraisals or housing inspections, exterior evidence of deterioration, or other similar reliable evidence."*

LHB counts energy code deficiencies toward the 15 percent code threshold required by *Minnesota Statutes, Section 469.174, Subdivision 10(c))* for the following reasons:

- The Minnesota energy code is one of ten building code areas highlighted by the Minnesota Department of Labor and Industry website where minimum construction standards are required by law.
- Chapter 13 of the *2015 Minnesota Building Code* states, "Buildings shall be designed and constructed in accordance with the International Energy Conservation Code." Furthermore, *Minnesota Rules, Chapter 1305.0021 Subpart 9* states, "References to the International Energy Conservation Code in this code mean the Minnesota Energy Code…"
- Chapter 11 of the *2015 Minnesota Residential Code* incorporates *Minnesota Rules, Chapters, 1322 and 1323 Minnesota Energy Code*.
- The Senior Building Code Representative for the Construction Codes and Licensing Division of the Minnesota Department of Labor and Industry confirmed that the Minnesota Energy Code is being enforced throughout the State of Minnesota.
- In a January 2002 report to the Minnesota Legislature, the Management Analysis Division of the Minnesota Department of Administration confirmed that the construction cost of new buildings complying with the Minnesota Energy Code is higher than buildings built prior to the enactment of the code.

Proper TIF analysis requires a comparison between the replacement value of a new building built under current code standards with the repairs that would be necessary to bring the existing building up to current code standards. For an equal comparison to be made, all applicable code chapters should be applied to both scenarios. Since current construction estimating software automatically applies the construction cost of complying with the Minnesota Energy Code, energy code deficiencies should also be identified in the existing structures.

Findings

The building has code deficiencies exceeding the 15 percent building code deficiency criteria required to be determined substandard (see the attached Building Code, Condition Deficiency and Context Analysis Reports).

TEAM CREDENTIALS

MICHAEL A. FISCHER, AIA, LEED AP - PROJECT PRINCIPAL / TIF ANALYST

Michael has 39 years of experience as project principal, project manager, project designer and project architect on planning, urban design, educational, commercial, and governmental projects. He has become an expert on Tax Increment Finance District analysis assisting over 130 cities with strategic planning for TIF Districts. He is an Architectural Principal and Vice President at LHB.

Michael completed a two-year Bush Fellowship, studying at MIT and Harvard in 1999, earning master's degrees in City Planning and Real Estate Development from MIT. He has served on more than 50 committees, boards, and community task forces, including City Council President in Superior, Wisconsin, Chair of the Duluth/Superior Metropolitan Planning Organization, and Chair of the Edina, Minnesota Planning Commission. Most recently, he served as a member of the Edina city council and Secretary of the Edina HRA. Michael has also managed and designed several award-winning architectural projects and was one of four architects in the Country to receive the AIA Young Architects Citation in 1997.

PHIL FISHER – INSPECTOR

For 35 years, Phil Fisher worked in the field of Building Operations in Minnesota including White Bear Lake Area Schools. At the University of Minnesota, he earned his Bachelor of Science in Industrial Technology. He is a Certified Playground Safety Inspector, Certified Plant Engineer, and is trained in Minnesota Enterprise Real Properties (MERP) Facility Condition Assessment (FCA). His FCA training was recently applied to the Minnesota Department of Natural Resources Facilities Condition Assessment project involving over 2,000 buildings.

ATTACHMENTS

We have attached a Building Code, Condition Deficiency and Context Analysis Report, Replacement Cost Report, Code Deficiency Report, and thumbnail photo sheets of the building.

Please contact me at (612) 752-6920 if you have any questions.

LHB, INC.

