



CITY OF COTTAGE GROVE
12800 Ravine Parkway South
Cottage Grove, Minnesota 55016
Council Chamber - 7:30 AM

July 9, 2024

Economic Development Authority

AGENDA

1. Call to Order
2. Pledge of Allegiance
3. Roll Call
4. Approval of Minutes
 - 4.1 Approve the 04-09-2024 Regular Meeting Minutes.
5. Presentations
 - 5.1 LOST Presentation
 - 5.2 Presentation by Stacie Kvilvang (Ehlers) - Business Subsidy & Public Financing Policy
6. Business Items
 - 6.1 Resolution 2024-07 - Decertification of Tax Increment Financing District No. 1-12
 - 6.2 Resolution 2024-08 - Decertification of Tax Increment Financing District No. 1-18
 - 6.3 Resolution 2024-09 - Tax Increment Revenue Note for NorthPoint PAYGO (Cottage Grove Logistics Park)
 - 6.4 Resolution 2024-010 - Housing and Redevelopment Authority Preliminary Levy
 - 6.5 Beige Book and Development Updates
 - 6.6 Dowdle Art Program Updates
 - 6.7 Business Retention and Expansion Program Updates
7. Public Hearings
8. Other Business
9. Workshop
10. Adjournment



MINUTES

April 9, 2024

CITY OF COTTAGE GROVE ECONOMIC DEVELOPMENT AUTHORITY (EDA) MEETING 12800 Ravine Parkway South Cottage Grove, MN 55016

Pursuant to due call and notice thereof, a meeting of the Economic Development Authority was held on the 9th day of April, 2024, at 7:30 a.m.

1. CALL TO ORDER

The meeting was called to order at 7:30 a.m. by EDA President Bailey.

2. ROLL CALL

Alexa Anderson, Administration Specialist, called the roll: EDA President Bailey-Here; EDA Vice President Olsen-Here; EDA Member Carey-Here; EDA Member Jean-Baptiste-Here; EDA Member Myers-Arrived after Roll Call; EDA Member Scott-Here; EDA Member Tschida-Here.

Members Absent: None.

Staff Present: Gretchen Larson, Economic Development Director
Brenda Malinowski, Finance Director
Alexa Anderson, Administration Specialist

Others Present: Ann Bailey, DARTS
Jan Hicks, DARTS
Charlie Cannon, NorthPoint Development

3. APPROVAL OF MINUTES

3.1 Approval of February 13, 2024 EDA Meeting Minutes

EDA Vice President Olsen made a motion to approve the February 13, 2024 EDA Meeting Minutes. Motion was seconded by EDA Member Tschida. Motion passed unanimously (6-to-0 vote).

4. BUSINESS ITEMS

4.1 DARTS Presentation

EDA President Bailey stated Jan Hicks and Ann Bailey will be giving a presentation on DARTS, after which EDA Members will be welcome to share any questions.

Ann Bailey, President at DARTS, stated we wanted to give you an update this morning because we've been operating a loop in Cottage Grove for four years now. It's always nice to give you an update to see how that is going, and we've also added some additional services. DARTS is turning 50 this year so it's a happy birthday. We continue to help seniors live independently and we support the caregivers of seniors. We do this through a variety of programs, as well as using a lot of volunteers. Our mission is Creating Connections that Enrich Aging; that enrich portion is more than providing a service to an older adult, it's also making sure that those older adults still have a place in our community and can get out and about in the southeast metro. Ms. Bailey stated we really are about

just in time services, and that's not by design, that's by how life works. We can tell people as many times as we want that we're here, we're able to support people, and you don't retain the information until the day you need it; so, we are there to help people who often are at a point of crisis, a decision point in their lives or in the lives of the person they're caring for. You can see in 2023 we served just over 2,000 clients in the southeast metro, and this is a distribution of where the services fell, where people were registered for services. About $\frac{1}{4}$ of our folks use more than one DARTS service; so, they may use transportation and home cleaning or something like that. So, transportation still is the lion's share, but home services, which includes outdoor chores, cleaning, and home repairs is the next runner up. She stated I haven't mentioned service coordination. That is where we help somebody, in some cases we're on site in CDA-operated buildings in Dakota County, in some cases we just go to people's individual homes to provide the information that they need to get the services they need to continue to live successfully. An example might be that somebody's living independently, and they come down and say well, I don't really feel like cooking anymore, and we help get them the appropriate meal service so that they can continue to be successful living in their own home.

Ms. Hicks stated she is the Director of Programs, so really I'm the Director of Transportation and the Director of Home Services, which are a couple of our bigger services that we offer. You all are probably familiar with our community loop service, which runs every Tuesday, so it will be running here in a couple hours. It goes to more of your densely populated senior locations, including Legends, Norris Square, Woodland Park, and then that whole little area in Hinton and Hearthside. Then it goes to places like Hy-Vee and Walmart and pretty much up and down East Point Douglas Road; as usual, Walmart is the most popular destination. For seniors in particular, here in Cottage Grove, getting from quite a bit north down to Walmart is no easy task; so, we're a really easy low fee, \$3, and we never turn anyone away for inability to pay. They can hop on the bus and they can ride along all day for four-or-five hours and go to as many places as they want. So, that's really going well. Later this week, I've got a meeting with the Basic Needs Food Pantry, so we're going to start using the loop to pick up individuals who are in need of food support. We'll pick them up in the Woodland Hills area, over by the library, and then take them down to the food pantry. So, that's going to be kind of an interesting new thing, and we'll give you updates on that. We also offer group rides for individuals. So, somebody might want to go to the Twins game or the senior population might want to spend the day going to the arboretum or somewhere else in that area. Individual rides: We do have quite a few Cottage Grove residents, but I'm not familiar with how your Metro Mobility status works here, if you're an on-call area or if you are in the ADA-required area. EDA President Bailey stated unfortunately, no. Ms. Hicks stated that is something that we do offer, and we've got affordable rides through the Older Americans Act that your residents can call for transportation. It requires a little bit of registration, but anybody 60 or over qualifies for some of our funding programs. So, that's really handy and the loop provided 647 rides in 2023, and I don't have the number of how many people took individual rides, but there were quite a few.

Ms. Hicks stated the other big service that we offer is Home Services: Home cleaning, home modification and repairs, and outdoor chores. We've had some forays into outdoor chores here where we have some volunteers who help people with fall cleanup, lawn mowing, and we were lucky to find a snow removal contractor this year, who was able to help several of your residents with snow removal. What I really want to hit on is our home modification and repairs; this is a first for a lot of older adults. They're not able to get on a ladder anymore, and something as simple as changing out the batteries in smoke detectors and carbon monoxide detectors can be a big barrier. Something like a grab bar can help with accessibility in a shower. We offer very affordable home repair prices; it's \$100 for the first hour and then \$70 after that. We offer some subsidies for those who cannot afford it,

a sliding scale. We focus on three major areas: Safety, Accessibility, and Independent Living. Safety is obviously smoke detectors, maybe enhancements to stairways so that somebody can walk up the stairs. Accessibility is things like grab bars and handheld showers, and we can offer something simple like fixing a couple of deck boards to make it safer for somebody. Independent Living: One of the things that we don't always think about with this is like hanging some curtains or artwork because it makes a home feel nicer. When my home feels nice and my home looks good, I feel better about myself and I'm able to stay in that home because my overall self esteem is up. So, that's one of the things that we can do with our home repair. I think right now our time is 1 to 1.5 weeks before we can get somebody scheduled, but I would highly suggest offering that as something that's available for your folks.

