



COTTAGE GROVE CITY COUNCIL

12800 RAVINE PARKWAY SOUTH
COTTAGE GROVE, MINNESOTA 55016

APRIL 20, 2022

**SPECIAL MEETING - 6:00 P.M.
TRAINING ROOM**

- 1 CALL TO ORDER
- 2 ROLL CALL
- 3 AGENDA ITEM
 - A Workshop: Development Project by Trellis Co.
- 4 ADJOURNMENT



City Council Action Request

3A

Meeting Date 4/20/2022

Department Administration

Agenda Category Agenda Item

Title Workshop: Development Project by Trellis Co.

Staff

Recommendation

Budget Implication N/A

Attachments	Workshop Trellis Co. Project Memo.tif	550.9KB
	Overview Memo - 4-11-22.tif	2.24MB
	TIF Run 3-15-22.tif	1.75MB
	Trellis Narrative of Project - 7601 79th Street South.tif	2.41MB
	22-03-A-Trellis-Cottage Grove Affordable - SD220411.tif	54.22MB



TO: Honorable Mayor and City Council
Jennifer Levitt, City Administrator

FROM: Gretchen Larson, Economic Development Director

DATE: April 20, 2022

RE: Workshop – Development Project by Trellis Co.

Background

Trellis Co. will present their proposed development for the site at 7601 79th Street South. Trellis is looking to develop a 52-unit affordable senior housing project on the site that will provide units that are at 30 percent and 60 percent of the area median income (AMI). Housing at these income levels provides an opportunity for affordable senior housing, which currently is very limited in Cottage Grove.

As part of the proposed project financing, Trellis will be applying to the Washington County CDA for their low-income housing tax credit program (LIHTC). The LIHTC program is the key financial tool to raise private equity for the construction or rehabilitation of affordable rental housing. Trellis would like to begin the funding application process by May and apply for the tax credits in July. With the competitive application process, Trellis has requested a resolution of support from the City of Cottage Grove to consider assisting in the funding of the project with the use of tax increment financing (TIF). The City's support of the application process and willingness to consider TIF to fund affordable senior housing, is often seen as a positive in the awarding process.

The Executive Director of the Economic Development Authority has provided a letter of support to Trellis for another application they have submitted under the Washington County CDA GROW program.

Recommendation

Provide feedback on any preferred community direction for the proposed project by Trellis Co.

Attachments

Site Plan/Images
TIF Run

MEMORANDUM

TO: Gretchen Larson – Economic Development Director
 FROM: Keith Dahl & Stacie Kvilvang – Ehlers
 DATE: April 12, 2022
 SUBJECT: Trellis Development - Analysis of Financial Request

The City of Cottage Grove received a public financial assistance request from Trellis Co. (the “Developer”) to construct a 52-unit senior affordable apartment consisting of studio and 1-bedroom units with units affordable to households at or below 30% and 60% of the area median income (AMI). They intend to submit an application to the low-income housing tax credit (LIHTC) program administered by Washington County Community Development Agency (the “CDA”).

The purpose of this program is to leverage private capital and tax credit equity to support development of new affordable rental housing. Developers’ who utilize this program are required to maintain a specified number of units that meet both income and rent restrictions derived by the United States Department of Housing and Urban Development on an annual basis. As noted above, the Developer has selected units at both 30% AMI and 60% AMI. Based upon this, the incomes and rents listed below are the maximums for these categories in 2021 since 2022 income and rent data has not yet been released.

Income Limits by Household Size (2021)

	1	2	3	4	5	6	7	8
30%	22,050	25,200	28,350	31,450	34,000	36,500	39,000	41,550
60%	44,100	50,400	56,700	62,940	67,980	73,020	78,060	83,100

Maximum Gross Rents by Bedroom Size (2021)

	Studio	1	2	3	4	5	6
30%	551	590	708	818	912	1,007	1,101
60%	1,102	1,181	1,471	1,636	1,825	2,014	2,202

METRO33460M33460

Minneapolis-St. Paul-Bloomington, MN-WI HUD Metro FMR Area

The CDA, along with Minnesota Housing and other suballocators of tax credits annually review applications through a competitive scoring process and applicants must meet certain priorities and requirements established for the LIHTC program. In the capital contribution section of the application, projects benefit from demonstrating a partnership with a local unit of government. Based on current parameters, The Developer would score more points in this section with tax increment financing (TIF) assistance from the City and increase their likelihood of receiving tax credits. If a local unit of government elects to support a project financially, a resolution of financial support is required for these points to be claimed in the scoring process.

Project Overview:

The Developer requested TIF assistance over a 26-year term with a proposed construction start in 2023 and estimated cost of development at approximately \$15.3 million, or \$295,000 per unit.

Based upon our review, the requested TIF assistance is more than what is necessary for this project to become “financially feasible”. We’ve concluded that TIF assistance in an amount not to exceed \$450,000 over an anticipated term of 18-years is supported for this project. The tables below provide a summary of the sources and uses for the project based upon the reduced public assistance amount.

SOURCES			
	Amount	Pct.	Per Unit
Washington County GROW Loan	750,000	5%	14,423
TIF Note	450,000	3%	8,654
Tax Credits	13,244,550	86%	254,703
Deferred Developer Fee (40% of Total Fee)	645,000	4%	12,404
Other Public Sources	234,000	2%	4,500
Private Sources	25,000	0%	481
TOTAL SOURCES	15,348,550	100%	295,164

USES			
	Amount	Pct.	Per Unit
Acquisition Costs	499,000	3%	9,596
Construction Costs	10,856,046	71%	208,770
Contractor Fee	309,794	2%	5,958
Professional Services	714,856	5%	13,747
Financing Costs	1,107,908	7%	21,306
Developer Fee	1,625,000	11%	31,250
Cash Accounts/Escrows/Reserves	235,946	2%	4,537
TOTAL USES	15,348,550	100%	295,164

Next Steps:

If the City ultimately approves a resolution of financial support for this project, the next step would be for the Developer to submit their intent of application to the CDA by May and apply for tax credits in June. Low-income housing tax credits are very competitive so there is a possibility it may take a few years for the Developer to secure the necessary tax credits to move forward. Once they do secure tax credits, Ehlers would conduct another financial review and verification of the project to determine the final recommended amount of public assistance. From there, final terms would be agreed upon in a Contract for Private Redevelopment between the Developer and the City/EDA and the process would begin to establish a TIF district.

Please contact Keith Dahl or Stacie Kvilvang at 651-697-8500 with any questions.

Trellis Development - No Inflation

City of Cottage Grove, MN

52-Unit Senior Affordable Apartment



ASSUMPTIONS AND RATES

DistrictType: Housing

District Name/Number:

County District #:

First Year Construction or Inflation on Value 2023

Existing District - Specify No. Years Remaining

Inflation Rate - Every Year: 0.00%

Interest Rate: 4.50%

Present Value Date: 1-Aug-24

First Period Ending 1-Feb-25

Tax Year District was Certified: Pay 2023

Cashflow Assumes First Tax Increment For Development: 2025

Years of Tax Increment 26

Assumes Last Year of Tax Increment 2050

Fiscal Disparities Election [Outside (A), Inside (B), or NA] Inside(B)

Incremental or Total Fiscal Disparities Incremental

Fiscal Disparities Contribution Ratio 34.3762% Pay 2022

Fiscal Disparities Metro-Wide Tax Rate 132.5960% Pay 2022

Maximum/Frozen Local Tax Rate: 102.722% Pay 2022

Current Local Tax Rate: (Use lesser of Current or Max.) 102.722% Pay 2022

State-wide Tax Rate (Comm./Ind. only used for total taxes) 36.2890% Pay 2022

Market Value Tax Rate (Used for total taxes) 0.33991% Pay 2022

Tax Rates

Exempt Class Rate (Exempt)	0.00%
Commercial Industrial Preferred Class Rate (C/I Pref.)	
First \$150,000	1.50%
Over \$150,000	2.00%
Commercial Industrial Class Rate (C/I)	2.00%
Rental Housing Class Rate (Rental)	1.25%
Affordable Rental Housing Class Rate (Aff. Rental)	
First \$100,000	0.75%
Over \$100,000	0.25%
Non-Homestead Residential (Non-H Res. 1 Unit)	
First \$500,000	1.00%
Over \$500,000	1.25%
Homestead Residential Class Rate (Hmstd. Res.)	
First \$500,000	1.00%
Over \$500,000	1.25%
Agricultural Non-Homestead	1.00%

BASE VALUE INFORMATION (Original Tax Capacity)