MICHAEL A. FISCHER, AIA, LEED AP

c: LHB Project No.260120.00

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Majestic Ballroom Redevelopment TIF District

Building Code, Condition Deficiency and Context Analysis Report

Parcel A	**Majestic Ballroom**
Address:	9165 West Point Douglas Road South, Cottage Grove, Minnesota 55016
Parcel ID:	2102721410015
Inspection Date(s) & Time(s):	March 9, 2026, 11:00 am
Inspection Type:	Interior and Exterior
Summary of Deficiencies:	It is our professional opinion that this building is Substandard because: - Substantial renovation is required to correct Conditions found. - Building Code deficiencies total more than 15% of replacement cost, NOT including energy code deficiencies.

Estimated Replacement Cost:	$2,938,700
Estimated Cost to Correct Building Code Deficiencies:	$1,353,902
Percentage of Replacement Cost for Building Code Deficiencies:	46.1%

DEFECTS IN STRUCTURAL ELEMENTS

1. The subsurface concrete block is damaged from water runoff, affecting structural integrity which should be repaired per code.

COMBINATION OF DEFICIENCIES

1. Essential Utilities and Facilities
   a. There is no code required accessible parking.
   b. There is no code required accessible route into the building.
   c. The restrooms do not comply with accessibility code.

2. Light and Ventilation
   a. The lighting system does not comply with code.
   b. The electrical wiring system does not comply with code.
   c. The HVAC system does not comply with code.

3. Fire Protection/Adequate Egress
   a. Thresholds do not comply with code for maximum height.
   b. The flooring materials are damaged creating an impediment to emergency egress which is contrary to code.
   c. Debris is scattered over the floor creating an impediment to emergency egress which is contrary to code.
   d. There is no operable emergency exit signs as required by code.
   e. There are no operable emergency exit lights as required by code.

f. There is no code required emergency notification system.
g. There are no code required smoke detectors.
h. There is no code required building fire suppression system.

4. Layout and Condition of Interior Partitions/Materials
   a. Ceiling tile is damaged or missing and should be replaced, per code.
   b. Mold is present throughout the building.
   c. Interior walls should be repaired and repainted.

5. Exterior Construction
   a. Exterior wood trim should be repainted.
   b. The metal soffit by the front entrance is missing and should be replaced to prevent water intrusion per code.
   c. Exterior concrete block is cracked and damaged allowing for water intrusion which is contrary to code.
   d. Exterior concrete block should be repainted.
   e. Hollow metal exterior doors should be repainted.
   f. Downspouts should be replaced.
   g. Roofing materials have failed allowing for water intrusion which is contrary to code.

DESCRIPTION OF CODE DEFICIENCIES

1. Damaged subsurface concrete block should be repaired to protect the integrity of the foundation per code.
2. An accessible parking area should be created per code.
3. An accessible route into the building should be created per code.
4. The restrooms should be modified to comply with code.
5. A code compliant lighting system should be installed.
6. A code compliant electrical wiring system should be installed.
7. A code compliant HVAC system should be installed.
8. Thresholds should be modified to comply with code for maximum height.
9. Damaged flooring materials should be replaced to create a code required unimpeded means for emergency egress.
10. Debris on floor should be removed to create a code required unimpeded means for emergency egress.
11. Operable emergency exit signs should be installed.
12. An operable emergency lighting system should be installed.
13. An operable emergency notification system should be installed.
14. Code required smoke detectors should be installed.
15. A code required building fire suppression system should be installed.
16. Replace damaged/missing ceiling tile to comply with code.
17. Replace metal soffit to prevent water intrusion per code.
18. Repair/replace damaged concrete block to prevent water intrusion per code.
19. Replace failed roofing materials to prevent water intrusion per code.

