

MINUTES

COTTAGE GROVE CITY COUNCIL

January 17, 2024

COUNCIL CHAMBER
12800 RAVINE PARKWAY SOUTH

REGULAR MEETING - 7:00 P.M **COUNCIL CHAMBER**

1. CALL TO ORDER

The City Council of the City of Cottage Grove, Washington County, Minnesota, held a regular meeting on January 17, 2024, at Cottage Grove City Hall, 12800 Ravine Parkway. Mayor Bailey called the meeting to order at 7:00 p.m.

2. PLEDGE OF ALLEGIANCE

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

3. ROLL CALL

City Clerk Tammy Anderson called the roll: Mayor Bailey-Here; Council Member Garza-Not present; Council Member Khambata-Here; Council Member Olsen-Here; Council Member Thiede-Here.

Also present: Jennifer Levitt, City Administrator; Kori Land, City Attorney-LeVander, Gillen & Miller, PA; Tammy Anderson, City Clerk; Ryan Burfeind, Public Works Director; Gretchen Larson, Economic Development Director; Zac Dockter, Parks and Rec Director; Pete Koerner, Public Safety Director; Brenda Malinowski, Finance Director; Mike Mroska, Senior Planner; Emily Schmitz, Community Development Director; Jaime Mann, Interim Communications Manager & Assistant City Administrator.

4. OPEN FORUM

Mayor Bailey opened the Open Forum.

Bonnie Matter, 6649 Inskip Avenue South, spoke about Consent Agenda Item J, the South District Street & Utility Improvements. She stated there were three documents attached, and she requested that the Feasibility Study that was done for that project also be included with those documents so that the complete story is there. The Feasibility Report was for south streets, 105th Street that connects Hadley to Ideal, and there's also a loop that goes to 103rd Street. The Feasibility Report was done in March

2022, and it was presented at the March 16, 2022 meeting; it's very detailed, and in addition, it lists the cost, around \$14.8 million, and it breaks down who's going to pay for what and exactly what's going to happen. The reason she would like that report out there, attached to those other documents and kept with it as part of the project plan, is that there's a lot of development and a lot of street planning and road planning that's going on out there. It would be very nice to be able to access these things and review them as a complete packet.

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

5. ADOPTION OF AGENDA

Council Member Olsen made a motion to approve the agenda; second by Council Member Thiede. Motion carried: 4-0.

6. PRESENTATIONS

A. Retirement Presentation - Kevin Zittel

Staff Recommendation: Receive Kevin Zittel's retirement presentation honoring 30 years of service.

Mayor Bailey stated this is a retirement from the Public Safety Department of Firefighter Kevin Zittel. Mayor Bailey invited Kevin and the Council Members to join him in front of the dais.

Public Safety Director Pete Koerner thanked the Council for giving us this opportunity to recognize Kevin. Over the last couple of years, the Fire Department roundtable came up with a really good comprehensive plan on how we recognize employees, starting at five years and ten years, but we didn't include people at 30 years. Kevin has already had a retirement party, which was well attended. In April, we'll be doing Fire awards where again we'll recognize many of the employees. Mayor Bailey and the Council actually came to him and said we have to do something for a 30-year employee, it just doesn't happen. Kevin is the fourth to hit that number as a parttime employee, which is an incredible number, as he's also worked with Public Works.

Director Koerner stated he's known Kevin since middle school, we played sports together, and Kevin started his employment in October 1993. Back then, we didn't have all of the safety things we do now, but Kevin's been a part of a lot of the changes with the response model and equipment. When he was the Safety Officer, he wore the blue helmet for a while, and Kevin was always passionate about safety, not only on the Fire Department, but he was also on the City's Safety Committee. He was kind of ahead of the game with community risk prevention, different injury prevention things, as he was doing that 25-30 years ago.

Director Koerner listed Kevin's accomplishments: Safety, Water Rescue Dive Team, and Safety Camp for many years. He started the Youth Fire Prevention Program with the Youth Service Bureau, was involved in car seat safety. He does a lot with EMT

services, he was always a fixture at the fieldhouse, doing various EMT events. He had leadership roles as both lieutenant and captain. You probably don't recognize Kevin without his hat on, but when he really looked at some of the highlights, Kevin taught CPR and thousands of people have come through that program. He did that as a part time employee, scheduled training for countless businesses; he did CPR training for my daughter and son, and they loved it.

Director Koerner stated Kevin has had an incredible career, 30 years is remarkable, and he deserves to be standing here tonight with the Mayor and Council so they can thank him.

Mayor Bailey thanked Kevin for his many, many years of service, it's impressive to say the least. He noted his family is here tonight, as well as many of his firefighter partners who have worked with him over the years. There are a significant number of hours that firefighters put in for training and issues that happen, no matter what hour of the day. The firefighters' family events often get interrupted, but our City could not function without individuals like Kevin and all the firefighters. As much as he's sad to see Kevin go, he's actually excited for his future and for him to have more quality time to spend with his family. He thanked Kevin again.

Mayor Bailey read aloud the plaque from the City, which was then presented to Kevin. On behalf of the Council and all the citizens of Cottage Grove, he thanked Kevin for his many years of service and commitment to the community. Everyone applauded.