Map ID	PID	Owner	Address	Land Market Value	Building Market Value	Total Market Value	Percentage Of Value Used for District	Original Market Value	Tax Year Original Market Value	Property Tax Class	Current Original Tax Capacity	Class After Conversion	After Conversion Orig. Tax Cap.	Area/Phase
1	08.027.21.43.0008	Lance Johnson TRS	7601 79TH ST S	172,100	0	172,100	100%	172,100	Pay 2023	C/I	3,442	Aff. Rental	1,291	1
				172,100	0	172,100		172,100			3,442		1,291	

Note:

1. Base values are for pay 2023 based upon review of County website on 3-15-22.
2. Located in SD# 833, WS# 14, and Tax Authority Group 1904

Trellis Development - No Inflation

City of Cottage Grove, MN
52-Unit Senior Affordable Apartment



PROJECT INFORMATION (Project Tax Capacity)													
Area/Phase	New Use	Estimated Market Value Per Sq. Ft./Unit	Taxable Market Value Per Sq. Ft./Unit	Total Sq. Ft./Units	Total Taxable Market Value	Property Tax Class	Project Tax Capacity	Project Tax Capacity/Unit	Percentage Completed 2023	Percentage Completed 2024	Percentage Completed 2025	Percentage Completed 2026	First Year Full Taxes Payable
1	Apartments	150,000	150,000	52	7,800,000	Aff. Rental	45,500	875	25%	75%	100%	100%	2027
TOTAL					7,800,000		45,500						
Subtotal Residential				52	7,800,000		45,500						
Subtotal Commercial/Ind.				0	0		0						

Note:

1. Market values are based upon previous estimates received from the County Assessor.

TAX CALCULATIONS									
New Use	Total Tax Capacity	Fiscal Disparities Tax Capacity	Local Tax Capacity	Local Property Taxes	Fiscal Disparities Taxes	State-wide Property Taxes	Market Value Taxes	Total Taxes	Taxes Per Sq. Ft./Unit
Apartments	45,500	0	45,500	46,738	0	0	15,466	62,204	1,196.24
TOTAL	45,500	0	45,500	46,738	0	0	15,466	62,204	

Note:

1. Taxes and tax increment will vary significantly from year to year depending upon values, rates, state law, fiscal disparities and other factors which cannot be predicted.

WHAT IS EXCLUDED FROM TIF?	
Total Property Taxes	62,204
less State-wide Taxes	0
less Fiscal Disp. Adj.	0
less Market Value Taxes	(15,466)
less Base Value Taxes	(1,326)
Annual Gross TIF	45,413



Trellis Development - No Inflation

City of Cottage Grove, MN

52-Unit Senior Affordable Apartment

TAX INCREMENT CASH FLOW														
% of OTC	Project Tax Capacity	Original Tax Capacity	Fiscal Disparities Incremental	Captured Tax Capacity	Local Tax Rate	Annual Gross Tax Increment	Semi-Annual Gross Tax Increment	State Auditor 0.36%	Admin. at 10%	Semi-Annual Net Tax Increment	Semi-Annual Present Value	PERIOD ENDING Yrs.	Tax Year	Payment Date
														02/01/25
100%	11,375	(1,291)	-	10,084	102.722%	10,359	5,179	(19)	(516)	4,645	4,442	0.5	2025	08/01/25
							5,179	(19)	(516)	4,645	8,787	1	2025	02/01/26
100%	34,125	(1,291)	-	32,834	102.722%	33,728	16,864	(61)	(1,680)	15,123	22,622	1.5	2026	08/01/26
							16,864	(61)	(1,680)	15,123	36,153	2	2026	02/01/27
100%	45,500	(1,291)	-	44,209	102.722%	45,413	22,706	(82)	(2,262)	20,362	53,970	2.5	2027	08/01/27
							22,706	(82)	(2,262)	20,362	71,396	3	2027	02/01/28
100%	45,500	(1,291)	-	44,209	102.722%	45,413	22,706	(82)	(2,262)	20,362	88,437	3.5	2028	08/01/28
							22,706	(82)	(2,262)	20,362	105,104	4	2028	02/01/29
100%	45,500	(1,291)	-	44,209	102.722%	45,413	22,706	(82)	(2,262)	20,362	121,404	4.5	2029	08/01/29
							22,706	(82)	(2,262)	20,362	137,346	5	2029	02/01/30
100%	45,500	(1,291)	-	44,209	102.722%	45,413	22,706	(82)	(2,262)	20,362	152,936	5.5	2030	08/01/30
							22,706	(82)	(2,262)	20,362	168,184	6	2030	02/01/31
100%	45,500	(1,291)	-	44,209	102.722%	45,413	22,706	(82)	(2,262)	20,362	183,096	6.5	2031	08/01/31
							22,706	(82)	(2,262)	20,362	197,680	7	2031	02/01/32
100%	45,500	(1,291)	-	44,209	102.722%	45,413	22,706	(82)	(2,262)	20,362	211,943	7.5	2032	08/01/32
							22,706	(82)	(2,262)	20,362	225,892	8	2032	02/01/33
100%	45,500	(1,291)	-	44,209	102.722%	45,413	22,706	(82)	(2,262)	20,362	239,534	8.5	2033	08/01/33
							22,706	(82)	(2,262)	20,362	252,876	9	2033	02/01/34
100%	45,500	(1,291)	-	44,209	102.722%	45,413	22,706	(82)	(2,262)	20,362	265,924	9.5	2034	08/01/34
							22,706	(82)	(2,262)	20,362	278,686	10	2034	02/01/35
100%	45,500	(1,291)	-	44,209	102.722%	45,413	22,706	(82)	(2,262)	20,362	291,166	10.5	2035	08/01/35
							22,706	(82)	(2,262)	20,362	303,372	11	2035	02/01/36
100%	45,500	(1,291)	-	44,209	102.722%	45,413	22,706	(82)	(2,262)	20,362	315,309	11.5	2036	08/01/36
							22,706	(82)	(2,262)	20,362	326,984	12	2036	02/01/37
100%	45,500	(1,291)	-	44,209	102.722%	45,413	22,706	(82)	(2,262)	20,362	338,401	12.5	2037	08/01/37
							22,706	(82)	(2,262)	20,362	349,568	13	2037	02/01/38
100%	45,500	(1,291)	-	44,209	102.722%	45,413	22,706	(82)	(2,262)	20,362	360,488	13.5	2038	08/01/38
							22,706	(82)	(2,262)	20,362	371,169	14	2038	02/01/39
100%	45,500	(1,291)	-	44,209	102.722%	45,413	22,706	(82)	(2,262)	20,362	381,614	14.5	2039	08/01/39
							22,706	(82)	(2,262)	20,362	391,829	15	2039	02/01/40
100%	45,500	(1,291)	-	44,209	102.722%	45,413	22,706	(82)	(2,262)	20,362	401,820	15.5	2040	08/01/40
							22,706	(82)	(2,262)	20,362	411,591	16	2040	02/01/41
100%	45,500	(1,291)	-	44,209	102.722%	45,413	22,706	(82)	(2,262)	20,362	421,147	16.5	2041	08/01/41
							22,706	(82)	(2,262)	20,362	430,492	17	2041	02/01/42
100%	45,500	(1,291)	-	44,209	102.722%	45,413	22,706	(82)	(2,262)	20,362	439,632	17.5	2042	08/01/42
							22,706	(82)	(2,262)	20,362	448,571	18	2042	02/01/43
100%	45,500	(1,291)	-	44,209	102.722%	45,413	22,706	(82)	(2,262)	20,362	457,313	18.5	2043	08/01/43
							22,706	(82)	(2,262)	20,362	465,863	19	2043	02/01/44
100%	45,500	(1,291)	-	44,209	102.722%	45,413	22,706	(82)	(2,262)	20,362	474,225	19.5	2044	08/01/44
							22,706	(82)	(2,262)	20,362	482,402	20	2044	02/01/45
100%	45,500	(1,291)	-	44,209	102.722%	45,413	22,706	(82)	(2,262)	20,362	490,400	20.5	2045	08/01/45
							22,706	(82)	(2,262)	20,362	498,222	21	2045	02/01/46
100%	45,500	(1,291)	-	44,209	102.722%	45,413	22,706	(82)	(2,262)	20,362	505,871	21.5	2046	08/01/46
							22,706	(82)	(2,262)	20,362	513,352	22	2046	02/01/47
100%	45,500	(1,291)	-	44,209	102.722%	45,413	22,706	(82)	(2,262)	20,362	520,669	22.5	2047	08/01/47
							22,706	(82)	(2,262)	20,362	527,825	23	2047	02/01/48
100%	45,500	(1,291)	-	44,209	102.722%	45,413	22,706	(82)	(2,262)	20,362	534,823	23.5	2048	08/01/48
							22,706	(82)	(2,262)	20,362	541,667	24	2048	02/01/49
100%	45,500	(1,291)	-	44,209	102.722%	45,413	22,706	(82)	(2,262)	20,362	548,361	24.5	2049	08/01/49
							22,706	(82)	(2,262)	20,362	554,907	25	2049	02/01/50
100%	45,500	(1,291)	-	44,209	102.722%	45,413	22,706	(82)	(2,262)	20,362	561,309	25.5	2050	08/01/50
							22,706	(82)	(2,262)	20,362	567,570	26	2050	02/01/51
Total							1,133,989	(4,082)	(112,991)	1,016,916				
Present Value From 08/01/2024							632,912	(2,278)	(63,063)	567,570				

Cottage Grove Senior

Developer/Applicant's Statement

Trellis Co. Overview

Trellis Co. (formerly known as Community Housing Development Corporation, or CHDC) was founded in 1991 and is based in Minneapolis and has the mission of sustaining and creating equitable affordable housing opportunities that enhance communities over the long-term and create and maintain healthy living. Trellis owns and manages approximately 50 properties containing more than 4,000 units throughout Minnesota. Nearly all of Trellis's properties are affordable, and many are age-restricted/senior as is proposed with Cottage Grove Senior.