Ms. Bailey stated to your individual ride question, about 2% of the services that we provided in Cottage Grove were individual rides. Ms. Hicks said we did have some home repairs here, too. Ms. Hicks stated we do have volunteer opportunities; Ann will speak about Learning Buddies and Pen Pals. Ms. Bailey stated Learning Buddies and Pen Pals is a program where we have older volunteers partner with elementary schools to provide whatever the teacher needs in the classroom: Tutoring, reading, and help. Our Learning Buddies program coordinator has actually spoken with a couple of the elementary schools, and we have commitments that there are teachers in the elementary schools in Cottage Grove that would like this assistance. So, we will be doing a bigger push for volunteers for next school year so that we have enough volunteers to help out those classrooms. It's one of those things that every so often we survey every volunteer and every client annually; to quote one volunteer, the Learning Buddies gave meaning to my life. I think a lot of times when people retire, they lose that little compass point, and having a meaningful volunteer opportunity really makes a difference. So, we're excited to be able to bring that into the Cottage Grove area.

Part of the reason for the expansion of home services into the southern Washington County area has been because for the last two years, the Department of Human Services has a Live Well at Home grant; that's how we've been able to fund the expansion into southern Washington County and offer a sliding fee or adjustable rates to people. Ms. Hicks stated we should say that these are available for the whole Highway 61 corridor; we're not going to Woodbury, but we like Cottage Grove, St. Paul Park and Newport. So, any of those areas. She asked if there were any questions for us, but none were asked.

EDA President Bailey said thank you for coming in and sharing this information. I think when we set this in motion a few years back, obviously it's been successful for the seniors that need that support. I do know our Washington County Commissioner is having a transportation workshop this afternoon. One of the things that she is really interested in is trying to get some additional, maybe DARTS, services in Cottage Grove that would actually go to the food shelf, as an example, in St. Paul Park. So, I believe she's going to be speaking on that to the Washington County Board later on this afternoon.

Ms. Bailey stated we sent her the same data, so she should have that. The thank you really reflects back to you, as a Council, you took a chance on saying this was an important service to provide and we thank you. I think that it's a really augmented service, and it really speaks volumes to what you feel about all the residents of Cottage Grove; you're really focusing on any age, so thank you again very much for remembering our older residents.

EDA President Bailey stated thank you for coming in today. Ms. Bailey stated older, mind you, is defined as 50 and up, so that's me; EDA President Bailey stated that's me, too. Thank you.

4.2 ECONOMIC DEVELOPMENT UPDATE/BUSINESS INQUIRY

Gretchen Larson, Economic Development Director, gave the Beige Book report: Employment, Prices, and Consumer Spending: They're all either slightly down or modestly okay, as far as increases. Construction Activity: Is down. Commercial Real Estate Activity: Is kind of flat. Office Market Sector: Is soft. Residential Real Estate: Remains subdued. The theme for the day is the economy is okay, but it's not going gangbusters, essentially. Manufacturing Activity: Increased slightly. Agricultural Conditions: Sales fell. Minority and Women-Owned Businesses: Reported lower sales and profits since the last report. So, this quarter we're struggling a little bit, but hopefully it's going to be turning around. You'll probably hear a few things in the upcoming presentations that will explain some of that as well. **Cottage Grove Construction Updates**: Hohenstein's: Their drive-through cooler has been installed, and the interior office framing has begun. So, obviously, the really nice weather this winter has caused all the construction activities to exponentially be completed faster than they probably originally intended or could have done. Low-Zone Water Treatment Plant: The footings are in, the slab is poured, and of course the walls are going up. If you've driven over there, it's moving along quickly. Chase Bank: The walls are up, the building is taking shape. The parking lot has been dug up, and now they're working on some of the interior and exterior completions on the building and the landscaping. O2B Kids: They are moving along really rapidly, interior framing is continuing, and interior trade work has started. They are ahead of schedule as well. Okoruwa Pediatric Dental: You are finally going to have a pediatric dental office in Cottage Grove. Dr. Okoruwa has applied for a permit for a new office space in the Summerhill Building, so that's going to move along rapidly. He's still working with MCCD on some financing. Bluestem Senior Apartments: The building permit has been issued. The City Council saw in their last report photos of it, so it's moving along rapidly; that's located just across from Grove80, and that's the affordable senior housing project. Norhart Apartments: They're building plans have been reviewed, and a review letter provided to the new market-rate apartment building. It will be located at Hadley Avenue.

4.3 3RD AMENDMENT TO AMENDED AND RESTATED CONTRACT FOR PRIVATE DEVELOPMENT (NORTHPOINT)

Director Larson stated you've already approved two amendments to the agreement; the first one was back in May 2022, the second one was in February 2023. All of them are essentially for the same reason, the market is still soft in the industrial area and the projects are just not moving along as fast as they had hoped because they can't secure the tenants that they need. Generally, when you secure the tenant, then you build the building. So, in January they met with the Mayor, the City Administrator, and staff, and they said they're still delayed; they're not getting the tenants that they had hoped for. Director Larson stated that Charlie Cannon with NorthPoint is here in case there are any questions after I've finished presenting the request. As a part of this 3rd Amendment request, we had our financial consultants and TIF attorney look at the request and if approved, it would result in some changes to their plans as follows:

- Commencement and completion dates will change for Phase 1a and also for Phases 2-4.
- Building sizes will also change with the net (88,000 Square Feet lower); the building size for Phase1a is substantially lower, but some of the other ones are larger. In a development of 3.4 million square feet, that's really not a lot of difference. There are other things going on in the Business Park that may also change this as well.
- The jobs created will decrease from the projected 1,870 to approximately 1,200.
- The amount of the TIF generated will decrease from approximately \$12.5M to \$7.6M.
- This request will also result in a note that will never be paid off because of the timeframe of the actual TIF District, which Director Malinowski confirmed yesterday was 8 years.
- The ability to decertify the District early will likely not happen because of the timing as they have pushed their timeline for completion out to 2028.

Charlie Cannon, Development Associate with NorthPoint Development, stated he's fairly new to this project, but he's been with NorthPoint for a couple years now. He spoke about the two existing buildings. Building 1: Lumbermen's signed a lease a couple months ago they are moving all their product and getting situated, which is good news. That leaves about 90,000 square feet in Building 1 vacant. Building 2: Is 500,000 square feet and is still vacant.

EDA President Bailey asked if the EDA Members had any questions:

EDA Member Jean-Baptiste stated he had a question and needed some clarification. If I understand this correctly, the TIF is being reduced, but then it's nonrecoverable, correct?

Director Larson replied the TIF is being reduced because the increment will not be created because of the delay in the buildings. So, you operate under a pay-as-you-go system, so it's just going to reduce the amount that NorthPoint would eventually get in their payout, and that could reduce to zero depending on how long this takes.