Kevin stated he didn't really prepare a speech, but he just wanted to thank the City Administrator, Council, and all the leadership team. He and Director Koerner have been through a lot together. It just so happens he had a couple days with Chief Pritchard, who was his sixth Fire Chief in 30 years; he told Chief Pritchard that was why he retired, because he couldn't break in a new chief. He thanked his brothers and sisters here in the back, the new firefighters, and those who have been with him for a long time, they're his family; he thanked them for keeping him safe, he appreciates it. Kevin thanked his wife and his girls, whom he loves, and also thanked his parents, who raised him to be what he is. Everyone applauded.

Chief Pritchard asked Lieutenant Zittel to give his final call to Washington County Dispatch, which he did. Washington County Dispatch recognized and thanked him for his 30 years of dedicated service. Dispatch noted Lieutenant Zittel was 10-7 at 1912. Lieutenant Zittel thanked Dispatch for all the years of service, and to all of his brothers and sisters in Washington County, he thanked them for all of their help and recognition, said 10-7, after which everyone applauded.

Mayor Bailey asked all of the firefighters, police, and family members present to step forward for photographs, which they did.

B. Capture Cottage Grove Photo Contest Winners

Staff Recommendation: Receive presentation on the Capture Cottage Grove Winners.

Mayor Bailey stated Jaime Mann, Interim Communications Manager and Assistant to the City Administrator, will handle this presentation, after which he will again invite Council to join him in front of the dais for recognition of an individual this evening.

Jaime stated we all know Cottage Grove is a beautiful place to live, and it's full of talented, creative people. For at least a decade, probably more, the City has run a Capture Cottage Grove photo contest where we ask residents to capture images within the city limits of Cottage Grove and submit them for judging. The categories each year change, so this year we had four categories for which people submitted photos: Life in Cottage Grove, Business in Cottage Grove, Cottage Grove Parks & Landmarks, and Cottage Grove Celebrations or Events.

We ran the contest for about three weeks; people were able to submit photos with their name and a caption for each photo. After the submission time closed, our City staff voted on all of the photos in each of the four categories.

Jaime displayed some of the non-winning submissions to the contest, and said we had 78 photos submitted among the four categories. It was a blind vote for City staff, as no names were on the survey given to staff, it was just the photo along with the caption that the photographer chose.

Jaime first displayed the two winning photos, for winners who were not present:
Cottage Grove Celebrations or Events: Gwen Martin, for her photo, "*Cooling Off with Sparky.*"
Life in Cottage Grove: Michelle Wind, for her photo, "*On Cloud 9.*"

Jaime noted one photographer, Isaac Pavek, won in two categories:
Cottage Grove Parks & Landmarks: For his photo, "*Fall Bliss.*"
Business in Cottage Grove: For his photo, "*Tank's Family Farm.*"

Jaime stated Isaac is here tonight, so she invited him to step forward to join Mayor Bailey and the Council for the award presentation.

Mayor Bailey congratulated Isaac, stated he sees him around town all the time, at all the events, taking pictures, so the fact that he won two of these categories makes perfect sense with the number of pictures that he sees him taking. Mayor Bailey stated these pictures will also tell a story of our community; so, in publications that we're going to be doing over the next year, we'll be using your pictures to show some of the exciting things here and the love of our community here in Cottage Grove.

Mayor Bailey asked Isaac for the first category, Cottage Grove Parks & Landmarks, where this shot was taken, although he thought he knew; Isaac replied that was taken at Ravine Parkway. Mayor Bailey stated the second category, Business in Cottage Grove, was everybody's favorite place to get corn, Tank's Family Farm.

Mayor Bailey congratulated Isaac on behalf of all of our staff and everybody in the City of Cottage Grove on winning in these two categories of the Capture Cottage Grove photo contest. Mayor Bailey gave Isaac his two awards, which contained his photos, as well as a check for winning two categories, which will help him buy film. Everyone applauded and photographs were taken of Isaac with the City Council.

7. CONSENT AGENDA

- A. Approve the December 12, 2023, Economic Development Meeting Minutes.
- B. Approve Resolution 2024-010 and the appointment of the election judges listed in Exhibit A for the Presidential Nomination Primary on March 5, 2024, and authorize the City Clerk to appoint additional election judges, as needed, to fill vacancies.
- C. Authorize issuance of a Massage Therapist license to Mary Denis Seifert for use at Whole Health Massage of Cottage Grove, 8800 East Point Douglas Road South.
- D. Adopt the 2024 Legislative Agenda.
- E. Approve the issuance of rental licenses to the properties listed in the attached table.
- F. Adopt Resolution 2024-004 approving the Conditional Use Permit allowing for the outdoor storage of materials incidental to the principal use at 7501 100th Street South.
- G. Approve the Enhanced Sweeping Program Agreement with SWWD and accept the CCIP grant in the amount of \$153,000 to cover 50% of the costs to replace the existing Elgin sweeper.
- H. Approve Change Order #1 and Adopt Resolution 2024-011 approving the final payment of \$93,367.59 for the Summers Landing 5th Addition project.
- I. Adopt Resolution 2024-008 approving the Feasibility Report, establishing a February 7, 2024, Public Hearing date, and authorizing the preparation of Plans and Specifications for the 2024 Pavement Management Program.
- J. Adopt Resolution 2024-009 approving the Plans and Specifications and establishing a February 8, 2024 Bid Date for the South District Street & Utility Improvements - Phase 2.
- K. Adopt Resolution 2024-12 calling for the sale of the \$18,205,000 General Obligation Bonds, Series 2024A.
- L. Approve the financing of a trackless vehicle through Equipment Certificates.