The Trellis business model relies on strong partnerships. And to that end it has a 30-year track record of success. It has a team-based approach and collaborative culture where it navigates the complex puzzle of affordable housing together with its partners.

Trellis benefits from having an in-house management company, Trellis Management, to provide property management services for Trellis properties, as well as other third-party fee management and compliance services. Trellis Management understands the unique circumstances facing many of the residents they serve and works to ensure stable, sustainable housing can be achieved. Trellis Management has a long history of collaboratively working with residents, neighbors, and the communities in which it serves to ensure the housing it provides is an asset to the community.

Project Overview

Cottage Grove Senior will be a new construction, senior/55+ project located at 7601 79th Street South on what is currently a vacant lot. The project will include 52 units and approximately 46 to 48 parking stalls. The primary vehicular entrance is anticipated to be off 79th Street, with resident building access from the parking lot and potentially Hemingway Avenue. Additionally, the ground floor units facing Hemingway Avenue will have walk-up access.

Project amenities will include on-site management and resident service coordination, on-site laundry (common area laundry room), craft room with programming, storage lockers, on-site parking, and secure mail/package rooms. Unit amenities will include luxury vinyl plank flooring or similar, accessible units, dishwashers, and patios for select units.

The location is ideally situated for the planned project given its proximity to the following:

- Gateway North shopping center (grocery, restaurant, services, etc.)
- Park Grove Library
- Oakwood Park
- Located on the DARTS Cottage Grove Bus LOOP

The project will provide much-needed deeply affordable, senior housing in the community, with 75% (39 units) of the project units set at 30% of the area median income (AMI) rents and incomes and the remaining units set at 60% AMI. Additionally, the project will include some units set aside for people

with disabilities. The demand for the proposed housing provided by the project will be high due to a limited availability of senior/55+ housing options in the City of Cottage Grove and the deep affordability that will be offered by the project. These findings are supported by numerous housing studies completed for the area including the “Updated Comprehensive Housing Needs for Washington County” completed by Maxfield Research and Consulting for the Washington County CDA in March 2017. This study found the following:

- The vacancy rate for the 1,363 affordable senior properties in the County when they were last surveyed (February 2017) was just 0.6%, “indicating a substantial pent-up demand for these types of units.”
- At the time the report was written, Cottage Grove had just 150 units of senior affordable housing, with a vacancy rate of just 0.7%.
- The demand for general occupancy affordable was equally strong, with just 0.6% of the affordable units in the County vacant at the time of the survey.
- Since the report was prepared, an additional affordable senior property, the Legends of Cottage Grove, opened. While financed under the tax credit program, the unit sizes and rents offered at the Legends are significantly higher than are proposed at the project. As such, the delivery of the Legends does not impact the market for senior housing that will be served by the project.

The City of Cottage Grove also identified the need for more affordable housing in their community through their 2040 Comprehensive Plan. The Comprehensive Plan found the following:

- According to a Housing Forum hosted by the City in connection with the preparing of the Comprehensive Plan, 79% of respondents felt there was not enough senior housing available.
- The Comprehensive Plan has a stated goal of encouraging life-cycle housing in the community, including various types of senior housing. This is particularly true for locations in the City with access to services, amenities and transit as will be the case for the project.
- The need to construct senior housing is driven by demographic trends that were identified by the City, with 43% of City residents older than 40 years (as of 2014).
- The City shows that there are zero units set aside for people with disabilities in the City, indicating an enormous unmet demand for this housing type in the community, which the project will help to meet.

Trellis is in the early stages of assembling competitive project financing and anticipates applying to the Washington County CDA in July for an allocation of housing tax credits. If awarded, Trellis would anticipate starting construction in approximately summer 2023 and completing the project in summer 2024.

Anticipated Land Use Approvals

The project site is already zoned “Mixed Use,” which allows for the proposed use. Additional anticipated land use approvals include the following:

- Variance to allow for reduction in Class I materials from 65% to 40-50% (estimated).
- Variance to allow for reduced parking from 104 stalls (plus visitor stalls) to 46 - 48 (estimated).

- Additional required approvals as may be identified by staff when a formal land use application is submitted.

The reduction in required Class I materials is requested to address high construction costs. The design team has proposed exterior materials and articulation that provide for all high quality, attractive and durable materials. Design elements including different articulations with varying depths on the building elevations, masonry wainscot at the base of the building and varied materials with a cohesive color palette. The building exterior is designed to complement both the existing commercial and residential characteristics of the surrounding neighborhood. The flat roof and metal canopies are typical commercial buildings to the south, while the exterior material palette consisting of cultured stone with various fiber cement lap and panel sidings are consistent with the residential properties to the north of the project site. Additionally, the walk-up units along Hemingway Ave help activate the building at a pedestrian scale and reinforce the building's residential character.

The reduction in the required parking ratio is requested to better suit the actual, expected utilization of parking by project residents, staff, and guests. Trellis owns and manages several other senior/disabled properties and has found low parking utilization compared to the general occupancy housing it owns and operates. A sample of similar projects provided the following findings:

Property Name/City	Number of Units/ Population Served	Parking Data
<i>Cottage Grove Senior (Project)</i> <i>Cottage Grove, MN</i>	<i>52 units / senior-disabled</i>	<i>46 - 48 stalls.</i>
Franklin Lane Apartments Anoka, MN	66 units / senior-disabled	59 stalls. Approximately 25 residents have cars.
Woodland Court Park Rapids, MN	80 units / senior-disabled	43 stalls. Approximately 30 residents have cars.
Evergreen Apartments Hutchinson, MN	62 units / senior-disabled	62 stalls. Approximately 34 residents have cars.

The project will also benefit from having existing, on-street parking available for guests during peak times such as holidays and from regular route transit service provided by the DARTS Cottage Grove Bus Loop.

TIF Request

In order to help fill a financing gap for the project, Trellis will request the City's approval to create a housing TIF district for the project. TIF is needed for the project to address a number of factors including:

- Helping to support project finances associated with very-low income targeting planned for the project.
- Helping to defray project costs, particularly increasing construction costs that are being experienced across the marketplace.



- Enhancing the competitiveness for other subsidy funding, which prioritizes projects that receive financial commitments from other sources.

The TIF commitment requested at this time is preliminary and non-binding. If awarded other project financing, particularly housing tax credits from the Washington County CDA this fall, Trellis would submit a formal application for TIF for the City's review. The City's early participation is requested to help kick start other competitive financing applications Trellis will be submitting in the coming months.