OVERVIEW OF DEFICIENCIES

The building exhibits several significant deficiencies that must be addressed to comply with current codes and ensure occupant safety. Water runoff has damaged the subsurface concrete block, compromising structural integrity and necessitating repairs per code. The property lacks code-required accessible parking and an accessible route into the building, and the restrooms are not compliant with accessibility standards. The lighting and electrical wiring systems fail to meet code requirements, as does the HVAC system. Additionally, thresholds exceed the maximum allowable height, and damaged flooring materials impede emergency egress, as does scattered debris throughout the interior. There are no operable emergency exit signs or lights, nor is there a required emergency notification system. The absence of smoke detectors and a building fire suppression system further increases risk. Damaged or missing ceiling tiles must be replaced, and mold is present throughout the building. Interior walls require repair and repainting, while exterior wood trim, concrete block, and hollow metal doors also need repainting. The metal soffit at the front entrance is missing, and both exterior and subsurface concrete blocks are cracked and damaged, allowing water intrusion. Downspouts require replacement, and the roofing materials have failed, contributing to additional water intrusion. These conditions collectively demonstrate that the building is not in compliance with applicable codes and must undergo substantial remediation to ensure safety and accessibility for all occupants.

ENERGY CODE DEFICIENCIES

In addition to the building code deficiencies listed above, the existing building does not comply with the current energy code. These deficiencies are not included in the estimated costs to correct code deficiencies and are not considered in determining whether the building is substandard.

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Majestic Ballroom Redevelopment TIF District

Replacement Cost Report

RSMeans data from GORDIAN

	Square Foot Cost Estimate Report	Date:	3/20/2026
Estimate Name:	9165 West Point Douglas Road South		
Building Type:	Concrete Block / Rigid Steel		
Location:	COTTAGE GROVE, MN		
Story Count:	1		
Story Height (L.F.):	14.00		
Floor Area (S.F.):	19400		
Labor Type:	OPN		
Basement Included:	No		
Data Release:	Year 2026 Quarter 1	Costs are derived from a building model with basic components.	
Cost Per Square Foot:	$151.48	Scope differences and market conditions can cause costs to vary significantly.	
Building Cost:	$2,938,700.17		