None of the Council Members wished to pull any Items on the Consent Agenda for further comment and/or discussion.

Motion by Council Member Thiede to approve the Consent Agenda; second by Council Member Khambata. Motion carried: 4-0.

8. APPROVE DISBURSEMENTS

- A. Approve payments for the period of 12-28-2023 through 1-10-2024 in the amount of \$1,893,148.43.

Motion by Council Member Olsen to approve disbursements; second by Council Member Khambata. Motion carried: 4-0.

9. PUBLIC HEARINGS

- A. Roers Companies Cottage Grove Multi-Family Development
Staff Recommendation: 1) Adopt Resolution 2024-005 approving the Purchase Agreement for Outlots A, C, and D to Roers Acquisitions, LLC. 2) Adopt Resolution 2024-006 approving the Preliminary Plat and Final Plat for Camel's Hump Addition. 3) Adopt Resolution 2024-007 approving the Planned Unit Development and Site Plan Review for a 144-unit, six-story, mixed-income, multi-family apartment building located at 6850 East Point Douglas Road South. 4) Hold the Public Hearing for modification to Development Program for Development District No. 1 to include the establishment of Tax Increment Financing District No. 1-21 (Roers). 5) Adopt Resolution 2024-013 approving a modification to the Development Program for Development District No. 1 and adopting a Tax Increment Financing Plan for Tax Increment Financing District No. 1-21 (Roers). 6) Authorize the contract for private development by and between the Cottage Grove Economic Development Authority and Roers Cottage Grove Apartments, LLC.

Mayor Bailey stated Mike Mrosia, Senior Planner, will speak on this Public Hearing topic.

Planner Mrosia stated Roers Companies has submitted an application for Site Plan Review, Planned Unit Development (PUD), Preliminary and Final Plats. This site is located at 6850 East Point Douglas Road.

Site: The site consists of three Outlots, two lots of record. Shown in blue on the screen are Outlots C and D, the two existing stormwater ponds on site that were constructed for development of this parcel. There is also a pipeline easement that is owned by Flint Hills Resources; there are two crude oil pipelines that pass through there. The Applicant is actively working with them as there are a lot of standards on that pipeline and what can get constructed there. We have two lots of record, Lots 4 and 3, and then Outlot A, which was an Outlot deeded to the City as nondevelopable in 2007 when the Frattalone Southpoint Ridge development was approved. So, Outlot A did not receive any kind of park dedication, as it was deeded to the City as a nondevelopable Outlot. There is also a trail easement along the east side of the property, and that provides access up to Camel's Hump Park. As part of the application in front of us tonight, the Applicant is proposing to acquire Outlots A, C, and D. The subject site is guided in the Land Use Plan as Mixed Use and is also zoned Mixed Use. However, this wasn't always the case; the property was previously zoned B-1 with a PDO. Last year, as part of our Citywide Rezoning, we rezoned the property to Mixed Use, to be in conformance with the 2040 Comprehensive Plan.

Proposed Preliminary Plat: Is one lot of record, with multiple easements. There is a large drainage utility easement on the left side of the property, then there's the pipeline

easement, and then there's a gray area shown on the screen that is the development area. There is a trail easement, and then as part of the sale to the Applicant of Outlot A, we are requesting a Deed Restriction be placed on that area, in the northeast corner, to preserve the trees and the trail corridor in that area. So, long term, the trees in that area will stay there as part of this application, and then we'll be able to go in there and maintain the natural trail corridor that leads up to Camel's Hump Park.

Proposal: 144-unit, mixed-income, apartment building. The proposed density is 37 units per acre with a maximum of 40 units, which is the maximum permitted in a Mixed Use District. The Applicant will provide 29 units at 50% Area Median Income (AMI); just for comparison, 50% AMI in Washington County is an annual income of \$43,500 for a single person, or for a family of four, \$62,100. The Applicant is also setting aside 8 units at 60% AMI, which is \$52,200 for an individual or \$74,940 for a family of four. All of the rents are set by HUD: The minimum rental price for 50% AMI is \$1,087; for 60% AMI, the rent is \$1,398. The 107 remaining units will be set at market rate or below; the Applicant has indicated that they're proposing to have rents slightly below what the existing multifamily complexes in the community are, so, that will allow for incomes of 70% to 100% AMI to potentially live in the proposed project.

Amenities: Some amenities that will be included in the project interior are a game room, community room, and a fitness room. The proposed building is shaped like a U, and that was done on purpose, to keep the amenities away from the existing uses on East Point Douglas Road. So, the active area will be included in the courtyard area, which will also have a number of amenities, including a firepit, a patio and dining area, recreational lawn, a playground/tot lot, dog wash, and dog run.