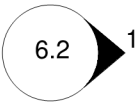
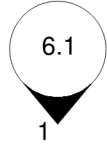
COTTAGE GROVE SENIOR AFFORD

04/11/2022









Unit 1-2
875 ft²

Unit 1-4
684 ft²

Laundry
160 ft²

Elec/Mech
121 ft²

Unit 1-3
693 ft²

Unit 1-1
655 ft²

Elevator
85 ft²

Elev. Lobby
62 ft²

Trash
95 ft²

Unit 1-2
875 ft²

Unit 0-0
503 ft²

Unit 1-1
655 ft²

Unit 1-3
693 ft²

Unit 1-3
693 ft²





EXTERIOR MATERIALS

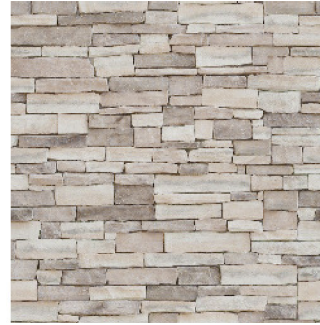
Material Mark

Description

Image

4.1

Cultured Stone - Color: Jaffa Beige



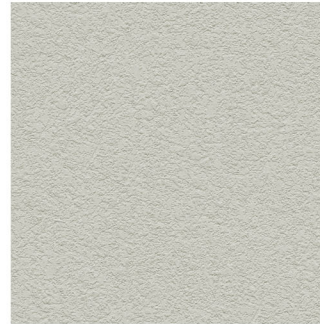
7.1

Fiber Cement Panel - Color: Canyon Brown



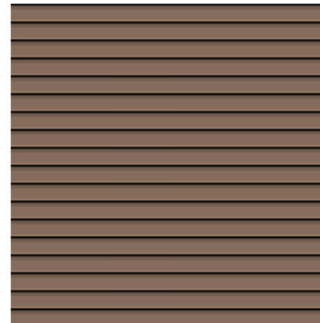
7.2

Fiber Cement Panel - Color: Quarry Gray



7.3

Fiber Cement Lap Siding - Color: Canyon Brown



Material Mark

7.4

Fiber Cement Panel - Color: Gray

7.5

Fiber Cement Panel - Color: Exposure

8.1

Glazing



① Elevation - East
 1/16" = 1'-0"



EXTERIOR MATERIALS - NORTH ELEVATION

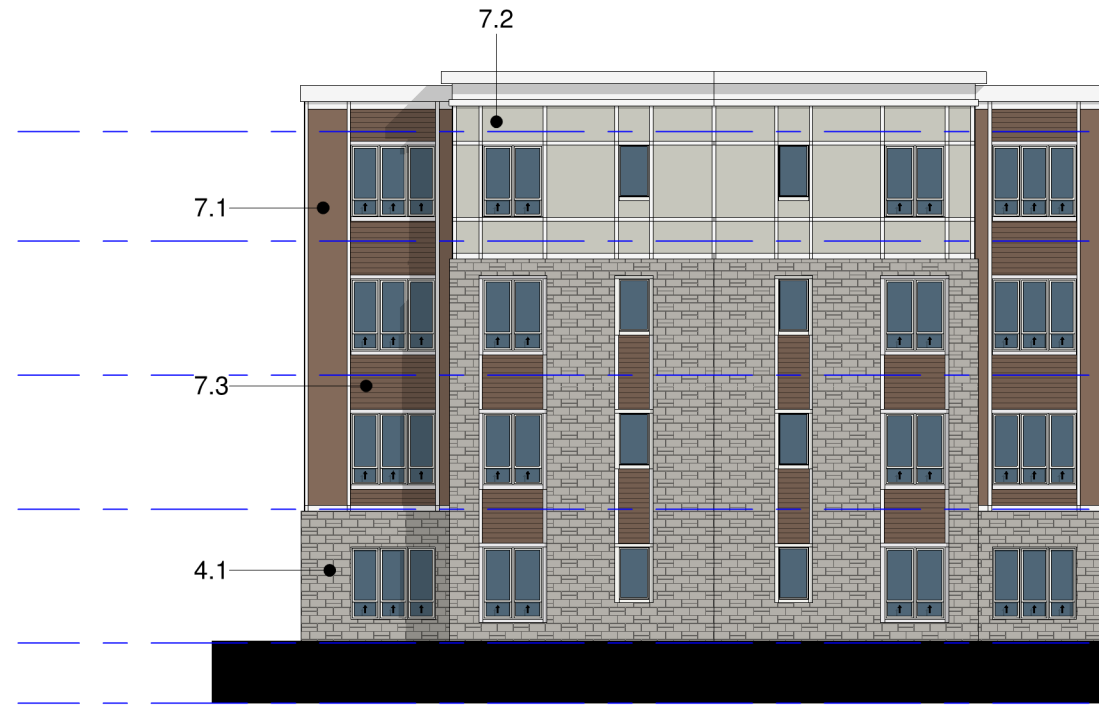
CLASS 1

STONE VENEER - 1,175 SF (38%)

GLAZING - 670 SF (22%)

CLASS 2

FIBER CEMENT SIDING - 1,232 SF (40%)



① Elevation - North
1/16" = 1'-0"

EXTERIOR MATERIALS - SOUTH ELEVATION

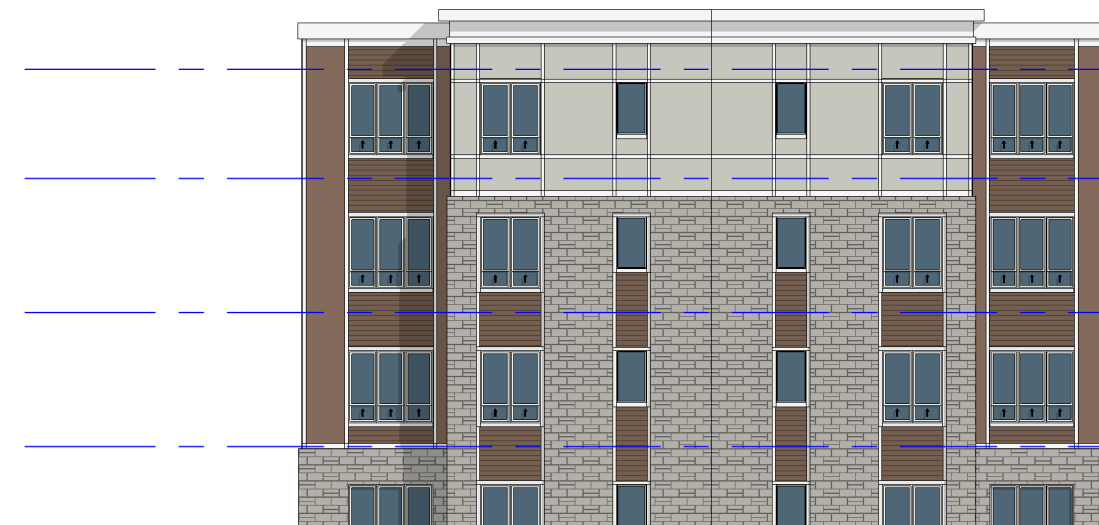
CLASS 1

STONE VENEER - 1,175 SF (38%)

GLAZING - 670 SF (22%)

CLASS 2

FIBER CEMENT SIDING - 1,232 SF (40%)



MINUTES

COTTAGE GROVE CITY COUNCIL

COUNCIL CHAMBER
12800 RAVINE PARKWAY SOUTH

April 20, 2022

SPECIAL MEETING - 6:00 P.M. TRAINING ROOM

1. CALL TO ORDER
2. ROLL CALL

Those present introduced themselves: Gretchen Larson, Economic Development Director; Joe Fischbach, HR Manager/City Clerk; Jennifer Levitt, City Administrator; Justin Olsen, Council Member; Dave Thiede, Council Member; Myron Bailey, Mayor; Steve Dennis, Council Member; Tony Khambata, Council Member; Dave Olson, Cottage Grove resident.

3. AGENDA ITEM

A. Workshop: Development Project by Trellis Co.

Gretchen Larson, Director of Economic Development, introduced Dan Walsh, the Vice President of Trellis Company. They are proposing to build a 52-unit affordable senior housing project (30% to 60% of the Area Median Income (AMI)). If approved, they will be applying in July for Washington County's Low Income Housing Tax Credit (LIHTC) program; tax credits are competitive, so, the more support they can show from local agencies and governments, the better. The Executive Director of the EDA also gave them a letter of support for their application to the Washington County CDA GROW Program. Council has been provided with a detailed project overview of Trellis' proposal and information from Ehlers on the TIF; their report was run just before HUD released their housing rents so there will probably be adjustments made to that as the project moves forward.

Mr. Walsh thanked everyone for considering their request for a letter of support. He stated he'd introduce Trellis and briefly outline some of their goals for this new development, but he'd spend most of his time answering questions and getting feedback. As Director Larson mentioned, with changes in rents, they're at the beginning of their development process. Tax credit funding applications are annual, so they hope to be awarded funding at the end of 2022 and won't begin the formal design

and land use approval processes until early 2023. Mr. Larson stated they felt this project would fill an urgent housing need.

He stated Trellis began in 1991 as a nonprofit developer of affordable housing; they now have 51 properties and nearly 4,000 units. They have a strong track record and very high capacity to get new projects done. They fly below the radar, and their organizational model is a bit different; there are only seven of them, and they don't have a fundraising department. They don't rely on foundation grants as some nonprofits do, which allows them to be really flexible and focus on doing these types of developments with deep affordability. They've relied on the earned income of their portfolio for years. They're flexible and efficient, like a for profit, but everything they do has the double bottom line of the mission focus to it. They began their work in Minneapolis and built out from there; they only have properties in Minnesota, with no plans to expand into other states. They have comparatively fewer properties in the East Metro, which is why they're so excited about this opportunity in Cottage Grove. Trellis has three guiding values: 1) Deep affordability; 2) Stability; 3) Different roles in operations, not needing to have control, which has led them to great partnerships. This project came to them through a developing consultant with whom they work.