EDA Member Jean-Baptiste asked how much of that previous amount would have been recovered, of the \$12.5M. EDA Member Carey stated it notes here the request will also result in a note that will never be paid off; he asked EDA Member Jean-Baptiste if that's what he's referring to. EDA Member Jean-Baptiste replied yes. EDA Member Carey asked if it could be clarified what that means to the City and the taxpayer.

Director Larson stated Brenda Malinowski, our Finance Director, will clarify that. Director Malinowski stated when a TIF District is created and a Development Agreement is done, there are certain things that are thought will happen; so, at that point, we thought that available tax increment would be \$12.5M. Because of the delay in the project, the tax increment that will be able to be created over the life of the District has now been reduced to \$7.6M. So, with a Pay-As-You-Go (PAYGO) note, such as is with NorthPoint, the developer pays those upfront TIF expenditures. For example, the street improvements in that area that they were responsible for as part of their Development Agreement, they pay those costs, and then the City or the EDA pays them back, with that tax increment. So, because of the delay in the project, we know that the tax increment that will be generated will be less; that is why that note has been reduced.

Recommendation

By motion: Approve the Third Amendment to the Amended and Restated Contract for Private Development by and between the Cottage Grove Economic Development Authority and NP BGO Cottage Grove Logistics Park, LLC, as presented.

EDA Vice President Olsen made a motion to Approve the Third Amendment to the Amended and Restated Contract for Private Development by and between the Cottage Grove Economic Development Authority and NP BGO Cottage Grove Logistics Park, LLC, as presented. Motion was seconded by EDA Member Scott. Motion passed unanimously (7-to-0 vote).

4.4 Tax Increment Revenue Note (Up North Plastics)

Director Larson stated Up North Plastics has been in the City's Business Park since 1981. You approved the creation of TIF 1-19 in January 2019, as they wanted to expand their business operation. They added a 428,000 square-foot facility, and they created the 200 jobs that were a part of their TIF Agreement. In 2019, they also applied for the Minnesota Investment Fund and the Job Creation Fund; both of those were closed out last Fall, so they've gotten their money there as well.

Their entire project is complete, their paperwork has been certified by Ehlers, our City financial consultants. There's a TIF Note now to be issued, not to exceed \$892,000, and their first payment will be due on August 1, 2024, and then February 1 and August 1 of every year thereafter, with their final payment on February 1, 2030. We'd be happy to answer any questions about that, but essentially this just closes out that project, and you have a recommendation before you; no questions were asked.

Recommendation

By motion: Approve Resolution 2024-04 approving the issuance of, and providing the form, terms, covenants, and directions for the issuance of a taxable Tax Increment Revenue Note, series 2024-A, in an aggregate principal amount not to exceed \$892,000.

EDA Member Myers made a motion to Approve Resolution 2024-04 approving the issuance of, and providing the form, terms, covenants, and directions for the issuance of a taxable Tax Increment Revenue Note, Series 2024-A, in an aggregate principal amount not to exceed \$892,000. Motion was seconded by EDA Member Carey. Motion passed unanimously (7-to-0 vote).

4.5 TERMINATION OF CONTRACT FOR PRIVATE DEVELOPMENT MODERN AUTOMOTIVE PERFORMANCE (MAP)

EDA Member Carey stated I'll be recusing myself from this discussion.

Director Larson stated Modern Automotive Performance (MAP) was the tenant in the building at 9800 Hemingway Avenue. In May 2019, you created TIF District 1-18 and they made the capital investment and created the agreed-upon jobs, per the TIF Agreement. However, in late 2023, MAP determined that they would allow their lease to expire on the building in early 2024. Staff then went over to the building, visited with the brokers, and confirmed that MAP was no longer open for walk-in business, per the signs on their door in January 2024. So, that began the process of the TIF decertification because once you lose the tenant, then it's not operating according to the TIF Agreement originally provided. So, the building owner of 9800 Hemingway Avenue was notified in January of the default event because the tenant was leaving and/or had left. They were given 30 days to cure the default; they haven't found a tenant that we could even possibly consider transferring a TIF to, so that did not work out. So, now before you is a consideration to terminate that agreement and the Taxable Increment note and then decertify taxing entity TIF 1-18. That's the recommendation before you, and we're happy to answer any questions.

EDA Member Tschida stated I guess I'm a little new to TIF. If they find a new tenant later on, I guess we're turning it off now, are they able to turn the TIF back on if they do find a new tenant? Or is this the end for them? Director Larson replied no, this would end this district..

EDA President Bailey stated it was funny because before this meeting started I said this is one of those weird meetings where we have three different, separate TIF-type items happening. So, I was asking staff to be prepared for some questions because it's different than we normally deal with.

Director Larson stated they had their PAYGO and they were receiving their payments, the District itself has collected enough money so that the City will not be out anything, and that's the value of PAYGO's. The only entity who obviously doesn't get anything is the person who owns the building because it ceases. They've gotten approximately half of the PAYGO, and now the rest will just cease because the increment will cease.

EDA Member Tschida said okay, fair enough.

EDA Member Jean-Baptiste stated in the event that this was done, they broke the agreement a while back at a point in time where the City was kind of upside down in their financials, do we have anything moving forward in our agreements that would allow us to recoup anything so that we are not out any money?

Director Larson replied yes, you do, you have either lookback or claw back provisions or both, depending on the type and style of the note. So, the City's financial consultants and our City Administrator and Finance Director always make sure we're covered.

Recommendation

By motion: Approve Resolution 2024-05 terminating the contract for private development and Tax Increment Financing note for Modern Automotive Performance in TIF District 1-18.

Approve Resolution 2024-06 Requesting Decertification of Tax Increment Financing District 1-18 and direct EDA staff and consultants to send the Resolution to the Washington County Auditor to decertify TIF District 1-18.

EDA Member Scott made a motion to Approve Resolution 2024-05 terminating the contract for private development and Tax Increment Financing note for Modern Automotive Performance project in TIF District 1-18. Motion was seconded by EDA Tschida. Motion passed unanimously (6-to-0 vote).

EDA Member Jean-Baptiste made a motion to Approve Resolution 2024-06 Requesting Decertification of Tax Increment Financing District 1-18 and direct EDA staff and consultants to send the Resolution to the Washington County Auditor to decertify TIF District 1-18. Motion was seconded by EDA Member Myers. Motion passed unanimously (6-to-0 vote).

4.6 PROPOSAL TO PREPARE A HOUSING NEEDS ASSESSMENT

Director Larson stated in January 2024, the City Council accepted the staff recommendation at our Strategic Planning workshop for completion of a housing study. Discussed at the workshop was that a study was needed so that we could know: Who was moving in, who was moving out, why they're moving out, if the housing is affordable enough, do we have enough market-rate versus affordable. So, we thought the time had come to make a recommendation to actually have an official study done. Staff researched options, and the team at Maxfield Research comes highly recommended; they do over 100 housing studies every year. The study will take approximately 120 days to complete, and the cost for the study is \$22,875. You'll see on your screen the flowchart: They look at our policies, our housing stock, they do the demographics and employment, they do an economic development analysis, and they have a demand gap analysis. So, what do we have, what don't we have, what could we use, and how is any of the housing being used. Then they'll make some recommendations to the staff and then we'll bring the report back to the EDA for review. We'd be happy to answer any questions.