PUD Flexibility: Due to site constraints previously discussed, PUD flexibility has been requested. However, in exchange for the PUD, we'd like to see some of the City's Comprehensive Plan goals met, and this application in front of us tonight is meeting a lot of those goals for affordable housing. It will provide additional housing options on this side of the community. So, the Applicant is requesting flexibility for building height, architectural materials, parking ratio, and landscape flexibility. Otherwise, the proposal is consistent with the Zoning Code except for building height.

Proposed Parking: City Code requires 230 stalls, or 1.6 stalls per unit. The Applicant is proposing 216 stalls, or 1.5 stalls per unit. There are 82 surface parking stalls, and 134 garage parking stalls. The garage is in two levels. The first level is below grade and is accessed off of the drive off of East Point Douglas Road; the second one is accessed internally, through the parking lot, and that will be like the main level of the building, as you can see on the images on the left-hand side.

There's an internal pedestrian system that connects to the existing sidewalk on East Point Douglas Road. As part of the project, the Applicant is proposing to put in a six-foot-wide sidewalk along the eastern side of the property that will connect to the proposed relocation of the existing natural trail on the northeastern section of the property, as shown in green on the map. You can also see on the image on the screen where all of those trees are being preserved as part of that Deed Restriction.

Proposed Architecture: Multifamily buildings are required to have 65% Class 1 materials, which include glass, stone, and brick. The Applicant is proposing to use 47% and includes glass and stone. That 47% is pretty common; we've seen it on the

developments on Hardwood Avenue, Aurilla, for example, The View apartments, and the recently-approved Trellis, as all of those are at about 47% Class 1 materials. Last year, Council had a meeting with the Applicant to talk about the proposal, and at that meeting, Council wished to make this building as a gateway feature into the community, as it's highly visible from Highway 61 as you come into Cottage Grove. The Applicant heard that concern and modified the building to include a lot more stone columns to kind of make it pop as you drive into the community to create that gateway feature and kind of set the architectural tone for the community. Again, the proposal is 47% Class 1 materials; there are also Class 2 and 3 materials, 14% of the building is specialty block and 39% is fiber cement.

Again, the Applicant is asking for some flexibility in the building height; this building will be built into the hillside, similar to The Legends of Cottage Grove. The overall height on the Highway 61 side of the building is 67 feet; however, if you go to the side not adjacent to Highway 61, that side is up to 55 feet. So, that 67 feet is comparable to the height of The Legends building that exists on East Point Douglas, as the height of The Legends on the Highway 61 side is 73 feet of grade to the peak of the roof. So, this building is similar in height to The Legends.

Landscaping: The Applicant is asking for some flexibility due to the site constraints and stormwater requirements. Applicant is proposing to plant 53 trees, where ordinance requires 85; however, the Applicant is looking to plant additional trees on site to get that number higher. They are planting significantly more shrubs, as ordinance requires 94, and the Applicant is planting 408; the majority of those shrubs are around the perimeter of the parking lot, in the parking lot islands, and on the base of the building, as required by City Code. No tree mitigation is required; the two images on the bottom of the screen show the site when it was prepared in 2003 and 2008. A lot of the trees that the Applicant is proposing to remove are volunteer trees that have grown since the site has been cleared. Again, the removal does not trigger tree mitigation. You can see on the 2003 image is that wooded area that will also be preserved.

Site Access: As part of all the development on Hardwood Avenue, the City hired Bolton & Menk to complete a traffic study. In recent years, we've seen the development of the Aurilla Apartments, The View, Pizza Ranch. So, to ensure that Hardwood Avenue can handle additional trips, a traffic study was completed. Once we received this application, we asked Bolton & Menk to amend their traffic study to include this proposal. The Applicant also completed a traffic study just to make sure that East Point Douglas Road and Hardwood Avenue can handle additional trips. Both studies said that the streets are designed appropriately to handle additional trips; the design capacity of East Point Douglas Road is approximately 2,000-5,000 trips per day. With the proposed addition of the project in front of us tonight, that would bring the total trips up to 1,750. Also, our Public Works Director, Ryan Burfeind, is here, so, if you have any additional questions on that, he'll be happy to talk more about that.

Public Process: The Applicant held a Neighborhood Meeting on November 14, 2023, at The Legends of Cottage Grove, and 33 residents attended. General questions raised were about why the Applicant had selected this site, construction timing, anticipated rents, traffic noise from Highway 61, and noise from the potential increase of traffic on East Point Douglas Road. The main talking point was the increased traffic on East Point

Douglas Road; as previously mentioned, the traffic studies said the roads were designed to accommodate that traffic.

Notices of the Public Hearing were posted in the Pioneer Press and were also mailed to property owners within 500 feet. Staff did not receive any comments during that time. Also, no one participated in the Public Hearing at the Planning Commission on December 18. At that meeting, the Planning Commission reviewed this, held the Public Hearing, and they voted unanimously to approve the project before you tonight. Request for Financial Assistance: Planner Mrosia stated this project includes a request for financial assistance. Gretchen Larson, our Economic Development Director, will speak about that.

Director Larson stated as a part of this process, all of the required Public Hearing Notices required by law have been completed. Tonight is the opportunity for the City Council to hold a Public Hearing for the modification to the development program for your Development District No. 1, and to establish a Tax Increment Financing (TIF) District No. 1-21, which would be Roers, a housing district.