Mr. Larson identified three projects they completed in the last five years:

- 1) The Selby-Milton-Victoria Project in St. Paul, which is a mixed-use project that serves very low-income seniors. There's a café on the ground floor, on the corner.
- 2) The Cornerstone Creek Project in Golden Valley was a partnership with a nonprofit, Jewish Housing and Programming (J-HAP); it's a project for adults with developmental disabilities. The goal of this development is to allow those folks to live independently and get the services and support that they need to do so.
- 3) VA Medical Center project, near the Minneapolis-St. Paul Airport, is a project for homeless veterans, with medical services nearby.

Two primary goals for this project are: 1) Deep affordability. This is intended to serve residents relying mostly on Social Security; they see a very high demand for this type of product. Cottage Grove's last senior affordable development, The Legends, was funded through tax credits, but it serves a much higher market level with higher rents. They see this serving very low-income seniors. 2) A building that fits in with its surroundings and will be one that you'll be proud of. Mr. Larson stated he doesn't know what the perfect building is, so he's interested in their questions and feedback. This is a concept plan right now, and they've previously worked with this architect. He detailed things that he liked about it, noting there are five studios, the others are one bedroom.

Trellis' Requests: 1) Reduce the number of Class I materials from 65% to 50%. This request is driven by cost: In addition to rents increasing, construction costs have significantly increased this year; they hope those will stabilize but will probably remain high. Trying to fit a feasible financing structure for this very low-income population means they have to balance the cost of materials used; all materials will be high quality and durable. 2) Less Parking: There will be about 48 stalls for 52 units, so it's less than 1:1. Even if this site was twice as big, they'd still ask for this amount of parking; as a long-term owner, finding an adequate number of parking stalls is very important. Getting seniors out of their units and engaged in the community is one of the things their

company focuses on the most. With their similar developments, seniors don't drive as much, so we expect 2/3 of these spaces will be the best fit. He noted site advantages, including it being on the DART route and within walking distance to Hy-Vee, etc.

Council Member Thiede stated he noted that their parking area was connecting into the business area next to it, and there are some potential changes coming to that corner.

Mr. Larson stated that will be the potential Dunkin' Donuts; they won't be planning to integrate with that.

Council Member Dennis asked: 1) Who their typical snapshot customer would be; he requested more information on that, noting the five levels of care designated by the State of Minnesota.

Mr. Larson replied that this will be independent living. On site, it won't include assisted daily living services, but it will have fulltime management, maintenance staff, and likely a caretaker on site. They found what works for buildings of this size and this population is to also include a part-time services coordinator, who will know where in the community residents can access needed services. There is also an activities coordinator. Resident surveys in our senior properties show loneliness is the biggest thing that people want to avoid; therefore, they work in their senior properties to get people out of their units and plan activities for them. Trellis does not do any assisted living; we'll refer people once we're embedded in a community, but there's no formal you live here, then you'll go there, and then you'll go there. They find local people want to stay in the community in which they raised their kids, so the snapshot of someone who lives here is a retired person who doesn't have, or has already spent down, their assets. It's just somebody who's living on Social Security and other marginal supports. The rent is projected to be \$512. The snapshot is it's your grandma or your grandpa, who just doesn't have that private pay; sometimes they spend it down much faster than they ever expected. This is a way for them to not get in over their head with a private-pay facility, but they don't need assisted living yet or anytime soon.

Council Member Olsen asked if they would allow companion animals; Mr. Larson replied yes, they do. He asked about the age requirements for residents; Mr. Larson stated its 55+, and that comes with the funding. He confirmed that they have elevators. Council Member Olsen stated their intended location is in an area with some other subsidized-housing projects, but there's also a beautiful market-rate apartment, Grove80, there. The last thing he'd want is a stark contrast between those two; as they think about the materials on the building, he'd encourage them to think about how they will complement what's already there. Regarding parking, the real issue is public transportation; sometimes a car is a luxury that they choose not to have as long as they can get transportation. Unfortunately, we don't have a lot of in-town transportation.

Council Member Khambata stated the independent-living units at another site were over \$2,000 a month for a one bedroom three years ago, which is cost prohibitive for many people. This is a unique product in that 75% of it is going to be 30% AMI and then the other 12 units are going to be 60% AMI. It's a struggle to build and find funding, and the

private sector is charging almost twice as much. He thought it was a huge asset to have the location within walking distance to a park, a couple restaurants, and a grocery store; that kind of makes up for its lack of public transit accessibility. Regarding Council Member Olsen's comments about architectural design, even if you go with the Class II materials, the overall design elements should try to keep in line with the higher-end product that's right down the street. From a development standpoint, that high-end product owner might have a big issue with us holding them to Class I materials, and then giving their neighbor a cheaper alternative. Cost factor is more important here, but the last thing we want to do is deter future development because we gave the optics of treating people unfairly.

Mayor Bailey stated we're at a somewhat early stage, but he liked the direction that we're heading, thinks it's a definite need. Council has always talked about true lifecycle housing, which is a challenge we've had for many years. This is another option for those who maybe want to leave their house and stay in Cottage Grove, but don't have a lot of money. Regarding the architecture, it would be helpful for them to give us the percentages of different classes of material for their other projects. He stated he'd like to look at all of them to give him a feel of what it would look like and how it would complement the Grove80 Apartments. Mayor Bailey asked if there would be a community room for residents to play cards, etc., which Mr. Larson confirmed.

Mayor Bailey asked staff if the other project by Legends was still going through; Administrator Levitt replied that they just met with Ehlers today, and Ehlers is going to reach out again to the proposer to see if they're resubmitting that one. Mayor Bailey stated we had another developer who'd met with us to talk about that type of facility not too far from Trellis' proposed location.

Council Member Khambata commented Trellis' project at Selby and Milton is a really sharp-looking building. Mr. Larson stated the best way for them to build trust is for them to see the actual properties that they run, so he'd be happy to set up a tour and provide the percentages of the materials used on each of them. Their feedback has been very helpful, especially about complementing Grove80. He's happy that they're interested.

Mr. Olson stated that he did research on Trellis; he congratulated them on being focused on the dignity of their customers. He read the Google comments by renters, saw very few single stars, but saw lots of five stars. He's owned rental property and knows it's not easy to solve everybody's problems. His estimation of this firm is this is the kind of neighbor that we want here in Cottage Grove, managing a property like this. He shared Council Member Khambata's concerns about the look and feel of the outside, especially if we're being asked to sign off on TIF financing for them, which he thinks we should do. We're going to be foregoing some of the tax revenue we would otherwise have from this property, so the request is to finance that tax; in exchange for that, we keep the Metropolitan Council satisfied with our density requirements and our affordable housing requirements. He'd really like to see that metric, but that's the

question to resolve. If this looks like a project that will work for them, it ought to work for us because he's not sure it would get much better than this.

Significant discussion ensued, as follows:

- We're not actually determining TIF tonight.
- It's just a statement of support, so we're not obligating ourselves to any final plan.
- We would like to see the hard numbers, what the citizens of Cottage Grove are giving up for tax revenue, and what we'd accomplish with our goals for affordable housing and for density.
- It's approximately \$455,000; that would be the TIF over 18 years.
- The HUD grant would come out, so that's going to change the metrics; it's a really long process now with all of those things that have changed just today.
- The value is if the TIF financing covers some of the development cost to make the project more attainable; absent the TIF financing, the project might not be possible. Having this amenity in our community, on land that would otherwise have a very low tax base because it's not currently developed, would be valuable.
- If this project doesn't happen, how long until the next one does; in the interim, we're not generating much tax revenue from that property anyway. If we're giving TIF financing over the course of 18 years, the City certainly couldn't do it for less in terms of their commitment.

Council Member Olsen asked if they found that most of these units were occupied by individuals or couples; Mr. Larson replied he would say more than half were couples. Council Member Olsen stated that, too, lends itself to the socialization element, and it's a great way to keep the family in the community and able to interact with their kids and grandkids; the walkability element is a pretty nice added benefit for picking this piece of property. He's personally concerned about the public transit element from what he's seen in other cities, but the walkability might be a very appealing part of this. He thought this would be something to explore further, and he'd be excited to tour their other facilities. Mr. Larson stated he was happy to hear that they're interested in the tour, and he'll definitely follow up with that. Council Member Olsen asked If we could learn about some of the numbers, which Mr. Larson confirmed.