		Quantity	% of Total	Cost Per S.F.	Cost
A	Substructure		9.99%	$13.16	$255,291.86
A1010	**Standard Foundations**			**$5.49**	**$106,577.28**
A10101051520	Foundation wall, CIP, 4' wall height, direct chute, .099 CY/LF, 4.8 PLF, 8" thick	140		$0.66	$12,815.60
A10101051560	Foundation wall, CIP, 4' wall height, direct chute, .148 CY/LF, 7.2 PLF, 12" thick	560		$3.05	$59,134.60
A10101102500	Strip footing, concrete, reinforced, load 5.1 KLF, soil bearing capacity 3 KSF, 12" deep x 24" wide	560		$1.64	$31,826.20
A10102107200	Spread footings, 3000 PSI concrete, load 50K, soil bearing capacity 6 KSF, 3' - 0" square x 12" deep	11.64		$0.14	$2,800.88
A1030	**Slab on Grade**			**$7.20**	**$139,748.87**
A10301202240	Slab on grade, 4" thick, non industrial, reinforced	19400		$7.20	$139,748.87
A2010	**Basement Excavation**			**$0.46**	**$8,965.71**
A20101104560	Excavate and fill, 10,000 SF, 4' deep, sand, gravel, or common earth, on site storage	19400		$0.46	$8,965.71
B	Shell		26.53%	$34.95	$677,942.79
B1020	**Roof Construction**			**$15.74**	**$305,450.29**
B10201245200	Roof, steel joists, joist girder, 1.5" 22 ga metal deck, on columns, 45'x50' bay, 40 PSF superimposed load, 52.5" deep, 61 PSF total load	19400		$14.60	$283,219.05
B10201245250	Roof, steel joists, joist girder, 1.5" 22 ga metal deck, on columns, 45'x50' bay, 40 PSF superimposed load, 52.5" deep, 61 PSF total load, add for columns	19400		$1.15	$22,231.24
B2010	**Exterior Walls**			**$7.62**	**$147,772.71**
B20101155440	Concrete block (CMU) wall, split rib, 8 ribs, hollow, regular weight, 8x8x16, reinforced, vertical #5@32", grouted	6272		$7.62	$147,772.71
B2030	**Exterior Doors**			**$2.59**	**$50,291.04**
B20301106350	Door, aluminum & glass, without transom, narrow stile, double door, hardware, 6'-0" x 7'-0" opening	1.94		$1.29	$25,011.64
B20302203450	Door, steel 18 gauge, hollow metal, 1 door with frame, no label, 3'-0" x 7'-0" opening	5.82		$1.30	$25,279.40
B3010	**Roof Coverings**			**$8.86**	**$171,969.77**
B30101051400	Roofing, asphalt flood coat, gravel, base sheet, 3 plies 15# asphalt felt, mopped	19400		$4.34	$84,144.40
B30103203090	Insulation, rigid, roof deck, composite with 2" EPS, 1" perlite	19400		$3.11	$60,344.09
B30104201400	Roof edges, aluminum, duranodic, .050" thick, 6" face	560		$0.81	$15,641.47
B30104300040	Flashing, aluminum, no backing sides, .019"	560		$0.27	$5,148.65
B30106305100	Gravel stop, aluminum, extruded, 4", mill finish, .050" thick	560		$0.34	$6,691.16
B3020	**Roof Openings**			**$0.13**	**$2,458.98**
B30202100300	Roof hatch, with curb, 1" fiberglass insulation, 2'-6" x 3'-0", galvanized steel, 165 lbs	1		$0.13	$2,458.98