As a part of the process, in October the City received a request for public financial assistance from the developer. The Council received information on the project from the developer, also in October. As a part of that discussion, they said what they wanted to construct, which Mike has presented tonight, is a mixed-income, multifamily apartment project, with 20% of the units at AMI. Based upon the desire of the City Council to have even more affordability into the project, Roers went back to the drawing board and included 8 more units at 60% AMI and some more naturally occurring affordable units at 70% AMI and 80% AMI.

The City's financial consultants, Ehlers, then conducted a second analysis, and they concluded that with the additional affordability, that assistance for up to 15 years and \$1.96 million in today's value was warranted.

On January 9, 2024, your Economic Development Authority (EDA) approved the project plan and the proposed modification to Development District No.1, to establish Development District No. 1-21, which is Roers.

To complete the process, we again have to hold a Public Hearing. There is also a Development Contract in your packet, and that Development Agreement is required; it's an agreement between the EDA and the developer, and it defines all the requirements for the actual project itself and everything that the developer has to meet in order to receive public assistance. It also includes a lookback provision, as projects of this size have some adjustments to them over time when they get off the ground, so that has also been done by your financial advisors. While the City is not a party to the actual Development Agreement, your EDA bylaws and enabling resolutions require you to approve all of the projects undertaken by the EDA.

Recommendation: Director Larson stated there's a recommendation slide before you, and staff would like to note that the first three recommendations should be taken first, considered by you at each individual motion, before you hold the Public Hearing. We'll be happy to answer any questions. The other two recommendations will be taken after the Public Hearing is closed, when you can consider those items as well.

Mayor Bailey asked if Council had any questions for Planner Mrosia or Director Larson.

Council Member Olsen thanked Planner Mrosia and Director Larson for presenting this to us. He also saw the presentation at the EDA Meeting last week. He asked Ehlers to answer his question because they've answered it once before, and he thinks it's good information for the public to have. It has to do with the lookback provisions that are included within the TIF Agreement, why those exist, and how they safeguard or protect the EDA and/or City in circumstances like this. They're not uncommon, lookback provisions are often there, but it's one of those things that we don't talk about very often. He thinks it's worth articulating to the public, watching at home or who may be watching it later, what those provisions are and why they're there.

Schane Rudlang, with Ehlers, gave a quick review of the lookback provisions in this project, which are typical for projects like this. In this project, there are three different types of lookbacks, which are again kind of the standard that we at Ehlers recommend cities do:

- 1) The first is a lookback when the project is completed. So, you're considering dedicating money to the project tonight, just under \$2 million. It's based on an analysis that the project is going to cost a certain amount of money. If, for some reason, the costs go down for the project, and the developer builds it a lot cheaper than they had anticipated and had shared with us and Council, then the subsidy that was analyzed to be needed now maybe isn't needed. So, there would be a cost adjustment during the Certificate of Occupancy, when the project is done and getting ready to be occupied.
- 2) The second lookback is a performance lookback, to look back at stabilization of the project. So, roughly a year or so after the project is opened and they have all their leases in, they're 90-or-95% occupied, we know what the rents for the project are going to be. Again, the analysis and the level of subsidy was set based on the best information that we have today; we know a lot about what the market is right now, but in two years, when the project's open and leased, maybe rents are doing really well. That means maybe there was too much subsidy in the project, and so, we do an analysis at that point, and then adjust that subsidy down if that's the case. If rents are exactly what we or the developer had as Pro Forma today, there's no adjustment. If they're lower, if the project isn't doing as well as we had expected, we also don't adjust it then. So, the developers always say we should adjust it higher at that point, but we don't do that.
- 3) Similar to the performance lookback, it's a lookback in the event of sale. So, they sell the project, there's an actual sale, and we go back and adjust the TIF Note at that point if the project is performing a lot better than it was originally anticipated to do. He said generally lookbacks don't result in an adjustment because projects generally cost more than what we're looking at today, and rents are usually within a range that we're analyzing right now.

So, it's relatively rare that there are adjustments, but they do happen; they're a great safeguard to make sure that the TIF assistance is the right size.

Council Member Olsen stated he really thinks that's a key point. He appreciated him stepping up to the podium and sharing that. It's important for the public to understand that when we work with developers as a City Council or as a community, many times we

utilize tools like TIF in order to get projects off the ground, and then we recapture that TIF revenue later on after the project is up and running. Ensuring that we right size the TIF is hard to do because market conditions change all the time. He thinks we can all agree that we've seen interest rates go up lately, over the last 1.5 years or so, and now there are some predictions out there that those will start to drop. So, these lookback provisions give us a safeguard against that. He just thinks that's smart business, but he also thinks it's something that very few people know that we do; so, that's why he asked him to share that with us again. He very much appreciated his time and thanked him.

Mayor Bailey asked if the Applicant wished to share anything. Travis Fauchald with Roers Companies thanked City staff for their presentation. Over the past couple of months, we've been working to get this project and its design to a spot that we can present for approval. If approved, we will continue working with the gas pipeline company, as Mike mentioned, to make sure all the formal written approvals are there, to make sure we're building a project that works for them, and they have an easement that governs a majority of the site. We will continue working on our architecture and civil plans to resubmit for permits, and then we would begin financing the project, preparing to start construction later this summer. We're really excited to be here and to be a partner in the investment community. Our engineers and our architects are also here if there are any questions on the design or any of the nitty-gritty details that he might not be able to answer. If there are any questions, he, Logan, and Pete are all here.