Council Member Khambata asked what Mr. Larson's ask of Council was today in preparation for asking for this grant money. Mr. Larson replied that their request today was a resolution of support for the project and for TIF financing.

Council Member Olsen stated that Mr. Larson could send that in as part of their grant application. Mr. Larson agreed and stated that it is also a letter of support.

Mr. Olson stated he thought we should do that, too.

Council Member Khambata stated that we agree in concept, but before we commit to anything binding, we agree we want to see the numbers.

Mr. Olson stated he wanted to understand how this would help us achieve our affordable housing goals and our density goals.

Council Member Khambata stated if homeowners want to sell and get into something to have less maintenance, this product is pretty rare in the East Metro.

Mayor Bailey noted that we'd have some affordability data from the Metropolitan Council shortly.

4. ADJOURNMENT

The meeting adjourned at 6:49 p.m.

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 April 20, 2022, 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, Mayor, and City Council Members stood and recited the Pledge of Allegiance.

3. ROLL CALL

City Clerk Joe Fischbach called the roll: Mayor Bailey - Here; Council Member Dennis - Here; Council Member Khambata - Here; Council Member Olsen - Here; Council Member Thiede - Here.

Also present: Jennifer Levitt, City Administrator; Korine Land, City Attorney-LeVander, Gillen & Miller, PA; Ryan Burfeind, City Engineer/Public Works Director; Gretchen Carlson, Director of Economic Development; Christine Costello, Director of Community Development; Joe Fischbach, City Clerk/HR Manager; Pete Koerner, Public Safety Director; Mike Mroska, Senior Planner; Robin Roland, Finance Director.

4. OPEN FORUM

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

5. ADOPTION OF AGENDA

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

6. PRESENTATIONS

A. Special Recognition for Retirement of Reserve Sergeant Tony Henseler

Pete Koerner, Director of Public Safety, stated that they wanted to recognize Reserve Sergeant Tony Henseler on his retirement. Tony and his wife got involved with our department when they attended the Citizens Academy. In his career as a Reserve Officer and Sergeant, Tony did a number of administrative duties, including being a Police Department tour guide for Boy Scouts and school groups. He provided hundreds of hours to us, and we miss him. Director Koerner stated we're still recruiting for new members, so told Tony if he ever wanted to dust off his uniform, we had a place for him.

Mayor Bailey stated what he remembered about Tony was when they had a parade, he would throw candy at Tony to see what kind he liked. He thanked Tony for all of his years of service that he provided to our community. Mayor Bailey read aloud the plaque that was presented to Tony, thanked him again, and wished him a happy retirement.

B. National Police Week and Peace Officers Memorial Day Proclamation

Mayor Bailey stated that we'll be proclaiming National Police Week and Peace Officers Memorial Day Proclamation; he asked Council Member Dennis to read the proclamation and then Council will vote to approve.

Council Member Dennis read aloud the proclamation for National Police Week, May 11 through May 17, 2022, and for Peace Officers Memorial Day, Sunday, May 15, 2022.

Motion by Council Member Olsen to approve the proclamation of National Police Week, May 11 through May 17, 2022, and Peace Officers Memorial Day, Sunday, May 15, 2022; second by Council Member Khambata. Motion carried: 5-0.

C. Arbor Day Proclamation

Ryan Burfeind, Public Works Director, stated we'll be celebrating Arbor Day this year; it's a day that's recognized internationally. It's really about conservation and forestation, planting new trees in our community and in our country. There will be a ceremonial tree planting at Nina's Park, just north of Park High School, right off of Ideal Park, on the back side of the stadium, on Wednesday, April 27, at 1:00 p.m.

There will also be a tree giveaway this year; residents can apply on the City's website before Sunday, April 24, which will put them in a drawing for a free bareroot tree. There's only one entry per address, and names will be drawn randomly; the trees will be delivered on April 29, between 7:00 a.m. and noon.

Director Burfeind stated they'll also be doing buckthorn pickup again this year; call Public Works by this Friday, April 22, to put your name on the list, and we'll come out on April 27 or April 28, depending on the weather, to pick up the buckthorn. We ask that you put the buckthorn on the boulevard or behind the curb.

Mayor Bailey asked Director Burfeind what species of trees we'll be giving away; Director Burfeind replied that there's a handful of different species, including some ornamental varieties. When residents sign up for the drawing, the species will be listed on the City's website.

Council Member Olsen read aloud the Arbor Day Proclamation for April 29, 2022, in the City of Cottage Grove.

Motion by Council Member Thiede to approve the Arbor Day Proclamation; second by Council Member Khambata. Motion carried: 5-0.

7. CONSENT AGENDA

- A. Approve the February 9, 2022, City Council Special Meeting Minutes.
- B. Approve the February 23, 2022, City Council Special Meeting Minutes.
- C. Approve the March 23, 2022, City Council Special Meeting Minutes.
- D. Adopt Resolution 2022-062 approving 2021 Interfund Transfers and Closure of Funds 220, 490, and 526.
- E. Adopt Resolution 2022-063 awarding the Cottage Grove Test Well 13 Project to Traut Companies in the amount of \$91,414.
- F. Issue a Mobile Food license to Northwoods Smokehouse LLC effective April 21, 2022, through December 31, 2022.
- G. Approve the equipment use agreement with the City of Woodbury for use of their GrayKey data extraction tool.
- H. Adopt Resolution 2022-065 authorizing support of Tax Increment Financing (TIF) for the proposed 52-unit multifamily development at 7601 79th Street South by Trellis Co.
- I. Accept the attached 2022 Strategic Planning Report prepared by Ethical Leaders in Action.
- J. Authorize Off Ice Training Center Agreement with the Cottage Grove Athletic Association.
- K. Adopt Resolution 2022-067 awarding the 2022 Joint Crack Sealing Project to the accepted quote supplied by Asphalt Surface Technologies, Inc. in the amount of \$58,050.
- L. Adopt Resolution 2022-066 awarding the 2022 Joint Street Striping project to the lowest accepted quote supplied by Sir Lines-A-Lot LLC in the amount of \$32,849.80.
- M. Approve a permanent utility easement with Margery E. Olson to accommodate the hydrant to be installed along 70th Street South as part of the Goodview Avenue Water Main Extension Project.
- N. Authorize issuance of a temporary intoxicating liquor license to the Cottage Lions Club for Kingston Park on June 17-17, 2022, and Lamar Fields on June 17, 2022, in conjunction with Strawberry Fest.
- O. Approve the issuance of rental licenses to the properties listed in the attached table.

- P. Adopt Resolution 2022-071 Accepting Donations received between January 1 and March 31, 2022.
- Q. Approve the deferred assessment waiver agreements for the South District Street & Utility Improvement Project.

Council Member Dennis wished to pull Item P, Accept Donations Received 1st Quarter 2022, on the Consent Agenda for further comment and/or discussion.

Council Member Dennis stated that we have appreciation for individuals or organizations that make donations to our City. Three donations totaling \$7,000 were received:

- Renewal by Andersen donated \$5,000 for the Strawberry Fest Float.
- Deb Warnsholz donated \$1,500 for a Memorial Park Bench.
- William and Lois Check donated \$500 for the EMS Service.

Council Member Dennis stated no donation is ever too small or too large; every good-intentioned dollar that people provide to help make our home be better is something that's very important. The Council appreciates that very much, and Council Member Dennis thanked everyone for their donations.

Council Member Thiede stated the Strawberry Fest Committee, and the ambassadors, are very thankful for the donation to actually redo the float so the ambassadors can represent the City in all of the parades they attend in the metro area.

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

8. APPROVE DISBURSEMENTS

- A. Approve payments for the period of 4/1/2022-4/14/2022 in the amount of \$1,131,348.18.

Motion by Council Member Dennis to approve disbursements, second by Council Member Olsen. Motion carried: 5-0.

9. PUBLIC HEARINGS - None.

10. BID AWARDS

- A. 2022 Mill and Overlay Improvements - Bid Award
Staff Recommendation: Adopt Resolution 2022-068 awarding the 2022 Mill and Overlay Improvements project to McNamara Contracting for the base bid amount plus Alternatives #1 and #2, for a total of \$1,319,916.25.

Director Burfeind stated we received good, competitive bidding, but pricing was different. When we were bidding this project out and finishing our plans and specs and setting an estimate, oil was about \$130 a barrel; that's the main portion of bituminous. About a day or two before we took bids, oil dropped down to about \$95 a barrel, which we definitely saw in our bid results.