EDA President Bailey stated I'll just make a quick plug, and maybe EDA Vice President Olsen could, too. What we hear a lot in the community in various venues, avenues, social media is that either we're growing too fast, we're not growing fast enough, we don't have enough of this, don't have enough of that. Do people want small houses, big houses; I mean, this is going to kind of give us an idea on all of that to make sure that we have our finger on the pulse of what the future looks like from a growth standpoint. Are we looking to build certain types of homes, apartment buildings, affordability,

etc. From what I hear, we're doing pretty good compared to our friends to the north on affordable housing, but we need to understand what that means for the citizens of Cottage Grove and people who want to move here. So, that's a part of the discussion that Council had at our workshop in January, making sure that we have a good, solid understanding of what the future holds looking down the road for the types of housing, what's changing, and what's happening for the future.

EDA Vice President Olsen stated with respect to housing, it's a complicated issue in many regards because what you see depends on where you sit; hence, the reason to have an objective third party do this study for us so that we can strategically and tactically attack the problem, if there is a problem, in the appropriate manner. To the Mayor's point about folks sharing their opinions on all the various social media sites or when we're at a meeting or when we're at an event, we frequently hear about housing stock in the community. Those of us who've grown up here know that for years and years and years the affordable housing in the City was considered to be the Thompson-Grove side, and the Mayor and I grew up over there. But even the properties that were original Orrin Thompson homes on that side of the highway are kind of breaking over that \$300,000 mark for purchasing; so, the perception of what's affordable and what isn't changes, it fluctuates year over year. I think that's another argument for the study to be done by an objective third party. We are mandated as a community to have a certain amount of affordable housing, that's mandated by the Metropolitan Council, and so are all the other communities in the area. So, making sure that we're doing our part is a critical element of what we do with regard to our zoning and our planning. And you've all read the news, supposedly the Twin Cities is short 100,000 domiciles at the moment for people who actually want to live in the Twin Cities. Development continues to be one of those sort of hot-button issues, what should it look like, where should it go, so on and so forth. Something that I found interesting in digging into this topic a little bit was from approximately 1980 to 2010, the City of Cottage Grove grew from a population perspective or from a development perspective somewhere in the neighborhood of about 2.75% annually, on average. Since 2010, that number has dropped significantly, to about 1.5% annually. So, the City is not growing nearly as fast as it did in its heyday. But we are still growing; we're trying to grow intelligently, we're trying to be wise about where we put housing and what sort of housing we put there. This study's going to help us maintain focus on that and move forward in the appropriate manner, and it is necessary. The City is going to continue to grow, it just is, and as I said earlier, there's certain things that we have to follow relative to our Comprehensive Plan and the Metropolitan Council. We want to follow that, we want to be inline with the guidance that we get from the State, from the Metropolitan Council, etc., but we want to do it smart. We want to make sure that we're wise. This study will certainly help us do that, so I'm all in favor.

EDA President Bailey asked if there were any questions or suggestions from the EDA Members:

EDA Member Tschida asked if we had ever done a study like this before?

Director Larson replied not to her knowledge; however, Council Member Olsen noted that one was done before Director Larson worked for the City, but it was a long time ago and he felt a new study was needed.

EDA Member Tschida stated I agree that this is completely necessary because I love talking about housing. I love the idea of a third-party study, I think it's really important to know what we're looking for. When you talk to builders, they say it's government regulations that are a problem, and when you talk to government, they say it's the builders not building what people want. So, a third party is fantastic if they're looking into that. Now, I'm excited about it and I'm excited in 120 days to see what we get back.

EDA Vice President Olsen stated I just want to respond to the question of whether we've done this before with a little more color for you. Several years ago, I want to say 2012-ish timeframe, we

had a housing summit, so to speak, down at River Oaks. We brought in realtors, we brought in developers, we brought in homebuilders, etc. We got everybody in the room, and we spent a number of hours talking through exactly what you just suggested about sort of what came first, the chicken or the egg; is it regulations, is it building materials, is it lot sizes, what have you, because we truly wanted to understand. I'm going to give credit to the Mayor here because when we stepped into our current roles in 2008, the economy was in a really bad place, and one of the things that we had to do our first year is we had to cut about \$900,000 out of our budget in the first year that he started as Mayor and I as a City Council Member. It was a tough time. But one of the things that the Mayor stated at that time to the Council and to the staff was we know that the economy is going to turn around, and we want to be prepared for that. We want to be out in front, we want to make sure that we have all our ducks in a row when things change so that we can move forward quickly, and we did, and that study was part of that; that conversation was a part of that so that we had a better feel for how do we make sure that builders, developers, etc. feel like Cottage Grove is open for business and we're ready to go to work. And so we streamlined our permitting process, we took a very hard look at some of our ordinances, which we just did again this year, and we made some pretty significant changes in the way that we do business. That led to what we're experiencing now, which is what I would describe as intelligent growth, but growth nonetheless, and very consistent growth, year over year over year over year. So, we definitely dug deep, but as you know, the markets change constantly, they're always fluctuating. So, we felt like it was a good time to sit down and do that again, and we meet with those folks regularly, we try very hard to understand their points of view, while still maintaining the integrity of the community in a way that we feel is appropriate. I think this will definitely help us take the next step, and then I'm certain that eight-to-ten years from now we'll take another step and so on, just to make sure that we're still on track with the market. That information that we got was good information, but it's kind of old right now. So, new information's good. I hope that's helpful.

Recommendation

By motion: Approve the attached agreement with Maxfield Research & Consulting for the creation of a Housing Needs Assessment for the city in an amount not to exceed \$22,875.

EDA Member Tschida made a motion to approve the attached agreement with Maxfield Research & Consulting for the creation of a Housing Needs Assessment for the city in an amount not to exceed \$22,875. Motion was seconded by EDA Member Jean-Baptiste. Motion passed unanimously (7-to-0 vote).

4.7 GROW MINNESOTA! PARTNERSHIP PROGRAM

Director Larson stated the Grow Minnesota! Program is part of the Minnesota Chamber of Commerce. Economic Development Agencies, and other organizations in the business of economic development can join Grow MN! however, they're not a member of the Chamber. We thought in reviewing this that it kind of really complements the reigniting of our BR&E Program and what we're going to talk about in the workshop here in just a little bit. Some of the services that we think kind of stand out is they have specialized software to tabulate survey results, so that's something in your plan we won't have to purchase. They'll provide assistance on BR&E visits, they will produce customizable reports of Statewide business trends and demographics, and our businesses can use their supplier match program database to find local suppliers that might more fit with their business needs, rather than trying to go out of state for certain things. Overall, we think it's a real complement

to what we're doing, so we'd like to try it out for a year, and then we'll do an evaluation and see if it gave us everything that we thought we were going to get, including like shared surveys and online surveys and those sorts of things. Again, we'll talk more about that in the workshop. The annual cost for the Advanced Partnership is \$1,000 and we would recommend our participation.

EDA President Bailey asked if the EDA Members had any questions:

EDA Member Tschida asked do we know how many other cities or EDAs are utilizing this; I assume it's something that most local Chambers of Commerce are doing.