Council Member Khambata thanked them for taking the time to be here tonight. For anyone who might be here or watching at home, who isn't familiar with the term AMI, Area Median Income, he asked Travis to briefly explain how you determine those levels and how they're regulated. And, moving forward, how those rents stay affordable.

Travis stated as a large multifamily developer that does a lot of work in the Twin Cities, we do some market rate communities, workforce communities, and a lot of our work are affordable communities that are rent and income restricted. As Mike mentioned, those rent and income restrictions are laid out in a Declaration of Land Use Restricted Covenant, a document that will run with the land that will govern the use and the income and rent restrictions. What that means is ultimately only certain people are able to live in these units with discounted rents. What our property management and our compliance departments do is make sure we're renting to the right residents, that they are getting cheap rent, and they are making what they say they make, to ensure the TIF is being used to serve the right people. Ultimately, the rents and income restrictions are published by HUD, depending on the AMI of the county; those are revisited each year. So, if rents go up in Washington County, the rents and the incomes would go up by the corresponding amount. If rents were to go down, the rent and income restrictions would move or stay the same. So, we're not able to say we're going to provide affordable housing and provide X amount of units at X income restriction and then change those later down the road. It is a math equation that ultimately determines what those rents are and who can live there. On this project, we have rent and income restrictions on one-, two-, and three-bedrooms; we anticipate our tenants are going to be service

workers, teachers, people living on a fixed income, single parents. Those are the residents that we see on these projects. He's hopeful that answers his question.

Council Member Khambata stated absolutely, thank you.

Mayor Bailey thanked Travis for coming in again tonight and listening to the Council when we had an earlier session about wanting to spruce up the building a bit, just from a visual standpoint. That is a very unique parcel. Other developers have tried to come in and figure out how they were going to make it all work, but they never got to the level where you're at now, saying you have a project you believe is going to move forward. He thinks it will be a great use of that property. It will be pretty amazing whether you want to walk down East Point Douglas, around to the different retail options, or go up the hill to Camel's Hump Park, you've got a unique piece of property there that he thinks will be a gem for those who want to live in that particular area of Cottage Grove.

Mayor Bailey stated one of the big things we heard from residents at The Legends, etc. wasn't so much the project that's coming in, but they were concerned about traffic. He stated once this project comes in, everything's great as we obviously expect, and let's say the traffic becomes a bit of an issue, maybe it's the speed. He asked staff what would be the steps we could take if we were to start getting some concerned citizens down there, saying it's been tough for them to cross the road or cars are speeding. He knows what some of the answers are, but thought it would be good for the public to hear some of those answers.

Director Burfeind stated as discussed earlier on, that area continues to be monitored. Thinking about Hardwood Avenue and then Hardwood Court, that intersection is one project we are specifically working on, with signal plans there; so, that's definitely something that's in motion. It's always hard along that entire corridor, and we want to meet warrants for any type of signal improvement; it's very important that we monitor that very closely. We look at all of those intersections along that area, including East Point Douglas Road and Harkness Avenue as well, but Hardwood Court and Hardwood Avenue is our next focus for this area. The signal is being worked on, and we really are looking at how is the development going to happen; we don't quite meet warrants now, but there are other challenges in this corridor with sight-line issues. Of course, we kind of have the curves going up and over the hill, so that kind of plays into it, where we could actually look at building a signal, taking that into consideration. It's not just the traffic, but the sight lines as well.

Mayor Bailey stated if that day were to come and people have concerns, they can obviously reach out to one of us on the Council, Public Safety, and City staff. If there are challenges or issues at some point, we always go back and take a look at it and add features or things to maybe slow down the traffic, or increase patrols, or whatever needs to happen there. He just knows that with all the senior facilities in that market there, they love to walk. Every time he goes down there, they're always walking along the bluff there of Camel's Hump. He thinks maybe there's a perception that it's going to be an issue, maybe it won't be, and hopefully it won't be anything. If there is, there is a way to react to it. Director Burfeind agreed.

Council Member Khambata stated as he had said at Roers' initial presentation, back in October, getting to 60% AML is a tough task; especially with this parcel and the unique constraints that it presented, he thinks Roers came to us with a really well-thought-out plan. They tackled all of the practical difficulties that the property presented in their first shot, and they've only improved upon it. So, for his 20%, he's really in favor of this project.

Motion by Council Member Thiede to Adopt Resolution 2024-005 approving the Purchase Agreement for Outlots A, C, and D to Roers Cottage Grove Apartments, LLC; second by Council Member Olsen. Motion carried: 4-0.

Motion by Council Member Khambata to Adopt Resolution 2024-006 approving the Preliminary Plat and Final Plat for Camel's Hump Addition; second by Council Member Thiede. Motion carried: 4-0.