We did a handful of alternates with the bidding because we had a base scope of work that we had planned, and with those very high oil prices, we were concerned that the whole project might be too expensive, and we'd have higher bids. Alternate #1 and #2 were just additional street areas that really got us back to our planned scope of work. Alternate #3 was the Hamlet Park parking lot, which we wanted as an option. Since that time, there's been more discussion about some possible future improvements at Hamlet Park to the skate park, etc. Based on that, we're not recommending Alternate #3 be awarded just because we wouldn't want to damage that parking lot if there were future construction activities; it's not at a point where it has to be done. Alternate #4 was actually for a small residential project that's in the area; they're due for their final course. We worked with the developer to put it in here, but when we got the bids, he was able to get a more-competitive quote on his own. We'll work closely with him to make sure that his work is done at approximately the same time.

We had five bidders and got good bids and pricing on the project. We're recommending that Alternates #1 and #2 also be awarded. Our goal for the year was to Mill and Overlay everything south of 85th Street and east of Hadley Avenue as part of this project. We're looking at a two-phase project next year to work our way out of the rest of the neighborhood, up Grange Boulevard, Belden Boulevard, up to St. Paul Park.

With Hadley Avenue, we're Mill and Overlaying all in one stretch and will restripe it to 11-foot lanes, as that's a common speeding-complaint areas. Right now, it has wider, older-style striping, closer to 13-foot lanes with a five-foot shoulder; with 11-foot lanes, with a seven-foot shoulder, we should see some speed reductions and it will be a better parking lane for people on Hadley.

Director Burfeind noted we've worked with this contractor on both City and developer projects over the years.

Council Member Olsen asked Director Burfeind if he could explain the strategy used relating to maintenance of our roadways; there are different levels of maintenance that are done annually, and the public doesn't always understand how that's done.

Director Burfeind stated sealcoating and crack sealing are typical maintenance. He explained the Mill and Overlay program: Many streets in town have asphalt stripping; the top layer is just starting to come off, which is just starting in this neighborhood. Pavement core samples were done, which show it's in that top 1-to-1-1/2 inches. We'll be taking off the top two inches, getting rid of the bad pavement, and putting down new pavement. These roads are about 19 years old and have the stripping starting; if we don't do this, they'll quickly just get into very poor shape. We'd do a thin overlay practice with our in-house staff, and that can get it another seven years or so. So, you'll have about a 30-year life without the Mill and Overlay. Our intent with this is to do a Mill and Overlay now, and in about 19 or 20 years, that'll push it to 30, 32 years; then we'll do the thin overlay at that point. At 40 years, there will be a total reconstruction

pavement management project, which is more expensive, anywhere from \$1 to \$2 million a mile for cost; here, we're looking at about \$200,000 a mile just to do the Mill and Overlay. We're not doing utility work or a lot of curb work; we're just replacing that pavement.

Council Member Olsen confirmed that a Mill and Overlay is sort of a half measure between what we used to do, sealcoating and crack sealing, and then the other end of the spectrum, a full reconstruction with repairs of pipes and wires. He stated that his neighborhood had a Mill and Overlay project done last year; it was really easy, it got done in a timely fashion, and the road looks magnificent. If we hadn't employed that action on the roadway, we'd have to do a full replacement on that road in the next seven-to-ten years; now, we're going to get an extra ten years, maybe more, out of the roadway if we continue on this path. Director Burfeind stated that's correct. Council Member Olsen stated he thinks it's a really wise strategy to employ, as this will certainly help us get more useful life out of our roadways.

Motion by Council Member Olsen to Adopt Resolution 2022-068 awarding the 2022 Mill and Overlay improvements project to McNamara Contracting, Inc. for the base bid amount plus Alternatives #1 and #2, for a total of \$1,319,916.25; second by Council Member Thiede. Motion carried: 5-0.

- B. Pine Hill Water Tower Rehabilitation Bid Award
Staff Recommendation: Adopt Resolution 2022-072 awarding the Pine Hill Water Storage Tank Rehabilitation Project to Classic Protective Coatings, Inc. for the base bid amount plus Alternative #1, for a total of \$537,708.

Director Burfeind stated this is another Public Works maintenance project, very necessary work. The coating that's on the Pine Hill water tower is just over 20 years old, and we typically get 20 years of life out of a paint coating on a water tower. We had it on the CIP for this year for repainting.

We took bids last Thursday and received five bids. The apparent low bidder was Classic Protective Coatings; they're the contractor that actually did our two previous tank paintings, Meadow Grass and Inwood. This also had an Alternate; we're quite under the engineer's estimate, and we saw much better bidding than we had estimated and are comfortable with the bids received. The alternate was for a ten-year warranty instead of a five-year warranty; with the warranty work, it's not just a warranty, as in years two, three, and four they do inspections and on year five they do some actual touchups. For the next five years, they do more inspections and more touchups and a final report at year ten. We did that with the other two water towers, which we thought were very successful. Even though the Alternate was a little bit higher than our estimate, with the low base bid, we are recommending award of that Alternate as it fits within the funding that we have available. The ten-year warranty has done well for us in the past.

Council Member Thiede stated eight years ago we did water tower maintenance, where we prepaid some things; he wondered how that process worked and why it was decided not to do that again.

Director Burfeind replied in terms of the actual bidding process, the two previous tanks were under a professional service where you could select a team, an engineer and a tank-painting contractor. Since that time, the legislature has changed that law, so now it's back to a low-bidding process; if you're under \$175,000, you can still do that, but over that amount, it's just more of a classic low-bid project. So, that's why we did this typical low-bid process.

Council Member Khambata stated it looked like one of the vendors wasn't offering a warranty; Mayor Bailey stated that was also his question and wondered if that was a typo. Director Burfeind replied that was not a typo, and they just weren't interested in offering a warranty.

Council Member Khambata asked if they see that often, with the way the market has been for materials and contractors, or if this was an anomaly. Director Burfeind replied that's more of an anomaly; warranty work for tanks is a very common practice, so they may not have had an interest in doing that part of the work.

Motion by Council Member Dennis to Adopt Resolution 2022-072 awarding the Pine Hill Water Storage Tank Rehabilitation Project to Classic Protective Coatings, Inc. for the base bid amount plus Alternate #1, for a total of \$537,708; second by Council Member Khambata. Motion carried: 5-0.

- C. Low Zone Raw Water Main Extension Improvements Project Bid Award
Staff Recommendation: Adopt Resolution 2022-064 awarding the Low Zone Raw Water Main Extension Improvements Project to McNamara Contracting, Inc. in the amount of \$2,824,586.55.

Director Burfeind stated this project is actually our first 3M Settlement-funded project. This will be a raw water line, which will have untreated water that will go from Well 10, on 95th Street, and will be transported down to our future low-zone water treatment plant at Ideal Avenue and 110th Street. We're doing it now because it's a much more opportune time to get in there ahead of the future development in that area. We have the easements that we need, and it will also go on the 100th Street/Ideal Avenue right-of-way ahead of that development work; it would be much more costly later to run those pipes after development is completed. Even though the treatment plant is still a few years down the road, it definitely made sense to get this work done at this time.

This was bid on March 24, and we had nine bidders for this project; the reason for the delay in the award is we didn't have the final grant agreement from the State, and we wanted that before we awarded the project. Unfortunately, the low bidder was above our engineer's estimate; this is a water main, a pipe project, and much steel and iron is from Ukraine and Russia, so the steel industry has seen a doubling in price from \$1,000 per ton to \$2,000 per ton. Even with the award coming in higher, it's actually

under the State's budgeted amount, so they were very comfortable with moving ahead. McNamara Contracting was the same low bidder for the Mill and Overlay project.

Motion by Council Member Khambata to Adopt Resolution 2022-064 awarding the Low Zone Raw Water Main Extension Improvements Project to McNamara Contracting, Inc. in the amount of \$2,824,586.55; second by Council Member Thiede.
Motion carried: 5-0.

- D. Goodview Avenue Water Main Extension Project Bid Award
Staff Recommendation: Adopt Resolution 2022-070 awarding the Goodview Water Main Extension Project to Northdale Construction Company, Inc., in the amount of \$2,270,208.43.

Director Burfeind stated that this is another 3M Settlement project that we've been working on since last year; the plan is bringing out new water services to the Goodview Avenue neighborhood, near 70th Street, close to the west end of town. It's for homes both north and south of 70th Street, along with a few homes along 70th Street itself.

We received five bids for this project; there's more to this project than the watermain, with more street reconstruction, but we saw the impact of the watermain pricing so are again over the engineer's estimate. The State was comfortable moving ahead with this project because it fits in with the budgets that we have, and they funded that grant agreement in full. This work maybe doesn't have the urgency of the Low Zone Raw Water, but there was a significant amount of effort put into it, and the residents are ready for it this year and have signed their agreements to connect. With the cost that comes with rebidding, even though the pipe pricing was a bit high, we're still recommending award and moving ahead with the project as the State has agreed to it and funded it in full.