Director Larson replied, interestingly enough, I asked that question just the other day, and there are 80 organizations of various forms who cannot be members of the Chamber but are Economic Development Agencies. So, 80 is pretty good in this area. They've conducted over 14,000 business visits and surveys over the past five years that they've been doing the concentrated program effort. Our local Chamber actually benefits from this partnership because they are allowed to have access; so, we have to coordinate it with them, but they're allowed to have access to the same things we have access to without an additional charge to them because they're a member of the Chamber itself. So, we see it as kind of a really neat partnership because then the Chamber can reach to their membership base, which helps us because there are only so many business visits we can make in a year.

EDA Member Myers had a clarifying question as a former president of the Chamber: Does that benefit mutually flip if the Cottage Grove Chamber spends this \$1,000 next year and in the future, is that something to work with Laurie on to continue to support the City?

Director Larson replied sure, we can talk about that. EDA Member Myers stated I was just curious because I talk with Laurie; Director Larson stated I have no idea why it wouldn't work that way. EDA Member Myers stated I know she is involved in the Minnesota Chamber; I'm just wondering if this has been filtered to her. Director Larson stated yes, we've actually had group meetings with Sean O'Neil, our point person at Grow MN, with Laurie; so, Laurie knows that they're going to get access to this and then it's just a matter of the coordination because, obviously, we don't want to try to visit or survey the same businesses.

Recommendation

By motion: Authorize participation in the Grow Minnesota! Program at the Advanced Partnership Level in the amount of \$1,000.

EDA Member Myers made a motion to authorize participation in the Grow Minnesota! Program at the Advanced Partnership Level in the amount of \$1,000. Motion was seconded by EDA Member Jean-Baptiste. Motion passed unanimously (7-to-0 vote).

4.8 DOMINION CERTIFICATION OF COMPLIANCE

Director Larson stated this is not an action item, this is just a report to the EDA. For those of you who are newer to the EDA, one of the requirements of the Dominion TIF Agreement that the EDA entered into with them was that they would report annually and make sure that they are in compliance with their TIF. Their TIF requires that 80% of the housing units be affordable senior housing and another 20% is affordable but not necessarily restricted to seniors. If any of you recall some of the previous conversations in either City Council Meetings or elsewhere, you can't say it's just senior housing; the Federal government requires that a percentage of the housing be utilized by people who may not be seniors but otherwise would be considered disadvantaged and qualify for affordable

housing. On February 13, we received a Certificate of Compliance from Dominion, it was in your packet, along with the Tax Credit Project Report, Unit Status, but that report is not in your packet because it's confidential information; it's literally everything about the tenants, so that one you don't see, but it will stay on file with the City. Staff reviewed those documents, discussed it with the Finance Department, and we concur that they are in compliance with their Development Agreement. Again, no action is needed, but we're happy to answer any questions about it.

EDA President Bailey asked if there were any questions from the EDA Members:

EDA Vice President Olsen stated with regard to Dominion and their certification process, I'm curious if we have gotten any additional information from them on their rental increases for this year. I know that the last couple of years there was some noise about overly egregious increases in rent. One of the things that Dominion shared with us in both of those circumstances was they were simply following the law, HUD sort of guides that process for entities like Dominion. Has there been any dialogue this year about rental increases?

Director Larson stated there has been an increase for 2024 and she had asked them the other day to confirm the increase and they have not. However, at meetings with the City Administrator, the Mayor, and I with one of the owners of Dominion he said the increase for the 2024 is 4%, but you can't tell that by what they produced unless we literally compared every single unit, which we did not do. I'll get that answer back to you if they confirm that it was more than 4%.

EDA President Bailey stated if the public or the EDA Members understand, Dominion has been in the news because there have been some concerns about the high rates of the rents, how much they went up, and then there are some concerns about parking fees and more electrical fees.

Director Larson stated they so seem to have a lot of add-on fees, so that would affect the percentage increase in rates.

EDA President Bailey stated I actually worked with a tenant to kind of provide some data and some information that they're getting, and then also provided it to the County. Jointly, the City of Woodbury, Cottage Grove, and the County submitted a letter of concern to the Attorney General's Office; we just want to make sure that seniors everywhere are not being gouged when it comes to all of these extra service fees that get placed on some of these charges that they get.

One of the other things I will say is affordability is also kind of a slippery slope. The reason I say that is what is deemed affordable in Washington County is not the same as what may be affordable in Hennepin County, Ramsey County, or Dakota County; it's all based on the Area Median Income (AMI) in that county. Ironically, Washington County has some of the highest AMI in the State of Minnesota. So, of course, what's considered affordable in our community or Washington County is a higher number than if somebody were to move to a different county or different city. So, that's been the challenge, trying to educate and understand why it's so much more to live at a Dominion subsidized housing product in Cottage Grove than maybe somewhere else within the metro.

Director Larson stated as a Council, you've done a great job; you've had Trellis and Roers Companies come in, and those are going to be very affordable. The Council has been transmitting their philosophy that they want affordable to be affordable and have done a lot of things that have caused builders to think they better pay attention to that. So, that's a good thing.

EDA Member Tschida stated I guess Dominion says they've raised rents 4%; can we try to verify that?

Director Larson said yes, we are trying and will advise what we hear back.

EDA Member Tschida stated that'll be really great if you can. Do we know what the increase in Social Security was last year, because they're on fixed incomes, their income doesn't go up on AMI.

Director Larson replied Brenda is looking it up right now. It's not a lot, it's like a couple hundred dollars a month for the person who is just on Social Security. Brenda stated the increase was actually 3.2%.

EDA Member Tschida stated it was 3.2%, and it's a 4% rent increase, so that's close.

EDA Member Jean-Baptiste stated so, as part of that, I know they're kind of guided by HUD, as far as what their rent increases can be. Do we have the opportunity to kind of say if you're going to be in this City, this is your new rent increase, and make sure that they're not going above and beyond a certain amount?

Director Larson replied well, yes and no. It's a good question, but it's complicated, and the two Council Members have been through many times. According to our City Attorney, you can't place rent controls on builders because some things are mandated by state law which takes precedent. HUD has their mandatory range and right now you can raise rent as much as 12.5%. But just because you can, should you? And those are the types of conversations that the Council has with people who want to do affordable housing; I know you can, but should you? So, when they were discussing this with Trellis for example, Trellis shared that have never raised their rents more than 3% in any given year. They even showed us proof of that, so, it's a different philosophy for them.

EDA President Bailey stated it's a great question because using Trellis as an example, we are as a City EDA giving some cash, not TIF, but cash, am I correct?

Director Malinowski replied we're giving a forgivable loan of cash, but it is from one of our old decertified TIF Districts, TIF 1-8, which was a housing district.

EDA President Bailey stated and the purpose behind that was to make sure that percent of AMI is 30%, which is extremely low compared to everyone else. When they came in and said that, they told us if we could help them with this bit of money, and it's not significant, they could keep that number that low. We said absolutely, that makes more sense. Actually, at one point we discussed or verified with The Legends, Dominion, just to make sure they were following, which is why you're seeing this; we wanted to make sure that they are doing what they're supposed to do. There might be some other things in there that we might be concerned about, but the reality is from a TIF Certification of Compliance, they've actually been achieving it. I think the Council and the EDA have been much more aware now of what is truly affordable, and if there are certain things we can do as a community, a City, and EDA to help bring better projects to town that are much more affordable, then we're more willing to entertain that.