Motion by Council Member Olsen to Adopt Resolution 2024-007 approving the Planned Unit Development and Site Plan Review for a 144-unit, six-story, mixed-income, multi-family apartment building located at 6850 East Point Douglas Road South; second by Council Member Khambata. Motion carried: 4-0.

Mayor Bailey opened the Public Hearing, an opportunity for anyone who wants to speak on the modification to the Development Program for Development District No. 1 to include the establishment of Tax Increment Financing District No. 1-21 (Roers).

Bonnie Matter, 6649 Inskip Avenue South, stated she had questions. Her concerns are the traffic, and it's more about the Pizza Ranch and Kohl's. What she doesn't understand is if there's more than one way to get out of that place; is there only one road? Mayor Bailey replied where this is going, yes, there is only one road.

Bonnie stated one road; so, is that okay? She thought you had to have two ways to get out.

Mayor Bailey stated he thinks that's a question for Director Burfeind or Director Koerner. He thought what she was referring to is the reason we've added a second road over in the Industrial Park.

Ms. Matter stated right, in another area, but yes; Mayor Bailey stated that's a good question, we'll respond to that.

Ms. Matter also asked on the \$1.9 million, is that bonded, are you going to bond for that now?

Mayor Bailey asked Director Burfeind if he wanted to take the first question and asked Director Larson if she or Ehlers would take the second.

Director Burfeind stated that's correct, that we do look for two points of access, it is really specific to emergency vehicle access. We want that for all users; obviously, in this area, it's very challenging as it's got the bluff and the highway. For emergency vehicle access, there is actually a second way to get through, actually off the ramp as there's a gate in the Highway 61 fence. If there was an issue with the road itself, maybe down by Tutor Time, there's actually a different way to get vehicles in and out of that area

through the accessing that was put in back in 2007, he believed, with the original development.

Mayor Bailey stated this was a good question that Bonnie asked, as, for example, up by Hinton Heights, he knows there's a gate on the back side of Hinton Heights, with only one place going in and out. The purpose of that gate is they didn't want traffic to go through there, but we have the gate there in case Public Safety needs to get access. This is kind of the same situation, only the gate in this case is, in essence, along Highway 61. Director Burfeind stated that's correct, it's on the ramp, specifically.

Director Larson stated she would have Schane from Ehlers answer the question about the TIF.

Schane stated the short answer to the question is no, the City is not bonding or the EDA bonding for those funds; it's called a Pay-As-You-Go note, meaning the property owner pays the property taxes, and the portion that is TIF is then dedicated to the project but only if that money is there. So, there's no financial risk to the City because of the arrangement; they're not bonding, they're not borrowing for it. He hopes that answers her question.

As no one else wished to speak on this item, Mayor Bailey closed the Public Hearing.

Motion by Council Member Thiede to Adopt Resolution 2024-013 approving a modification to the Development Program for Development District No. 1 and adopting a Tax Increment Financing Plan for Tax Increment Financing District No. 1-21 (Roers); second by Council Member Olsen. Motion carried: 4-0.

Motion by Council Member Khambata to authorize the contract for private development by and between the Cottage Grove Economic Development Authority and Roers Cottage Grove Apartments, LLC; second by Council Member Thiede. Motion carried: 4-0.

Mayor Bailey thanked the Roers' representatives, wished them good luck on their project, and he looks forward to seeing their project come out of the ground. He also thanked staff for their presentations this evening.

10. BID AWARDS - None.

11. REGULAR AGENDA - None.

12. COUNCIL COMMENTS AND REQUESTS

Council Member Khambata thanked Public Works for getting out in the bitter cold and doing what little snow removal they had to do. After last year, he hopes we can keep it light, figuratively and literally, the less snow the better.

Council Member Olsen stated he read a report this week that he found very interesting. It had to do with the reason behind developers working more closely with communities like ours on kind of family-oriented apartments, whether that's market rate or AMI, just like the one that we talked about. The report was written by an analyst at Citibank; of course, Citibank is one of the largest banks in the world, they do a lot of financing for these projects. What the report essentially told us is that if you look at 1991 to 2023, the price of owning a single-family home has gone up about 80% in that timeline; whereas, the price of apartment rental has gone up about 40%. So, there's quite a gap between renting and owning. He knows that it's not that simple, there are a lot of other benefits to home ownership from a tax write-off perspective. But it helped to explain a little bit, for people who have been asking why is the City of Cottage Grove becoming such an attractive place for developers, who are looking to put more density and/or apartments as part of their developments. Frankly, it boils down to what is the market going to bear and what does the end user have the ability to afford. He thinks this project with Roers is just a small example of what we've been doing over the last several years with regard to trying to respond to varying market conditions, to make sure that we have lifecycle housing for the people who want to live in our community. He's very grateful for staff, and for all the various developers that staff's been working with, that they've been bringing those kinds of projects our way. It definitely is necessary from an affordability perspective.