Motion by Council Member Thiede to Adopt Resolution 2022-070 awarding the Goodview Water Main Extension Project to Northdale Construction Company, Inc., in the amount of \$2,270,208.43; second by Council Member Khambata.
Motion carried: 5-0.

- E. Goodview Avenue Well Sealing
Staff Recommendation: Award the Goodview Avenue Well Sealing project to Mineral Service Plus, LLC, in the amount of \$166,052.50.

Director Burfeind stated we took bids on this last Thursday, and there were two bidders on this project, with the low bidder Mineral Service Plus, LLC; they actually did the well sealing for the Granada Avenue project. The reason this was bid separately was it's very specialized work, and we have to work very closely with the Minnesota Department of Health; they have one staff member who oversees the well sealing work, so it needs to be a one-on-one effort with the City contractor and the State. Once all of those homes are connected, then we come in and will do this work when it's ready.

Motion by Council Member Khambata to Adopt Resolution 2022-069 awarding the Goodview Avenue Well Sealing project to Mineral Service Plus, LLC, in the amount of \$166,052.50; second by Council Member Olsen. Motion carried: 5-0.

11. REGULAR AGENDA - None.

12. COUNCIL COMMENTS AND REQUESTS

Council Member Khambata stated that the Red Rock Corridor Commission had their first meeting of the year; that incorporates our section of Highway 61 from St. Paul, where it meets I-94, all the way down to Hastings. One of our objectives is to work with the Metropolitan Council to achieve Bus Rapid Transit and make sure that we're serving all of our communities along this corridor. It was a very productive conversation and will be ongoing; we also received a presentation from the Metropolitan Council so saw what some of their projections are. A lot has changed with COVID, in terms of ridership and how surrounding communities are utilizing Bus Rapid Transit services. We'll be meeting again later this year and will keep those discussions going; it's a coalition of Ramsey County, Washington County, St. Paul Park, Newport, Cottage Grove, and Hastings.

Council Member Thiede stated he's again advertising Strawberry Fest; he'd like everybody to go to cottagegrovestrawberryfest.com as if you want to be in the parade, or the Strawberry Fields marketplace, the applications are there. Information about all of the activities is on that website so you can look at all of it, sign up for things, and if you want to be part of the planning, the meetings are the first and third Monday of every month at Carbone's at 6:00 p.m. We'd love to have people help out.

Council Member Olsen complimented Council Member Dennis and his Masonic Lodge, Acacia Lodge #51, on a terrific Easter pancake breakfast; he, Mayor Bailey, Senator Biggam, and Council Member Khambata were able to enjoy that last Saturday. The Masons were tremendous hosts, there was a great turnout, and the food was delicious.

Council Member Olsen recognized Public Works Week, which will be coming up in May. He assumed we'd do some sort of proclamation in the first week of May for Public Works Week like we do every year. He asked Director Burfeind whether or not there would be any events at Public Works for Public Works Week this year; sometimes we do an open house.

Director Burfeind stated for Public Works Week they typically like to get all of the staff together, invite Council, and have a lunch during that week to celebrate all the work the staff does for the City.

Council Member Olsen stated anybody who follows the City's Facebook page probably saw that Alec Koerner of the Public Works Department did a dog rescue yesterday; that actually happened on his street, a neighbor's dog. Our Public Works staff does outstanding work, especially over the last few years with the way that our City has been growing; they keep up on infrastructure, make sure all of the streetlights are

working, and make sure water is flowing into every household. They do very good work so was glad to hear that there will be an event this year.

Council Member Olsen stated that next month is Mental Health Awareness Month in the United States. We recently lost a student at Oltman Middle School due to some mental health issues; last night, at our Lions Club meeting, we made sure that we donated some money to the family, who is really struggling with losing him. He specifically spoke to people watching from home: There are many ways to deal with mental health challenges, and we all have friends or family members who are currently dealing with or have dealt with mental health challenges. When you're feeling helpless or hopeless, just know that there are so many resources out there to help. If you ever feel that you just don't know where to turn, there are people to turn to; you can turn to one of us, and we can give you some resources. All Saints Lutheran Church has many resources available for people dealing with mental health challenges, as does Washington County. He doesn't ever want to hear of us losing another young person; it's been really hard on the teachers and the staff and the other students. He was the student of one of our Lions Club members, and it's been really tough. Please make sure if you're not feeling okay that you turn to somebody who can help you feel okay. For those of us who feel okay on a daily basis, make sure you're paying attention to your friends and your family members; look for the signs and don't be afraid to get involved and help.

Mayor Bailey stated that it was his understanding after speaking with Director Koerner, who's also on the Lions Club Board, that a donation is being made to the Youth Service Bureau. Council Member Olsen confirmed that, stated that the Lions felt that that was an appropriate donation, as the Youth Service Bureau does so much in that regard.

Mayor Bailey stated that he's currently the president of the Youth Service Bureau, and there is an upcoming event, a gala, on May 5, and all of the proceeds from the gala will actually benefit youth and families with either chemical or mental health issues. Youth Service Bureau counselors go into the schools and work with students and teachers to figure out ways to make any sense of such a tragedy. The gala will be at Furber Farms in Cottage Grove, there will be some guest speakers, a silent auction, great entertainment, and the food is being catered by Tinucci's. For more information, go to Mayor Bailey's Facebook page or the Youth Service Bureau's Facebook page; there is a link there if you want to partake in this event. It's \$45 per person, or \$400 for a table of eight. The Youth Service Bureau does amazing work and is a nonprofit. They've had to turn away families and youth because they don't have enough counselors to help, so we're actually trying to find and hire additional therapists and chemical dependency counselors. If you're able to help the Youth Service Bureau, he encouraged the public to reach out to him if you need more information or want to donate. He noted there are many corporate sponsors, including Merchants Bank, 3M, Hy-Vee, and we appreciate their support. We're just looking for more to join us. He's hoping we can fill the barn at Furber Farms, but we need to know by April 22 if you'll be attending.

Mayor Bailey stated regarding the Fourth of July, the Lions Club takes care of setting up the Fourth of July fireworks. At this point, our sponsors include 3M, NorthPoint Development, Hy-Vee, and Tennis Sanitation; they've already committed \$5,000 each to the Fourth of July fireworks. He's still waiting to hear back from one more sponsor but will wait to announce that until we have the money in hand, which would take us over \$25,000. In the past we've done \$20,000, and we don't know if there will be a price increase on those this year, but we want to make sure that the citizens in the area have a great display. Mayor Bailey stated that Matt Miller from Northwoods Smokehouse also dropped off a \$500 check for the Fourth of July fireworks; if you're so inclined and want to donate, you can stop by City Hall to donate, and then we'll give that money to the Lions. He thanked everyone who had already donated.

Mayor Bailey stated that a very important member of our staff, Finance Director Robin Roland, will be retiring, and her husband will also be retiring soon. She has done an amazing job in taking the City through thick and thin; she's dealt with craziness when budgets were tight to when we've had some opportunities to go ahead and fund projects. She did a great job of keeping us honest; she made sure that we all knew where the money was coming from and was very focused on making sure that the taxpayers of Cottage Grove got the biggest bang for their buck, and we managed our budget very tightly. We've received awards for excellence in financial reporting for over 30 years, which has made our City so successful. As this is her last official meeting with us tonight, Mayor Bailey asked Council to join him in front of the dais and asked her to step forward to receive her plaque. He noted she likes to drive motorcycles, so hopes she'll be able to enjoy doing that this summer.

Mayor Bailey read aloud the plaque that was presented to Director Roland. On behalf of himself, the Council, the staff, and all of the citizens of Cottage Grove, he thanked her for all of her years of service. It was absolutely amazing having her as part of our team. We all wish her great success in her retirement.

Director Roland thanked Mayor Bailey and Council Members and all of the staff, especially Department Heads and her Finance Department staff, as this has been the best 12 years of her career. She would not have missed it for anything. She stated she's been honored to be part of the team, and she's thrilled with everything that we've done together over the last 12 years. She's so excited for what's coming next for the City of Cottage Grove, maybe even a AAA rating, which she didn't get done. She thanked everyone again and stated she really appreciated it.

13. WORKSHOPS - OPEN TO PUBLIC - None.

14. WORKSHOPS – CLOSED TO PUBLIC - None.

15. ADJOURNMENT

Motion by Council Member Olsen, second by Council Member Thiede, to adjourn the meeting at 8:00 p.m. Motion carried: 5-0.

Minutes prepared by Judy Graf and reviewed by Joe Fischbach, HR Manager/City Clerk.