5 PUBLIC HEARINGS - None.

6 OTHER BUSINESS

6.1 EDA CALENDAR

EDA President Bailey stated the EDA Calendar has been provided.

6.2 EDA COMMENTS

EDA Vice President Olsen stated there was a lot of good stuff on the agenda today. If you'll notice, pretty much everything revolved around TIF. I'm new to the body this year, I've been on the body previously, but I'm new to this group. What I don't know is whether there's ever been any training from our TIF attorney on what TIF is, how it works, why we use it, etc. Further, understanding that TIF is just one tool in the toolbox, as it relates to economic development: Some cities love to use TIF, it's their preferred method, others don't. Some communities like to use tax forfeiture, tax abatement, or loans. So, I'm wondering would there be any value at some point having a workshop with our TIF attorney and/or Ehlers to just explain to the body these are some of the tools that are available to us. This is what we're doing currently with TIF, this is why, just to make sure everybody's

up to speed because it can get complicated, it can be difficult. When you talk about increment, what is an increment? What does it mean, how does it occur, those kinds of things. I just wanted to suggest that maybe there's a conversation there about doing some training; maybe not, maybe it's already been done, but I just wanted to share that. I had a resident reach out to me about something the other day that I thought was interesting. On our City website, if you're looking to get information on a specific project, it's a little bit cumbersome. The suggestion that the resident made was wouldn't it be neat if we had a "What's New" page. Just here's what's new, here's what's going on in terms of economic development in the City; whether it's a road project or the new Chase Bank, so on and so forth. Because I think the #1 thing we get asked as Council Members, and I know the Mayor does, because he puts little updates out on his Facebook page, hey, what's coming to town, when is it coming to town? What about this, when will that happen, how come Kwik Trip's not here yet, what are we doing with this and that? So, maybe a What's New homepage on our website where people could then click through to look at either a packet or drawings or whatever might be a way to really ensure that #1, we're being as transparent as possible with the public, but also #2, they can just find it without needing to kind of wonder and then figure out which packet it was in, if it was a Planning Commission meeting or was it an EDA meeting. I just wanted to suggest that as something that came my way from a resident. I know we have an outstanding Communications staff, so maybe that's something they could think about.

EDA Member Myers stated just to reply to that, we did get some high-level tutorial early on, probably when we started, but it has been a while since like TIF 101 was explained to this group.

EDA Vice President Olsen stated yes, and it can be complicated, depending on how you format your TIF; it also has to be approved by the State, you can't just do it. There are things that people I think should know. As members of this body, if somebody were to ask you, I would hope we could respond appropriately and have the information we need; EDA Member Myers agreed with that.

Director Larson stated you just brought up the two subjects that are on our task list to address. The new members did receive some initial training but it was from the City Attorney about how the EDA body functions but not about TIF and other incentives in any detail. We recently discussed with the City Administrator that we should have a workshop with Ehlers to review our business subsidy program with the board.

EDA Vice President Olsen stated they did my training years ago, and it was amazing.

Director Larson stated regarding the "What's New" page we're discussing an Economic Development newsletter or projects update page and how to keep it fresh and up to date.

EDA Vice President Olsen stated all you have to do is look at the Mayor's Facebook page; when he puts out updates on things, it gets shared, it gets liked, he gets yelled at. There are definitely many responses. EDA Vice President Olsen stated it's just something a resident brought up that I thought was relevant; Director Larson stated absolutely we agree and will update as we are working through the process with the communications team.

EDA President Bailey stated two things for the group here. Ironically, since we've been talking a lot about housing, with staff's help there was an article in the paper I believe it was last week regarding the Missing Middle legislation that was going through. It is my understanding that the Missing Middle legislation is now dead; can you confirm that?

EDA Member Tschida replied I know it's not moving at the moment; nothing's ever dead.

EDA President Bailey stated that's true up at the Capitol until the session's done, but word has it that there's not support predominantly it sounds like from suburban counties, suburban mayors, me included. And it isn't that we're against it, especially as we talked about affordable housing, it was the way that they're going about doing it, which was of extreme concern. In essence, you could build duplexes, or depending on where you're located, fourplexes, sixplexes next to a single-family home, and the City of Cottage Grove couldn't do a thing about it. We couldn't stop it, we couldn't say what

kind of materials were on the building, we couldn't say you have to have parking for all those tenants; they would be allowed to be on the street, which means in winter months we'd have to change our plowing situation in the community. So, we were very adamantly against it, basically, with the other communities. EDA President Bailey stated so I just thought I would share that with you that that's been discussed quite extensively. We believe that there is, and I think the City does, too, that there is another way to do this. Part of it maybe like we talked about the housing study and things like that to better understand, but I think it was mentioned earlier, like each other blames the other one, right? The developers and the builders blame the cities, and the cities say you're not building or you're gouging. Somewhere in the middle is probably where we need to be, but this particular bill was not, in my opinion, the way to go.

EDA President Bailey stated the other one, ironically, speaking of housing, is just giving everybody an update. I know it got brought up here, if you weren't aware, the Mississippi Dunes Golf Course sold, and they closed, and they started removing trees and the houses, I think there were two down there. If you saw it on the news, there was an attempt to stop it by the Friends of Grey Cloud group. They wanted an immediate injunction, but the judge denied it. Now, there is still kind of a court case, but I think it's out until May; so, by the time the court case were to even come, if it even goes anywhere, I don't know what's left because the project is already in the process of moving forward. The good news I want to share with all of us, and I'll say it again, is 54% of the entire property is going to be park and open space, which is unheard of in developments within our City. Normally, we have to kind of piecemeal stuff together, and we did piecemeal some stuff here, but we worked with our partners, the DNR and Washington County, in order to gain as much of the land as we possibly could. I think the only one that's left right now in that process is the DNR still has to close on the two parcels that we recommended that they purchase as part of the SNA Dunes area there. I just thought I'd share that with the EDA group here that that is proceeding, everything's moving forward.

Lastly, don't forget is this Volunteer Month, and we have a Volunteer Banquet. I'm hoping all of you are going to be able to be there; if not, thank you for volunteering on the EDA. Our banquet is this Thursday at River Oaks Golf Course at 6:00 p.m. I'm going to be doing a little State of the City just to kind of share some of the things that everybody likes to hear about, what's going on here in our community, just before we have dinner, which will be served around 7:00. We will have our presentation after that. It's just our little way of thanking all the volunteers, whoever you are, that make our community great, so, thank you!

6.3 RESPONSE TO PREVIOUS EDA COMMENTS - None.

7 WORKSHOP - St. Croix Room

7.1 BUSINESS RETENTION AND EXPANSION PROGRAM WORKSHOP

EDA President Bailey said he has to leave, so EDA Vice President Olsen will chair that workshop today. We won't adjourn in here, but will do the adjournment in the St. Croix Room. He looks forward to seeing the information that is shared about the BR&E Program and if there are any changes or adjustments that you want to make. With that, have a good day.

Director Larson presented a brief overview of the BR&E program in the workshop stating that the program has both long-term and short-term goals and objectives.