Council Member Olsen mentioned that tonight we had the honor of showing our appreciation to a 30-year veteran of the Cottage Grove Fire Department, Kevin Zittel. In February, at our second meeting, he will be presenting a check from his wife and himself to the Cottage Grove Public Safety Board as part of our annual donation to the Craig Woolery Scholarship Fund. Last night, our Cottage Grove Lions Club was kind enough to make a \$2,000 donation to the Craig Woolery Scholarship Fund; last year, they donated \$1,500, so, they kicked it up a notch. Every little bit helps, it's very much appreciated, that check is now in the hands of our Public Safety Director. If there are people out there who are interested in learning more about the Craig Woolery Scholarship for first responders, why it exists, how you apply, etc., he would suggest that you reach out to any of the Public Safety Board members, particularly, President Julie Rice. You can also reach out to our Public Safety Director, to me, the Mayor, or City staff. But there's an opportunity here to really support our Public Safety folks in a way that they need, which is to help them pay for their education, so that we can get the next Kevin Zittel, or maybe more, on our Fire Department or our Police Department. We definitely have to have great Public Safety personnel in our community, serving our residents every day; losing somebody like Kevin is a big loss, 30 years of experience, knowledge, etc. that he could pass on down to other firefighters, other EMTs, other medics. That's a lot to lose, and we've lost some more over the course of the last year. So, we want to refill those ranks, and the Craig Woolery Scholarship is a really great way to help those people pay for school. If you're interested in learning more, reach out to us; on February 21, there will be a check presentation here at the City Council towards that Craig Woolery Scholarship. Anybody who wants to donate, the Public

Safety Board would be happy to take whatever funds you felt were appropriate towards that goal.

Mayor Bailey stated he'll piggyback on something Council Member Olsen mentioned; earlier this month, the Council had a Strategic Planning workshop at our new Glacial Valley Park building, which is absolutely gorgeous. We'll eventually be having a ribbon cutting and grand opening for the public. There is a specific wall in there that was painted by an artist to share the thoughts behind the purpose of Glacial Valley Park and the theme, both past and present. One of the things that we discussed and staff is going to be working on is a housing study. It kind of alludes to the fact that we've been working with a number of different developers on the different types of housing that we need to look for, going forward, as the population is changing. People are getting older and there are different types of housing that people want now, maybe that are different than what he wanted or his parents wanted growing up. So, we need to understand what that means within our community. So, he's very excited to see what that housing study that we do comes back to tell us about the community with the great developments and things happening.

Mayor Bailey also mentioned that earlier this evening, we had the opportunity to sit down with our legislative contingent, along with our Washington County Commissioner, to go over what he'll say are our goals and objectives for the upcoming legislative sessions, specifically, for the State. We went over quite a few different things that are very important to the City of Cottage Grove. We also had a Bonding Tour here yesterday with the State Senate. About 1.5 months ago, we had met with the House in another part of Washington County, and he presented to try to ascertain some funds for the 100th Street road project. We have some funds that we've already received for this road project, it's an over \$40 million project. We're working all the different angles to help get that road project, trail project completed, or at least paid for; our ask from the State was \$12.5 million to see if they can help us bridge the gap to hopefully finish getting all the funding for that. He thanked our legislative team, as they did a great job with us today in commenting and listening to what our goals and objectives are; that included talking to, or providing a letter to, the DNR to help us get that money that's supposed to be going to purchase park land, next to the Dunes Scientific and Natural Area (SNA). We can hopefully get them to get that done because we do want to see that part of the Dunes SNA.

Mayor Bailey stated he's on the Transportation Advisory Board (TAB). TAB basically works with the Metropolitan Council, the governor, etc. to provide funding sources for money that flows in from the Federal government, etc. into the State of Minnesota; they try to divvy out that money in a fair and equitable manner. In the next group of projects, as he told our staff and legislative team, there are over 150 projects that have been submitted for financing; the money available is about \$250 million. If you added up all of the projects that were submitted, they total over \$850 million. Once again, we came off of a pretty big legislative year where a lot of money was provided to cities and it still is, through different means, for transportation projects, parks, etc. There's still a great need

out there. When we talk about maybe going after additional funding for 100th Street, or other projects within the City, we'll continue to do that; we'll continue to fight for the citizens of Cottage Grove to hopefully get our share of that funding.

Mayor Bailey stated he appreciated our Public Works Director, Ryan Burfeind, and our staff. Yesterday, the PCA issued new health-based limits for PFCs, which the citizens of Cottage Grove have dealt with for many years. Earlier today, Ryan put out a video about that. Due to the great work of our team here at the City staff level and some of the government agencies with whom we deal, if people in Cottage Grove are worried about their water, they should not be. Our water is clean, we treat all of our water here in Cottage Grove, down to, as Ryan calls it, a "non-detect level." A lot of communities out there are going to be grappling with how to pay for this stuff, whereas the City of Cottage Grove is lucky enough that we qualified for the original Consent Decree by 3M but also the Settlement Agreement. Our first permanent Water Treatment Facility is under construction as we speak, with a second one that will be coming in the next couple years. In no case will any of our residents have to worry about their drinking water. So, if you hear that out in the public, as this information cycles through, rest assured in Cottage Grove, our staff has our back, and our water is clean. He's 100% confident in the abilities of drinking safe water here in Cottage Grove.

13. WORKSHOPS - OPEN TO PUBLIC - None.

14. WORKSHOPS - CLOSED TO PUBLIC - None.

15. ADJOURNMENT

Motion by Council Member Thiede, second by Council Member Khambata, to adjourn the meeting at 8:08 p.m. Motion carried: 4-0.

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