C	**Interiors**		**25.41%**	**$33.47**	**$649,398.19**
C1010	**Partitions**			**$6.20**	**$120,313.40**
C10101265800	Metal partition, 5/8"fire rated gypsum board face, 1/4" sound deadening gypsum board, 2-1/2" @ 24", same opposite face, no insulation	13857.14		$6.20	$120,313.40
C1020	**Interior Doors**			**$1.49**	**$28,854.51**
C10201022600	Door, single leaf, kd steel frame, hollow metal, commercial quality, flush, 3'-0" x 7'-0" x 1-3/8"	19.4		$1.49	$28,854.51
C1030	**Fittings**			**$2.85**	**$55,259.90**
C10301100460	Toilet partitions, cubicles, ceiling hung, stainless steel	19.4		$2.57	$49,893.15
C10305100120	Directory boards, outdoor, black plastic, 36" x 24"	1.94		$0.12	$2,271.41
C10305200100	Bulletin board, cork sheets, no frame, 1/4" thick	48.5		$0.02	$454.05
C10305200210	Chalkboards, wall hung, aluminum, wood frame & chalktrough	77.6		$0.12	$2,353.53
C10309100510	Mail boxes, horizontal, front loaded, aluminum, 10" x 12" x 15" deep	1.94		$0.01	$287.76
C3010	**Wall Finishes**			**$3.34**	**$64,839.41**
C30102202000	2 coats paint on masonry with block filler	6272		$1.68	$32,536.75
C30102300140	Painting, interior on plaster and drywall, walls & ceilings, roller work, primer & 2 coats	27714.29		$1.67	$32,302.66
C3020	**Floor Finishes**			**$8.38**	**$162,617.59**
C30204100160	Carpet, tufted, nylon, roll goods, 12' wide, 36 oz	9700		$2.97	$57,701.71
C30204100220	Carpet, padding, add to above, 2.7 density	9700		$0.63	$12,280.88
C30204100260	Composition flooring, acrylic, 1/4" thick	9700		$4.78	$92,635.00
C3030	**Ceiling Finishes**			**$11.21**	**$217,513.38**
C30302106000	Acoustic ceilings, 3/4" fiberglass board, 24" x 48" tile, tee grid, suspended support	19400		$11.21	$217,513.38
D	**Services**		**38.07%**	**$50.14**	**$972,758.61**
D2010	**Plumbing Fixtures**			**$5.24**	**$101,610.73**
D20101102000	Water closet, vitreous china, tank type, 2 piece close coupled	16.1		$1.70	$33,027.30
D20102102040	Urinal, vitreous china, stall type	3.05		$0.55	$10,700.12
D20103101640	Lavatory w/trim, vanity top, PE on CI, 18" round	6.4		$0.51	$9,895.51
D20104101800	Kitchen sink w/trim, countertop, PE on CI, 32" x 21" double bowl	3.05		$0.35	$6,712.75
D20104404300	Service sink w/trim, PE on CI,wall hung w/rim guard, 22" x 18"	3.05		$1.03	$20,050.20
D20108202080	Water cooler, electric, floor mounted, dual height, 14.3 GPH	6.11		$1.09	$21,224.85
D2020	**Domestic Water Distribution**			**$14.15**	**$274,573.39**
D20202402180	Electric water heater, commercial, 100< F rise, 350 gal, 180 KW 738 GPH	3.05		$14.15	$274,573.39
D2040	**Rain Water Drainage**			**$0.73**	**$14,111.57**
D20402104120	Roof drain, CI, soil,single hub, 3" diam, 10' high	3.05		$0.29	$5,636.86
D20402104200	Roof drain, CI, soil,single hub, 4" diam, 10' high	3.05		$0.44	$8,474.71
D3050	**Terminal & Package Units**			**$13.75**	**$266,832.45**
D30501504440	Rooftop, single zone, air conditioner, schools and colleges, 10,000 SF, 38.33 ton	19400		$13.75	$266,832.45
D4010	**Sprinklers**			**$4.32**	**$83,793.45**
D40104100620	Wet pipe sprinkler systems, steel, light hazard, 1 floor, 10,000 SF	19400		$4.32	$83,793.45
D5010	**Electrical Service/Distribution**			**$0.86**	**$16,724.74**
D50101200280	Overhead service installation, includes breakers, metering, 20' conduit & wire, 3 phase, 4 wire, 120/208 V, 200 A	1		$0.21	$4,158.95
D50102300280	Feeder installation 600 V, including RGS conduit and XHHW wire, 200 A	50		$0.21	$4,128.48
D50102400200	Switchgear installation, incl switchboard, panels & circuit breaker, 120/208 V, 3 phase, 400 A	0.5		$0.43	$8,437.31
D5020	**Lighting and Branch Wiring**			**$9.41**	**$182,618.60**
D50201100200	Receptacles incl plate, box, conduit, wire, 2.5 per 1000 SF, .3 watts per SF	19400		$2.67	$51,723.50
D50201350320	Miscellaneous power, 1.2 watts	19400		$0.48	$9,385.14
D50201400240	Central air conditioning power, 3 watts	19400		$0.93	$17,960.52
D50202100500	Fluorescent fixtures recess mounted in ceiling, 0.8 watt per SF, 20 FC, 5 fixtures @32 watt per 1000 SF	23280		$5.34	$103,549.44
D5030	**Communications and Security**			**$1.67**	**$32,493.68**
D50309100452	Communication and alarm systems, fire detection, addressable, 25 detectors, includes outlets, boxes, conduit and wire	0.85		$1.24	$24,132.81
D50309100460	Fire alarm command center, addressable without voice, excl. wire & conduit	1.94		$0.43	$8,360.87