Program Goals:

- To build relationships, we want to find out what businesses need, how they're growing and expanding, and what we can help with.

- To know what our weaknesses are in the community, what it is that we're not doing that people think we should address.
- To bring good jobs to the city with higher wages.
- Create a consensus about what does BR&E look like, what services do we need, what things do the City Council and all of the Boards and Commissions need to be working on, including the EDA.

Short-Term Objectives:

- We want to support the business.
- Help improve profitability if we can.
- We want businesses to know that we value them in the community and all the things that they're doing.
- We want to make sure that we have an implementation plan to improve the business climate. This City has worked really, really hard on improving the relationships and fostering a good relationship.
- Compile an inventory of existing businesses with contact information.

EDA Member Carey stated that he had to leave shortly so asked to share his thoughts about the fact that some visits are important but perhaps sending postcards or emails to literally every business in Cottage Grove, suggesting them to at least do the survey. Then, from the survey, maybe that's how you can determine who are the most-interested businesses versus like us trying to select who those are, but not knowing.

Director Larson stated exactly, that's part of the homework. Once you've had the chance to read all of this we will follow up and refine the plan and report back.

EDA Member Meyer said what I envision is if we were to send me a postcard or email, I'd be like this is the City, we want to help provide support and improve your profitability, please let us know how to do it. I'm going to answer that survey and give you some feedback.

EDA Vice President Olsen stated we also work through various organizations that some of our businesses may be part of the Chamber came up earlier. We can work through the Chamber and make connections to inform them about this. In the past, when we've done this, we worked with State agencies, like DEED, and we've also worked with some of the tech agencies. That's actually how we got focused on our Business Park for development several years ago. We used to send postcards; however, we found that other methods of communication tended to be a bit more effective such as emails so I think that we definitely need to keep doing that.

Director Larson stated part of the homework is also to determine if you want to go on the visits as well. As for the survey we should ask ourselves things like are we asking too many questions, not enough questions? Are we asking questions that we really couldn't follow up on, even if they answered the question? Now is the time to really look with a critical eye about what we ask them and why we ask them certain things. Two different surveys are included in your packets for review. Director Larson stated so, as we move along, we will be reaching out to you because you're going to get a follow up email: Did you do your homework, have you read everything, and what are you thinking? Do we need to meet again?

EDA Vice President Olsen stated just as a note for the body here, the City, the EDA has been doing BR&E for longer than I was on the City Council. It evolves, but some programs that you might be familiar with, that have been a result of BR&E are: DARTS, the Façade Improvement Plan, and during the pandemic, we did some grants for some restaurants in town to help them maintain their staffing level and pay their people, etc. Those were all offshoots of the feedback that we got. It seems

like maybe this is just one more thing we have to do, but the fact of the matter is there's been a lot of value to it.

Director Larson stated the Program Summary will just give you that brief history of the very things that EDA Vice President Olsen just said, which is what did they do after they did the visits, and what have we changed. Things have changed, there's more fiber and broadband in the area, more is coming, more businesses have been added to the Business Park, businesses in the Business Park like Renewal and Van Meter have expanded. So, all of those things that came out of BR&E to begin with are happening with all those connections being made, the Business over Breakfast, where they could just talk to one another because they don't ever get out of those big buildings half the time.

EDA Member Carey shared that he built his business by participating in the process. So, there's just a lot of things that have positively occurred, and now as the City makes these strategic plans to develop the properties along Highway 61 and all the way up to 70th, headed towards Woodbury things will change even more.

EDA Vice President Olsen asked if there were any questions for Director Larson or the staff.

EDA Member Tschida asked should we respond to the questions being asked today.

Director Larson stated we'll send you a follow up email in a week or so after you've had a chance to review all of the information and get feedback on the survey, visits and your preferred involvement in the process.

8 PRESENTATIONS - None.

9 ADJOURNMENT

EDA Member Jean-Baptiste made a motion to adjourn. Motion was seconded by EDA Member Meyer. Motion passed unanimously (6-to-0 vote). The meeting was adjourned at 8:56 a.m.

Respectfully submitted,

Gretchen Larson
Economic Development Director

/jag

Preserve. Play. Prosper.

*Enhancing Parks, Recreation,
and Outdoor Spaces.*

Zac Dockter, Director of Parks and Recreation
City of Cottage Grove
July 9, 2024



Visit PreservePlayProsper.org
for more information!



A City for All to Connect, Thrive, and Play



- Recreation is at the heart of Cottage Grove. Our city's residents value the city's parks and trails, recreation facilities and activities, and natural open spaces.
- We take great pride in our outdoor spaces. However, our parks and recreational infrastructure are aging, as our population and park usage are increasing. It has been 40 years since the last voter-approved referendum for parks which created the regional parks system of today.



Inviting Residents to Reimagine Recreation

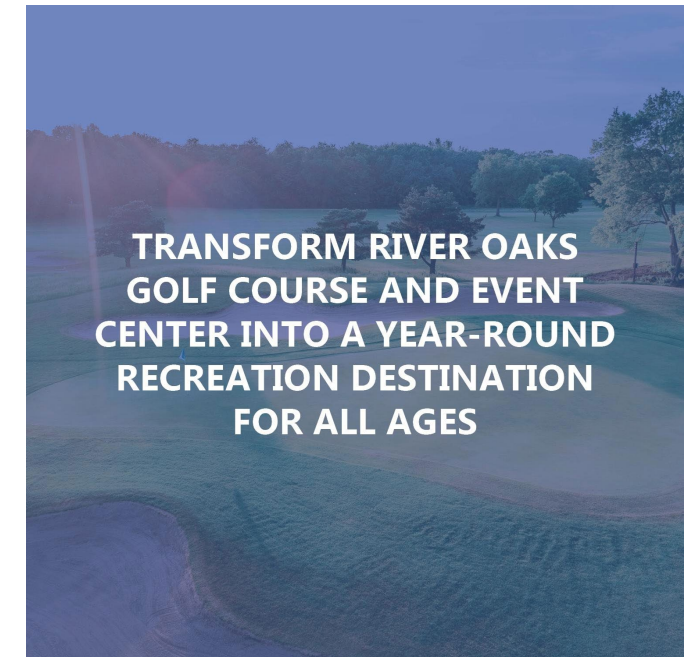


- In 2022, the City of Cottage Grove embarked on a journey to reimagine recreation.
- We conducted an online survey, distributed survey cards at dozens of community events, and made paper surveys available at City Hall and the Cottage Grove Senior Center.
- What our residents want:
 - New and improved recreational opportunities for people of all ages
 - Preservation of natural habitat
 - Enhanced connections to parks and nature

Introducing Preserve. Play. Prosper.