E		Equipment & Furnishings		0.00%	$0.00	$0.00
E1090		Other Equipment			$0.00	$0.00
F		Special Construction		0.00%	$0.00	$0.00
G		Building Sitework		0.00%	$0.00	$0.00

SubTotal	100%	$131.72	$2,555,391.45
Contractor Fees (General Conditions,Overhead,Profit)	15.0%	$19.76	$383,308.72
Architectural Fees	0.0%	$0.00	$0.00
User Fees	0.0%	$0.00	$0.00
Total Building Cost		$151.48	$2,938,700.17

Majestic Ballroom Redevelopment TIF District

Code Deficiency Cost Report

Parcel A - 6165 West Point Douglas Road, Cottage Grove, Minnesota 55106
Parcel ID 2102721410015

Building Name or Type
Majestic Ballroom

Code Related Cost Items	Unit Cost	Units	Unit Quantity	Total
Accessibility Items				
Parking				
Create a code required accessible parking area	$ 250.00	Lump	1	$ 250.00
Accessible Route				
Create a code required accessible route into the building	$ 500.00	Lump	1	$ 500.00
Restooms				
Modify restrooms to comply with code	$ 5.33	SF	19,400	$ 103,402.00
Structural Elements				
Foundation				
Repair concrete block foundation to prevent water intrusion per code	$ 1.25	SF	19,400	$ 24,250.00
Exiting				
Thresholds				
Modify thresholds to comply with code for maximum height	$ 500.00	Lump	1	$ 500.00
Flooring				
Replace damaged flooring to create a code required unimpeded means for emergency egress	$ 4.78	SF	19,400	$ 92,732.00
Clear all debris from floor to create a code reauired unimpeded means for emergency egress	$ 0.25	SF	19,400	$ 4,850.00
Exit Signs				
Install operable code compliant emergency exit sigsn	$ 0.25	SF	19,400	$ 4,850.00
Emergency Lighting				
Install operable code compliant emergency lighting	$ 1.50	SF	19,400	$ 29,100.00
Emergency Notification System				
Install a code compliant emergency notification system	$ 0.43	SF	19,400	$ 8,342.00
Fire Protection				
Smoke Detectors				
Install code required smoke detectors	$ 1.24	SF	19,400	$ 24,056.00
Ceiling Tile				
Install code required ceiling tile	$ 11.21	SF	19,400	$ 217,474.00
Building Fire Suppression System				
Install a code required building fire suppression system	$ 4.32	SF	19,400	$ 83,808.00
Exterior Construction				
Metal Soffit				
Replace missing metal soffit to prevent water intrusion per code	$ 5.00	SF	2,500	$ 12,500.00
Concrete Block Walls				
Replace damaged/missing concrete block to prevent water intrusion per code	$ 5.62	SF	19,400	$ 109,028.00

Code Related Cost Items	Unit Cost		Units	Unit Quantity		Total
Roof Construction						
Roofing Materials						
Replace failed roofing materials to prevent water intrusion per code	$	8.86	SF	19,400	$	171,884.00
Mechanical - Electrical						
Mechanical						
Install a code compliant HVAC system	$	13.75	SF	19,400	$	266,750.00
Electrical						
Install a code compliant lighting system	$	5.34	SF	19,400	$	103,596.00
Install a code compliant electrical wiring system	$	4.95	SF	19,400	$	96,030.00
				Total Code Improvements	**$**	**1,353,902**

Majestic Ballroom Redevelopment TIF District | Parcel A


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Majestic Ballroom Redevelopment TIF District | Parcel A

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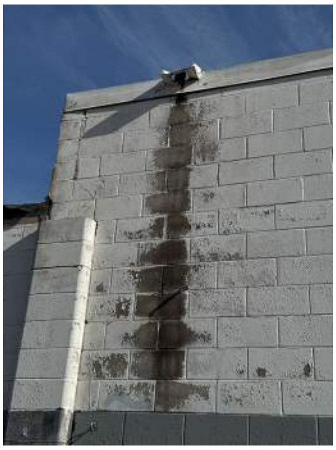
Majestic Ballroom Redevelopment TIF District | Parcel A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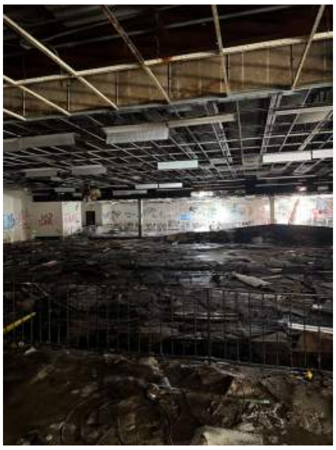

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Majestic Ballroom Redevelopment TIF District | Parcel A


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