- Based on community feedback, the city is proposing to invest \$36 million to renovate and revitalize our parks, recreational offerings, and outdoor spaces.
- The plan focuses on three projects:



Upgrade and Enhance Hamlet Park



**Hamlet Park is the oldest and largest park in Cottage Grove.
It has not received a significant investment since 1984.**

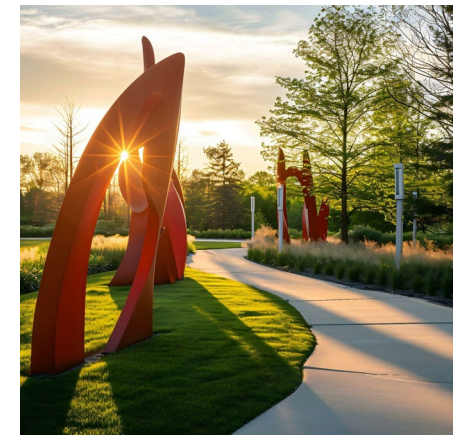


Upgrade and Enhance Hamlet Park

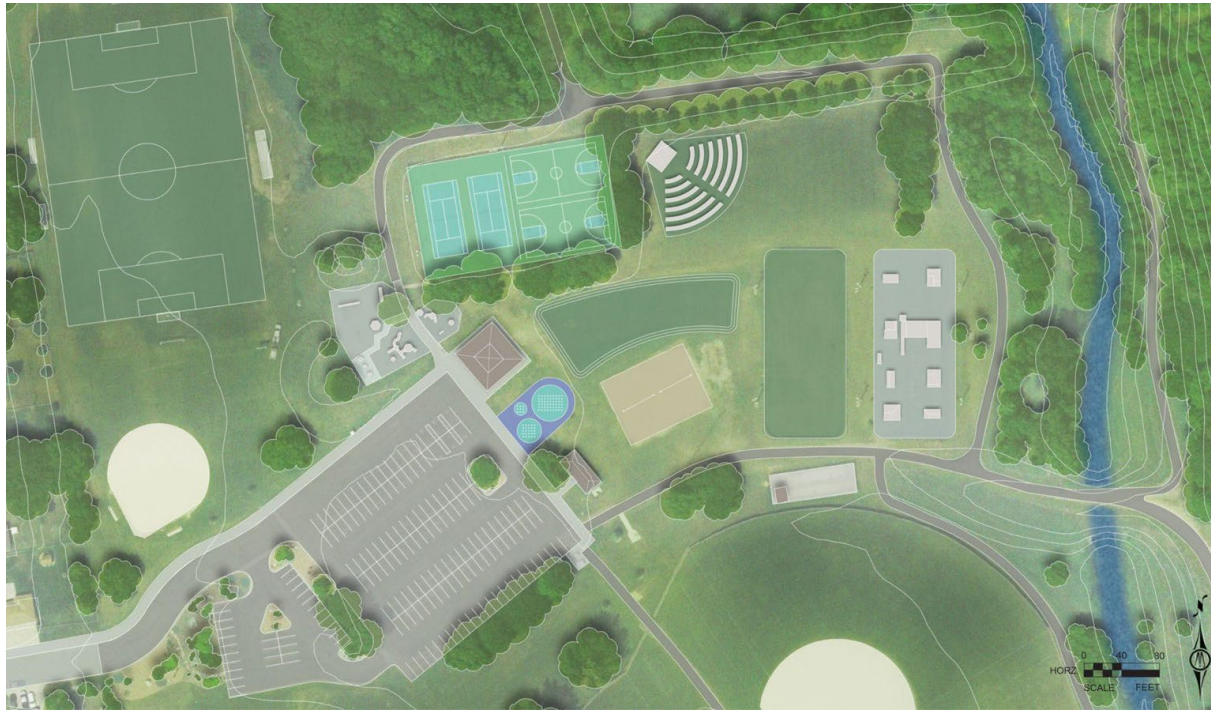


- **The proposed plan would invest \$17 million to:**

- Upgrade play equipment
- Build a new four-season recreation building
- Install a splash pad
- Create a skateboard park
- Build an amphitheater
- Create an art walk/sculpture garden with benches and informational kiosk
- Add a synthetic turf sports field with lighting
- Finish the south baseball park complex by constructing two additional baseball fields, and completing the third parking lot, entry road, trails and landscaping.



Upgrade and Enhance Hamlet Park



A First-of-its-Kind Park at Mississippi Dunes Park



The city has a unique opportunity to create a new 33.3 acre nature-themed public park along the Mississippi River.



A First-of-its-Kind Park at Mississippi Dunes



- **The proposed plan would invest \$13 million to:**

- Restore and preserve natural habitat
- Build up the shoreline along the river
- Provide recreational river access for canoes, kayaks, small boats, and fishing
- Construct new and enhance existing walking and hiking trails
- Create a nature-based playground
- Provide space for outdoor classrooms
- Build an interpretive learning center
- Add facilities for nature activities and picnicking



A First-of-its-Kind Park at Mississippi Dunes



KEY HIGHLIGHTS

- 1 Wayfinding / Public Art
- 2 Four Season Building (4,000 SF)
- 3 Nature-Based Playground (6,000 SF)
- 4 Open Lawn Area
- 5 Terrace / Patio
- 6 Parking Lot (40 Stalls)
- 7 Future Parking Expansion
- 8 Boat Trailer Parking Lot (15 Stalls)
- 9 Boat Launch
- 10 Boat and Kayak Dock
- 11 Tiered Seating Area / Outdoor Classroom
- 12 Multi-use Bituminous Trail (12' Width)
- 13 Crushed Stone Trail (6' Width)
- 14 Mowed Trail (5' Width)
- 15 Overlook / Picnic Area
- 16 Stone Steps Down to River
- 17 SNA Trailhead
- 18 Stormwater Management Area

PLAN NOTES:

Potential future roadway re-alignments of Grey Cloud Trail & County Road 103rd Street, in addition to lot lines & roadways for the proposed residential development, are for **representation purposes only**. Final design and layout for these projects will be refined as both projects move forward.



Transform River Oaks Golf Course and Event Center



River Oaks has the potential to be a year-round, multi-use recreation destination that provides activities for families and people of all ages.



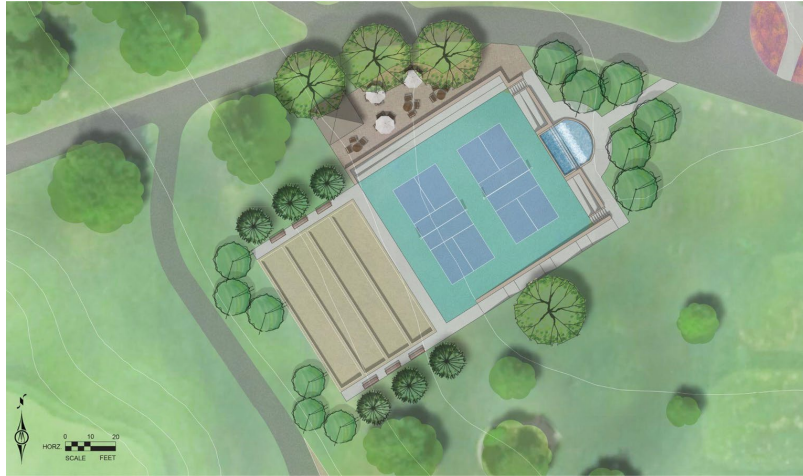
Transform River Oaks Golf Course and Event Center



- **The proposed plan would invest \$6 million to:**
 - Install multi-sports simulators
 - Add pickleball/event court
 - Create a new winter mountain biking course
 - Upgrade the building
 - Enhance the patio dining area
 - Build a 9-hole Himalayan putting green course designed for all skill levels



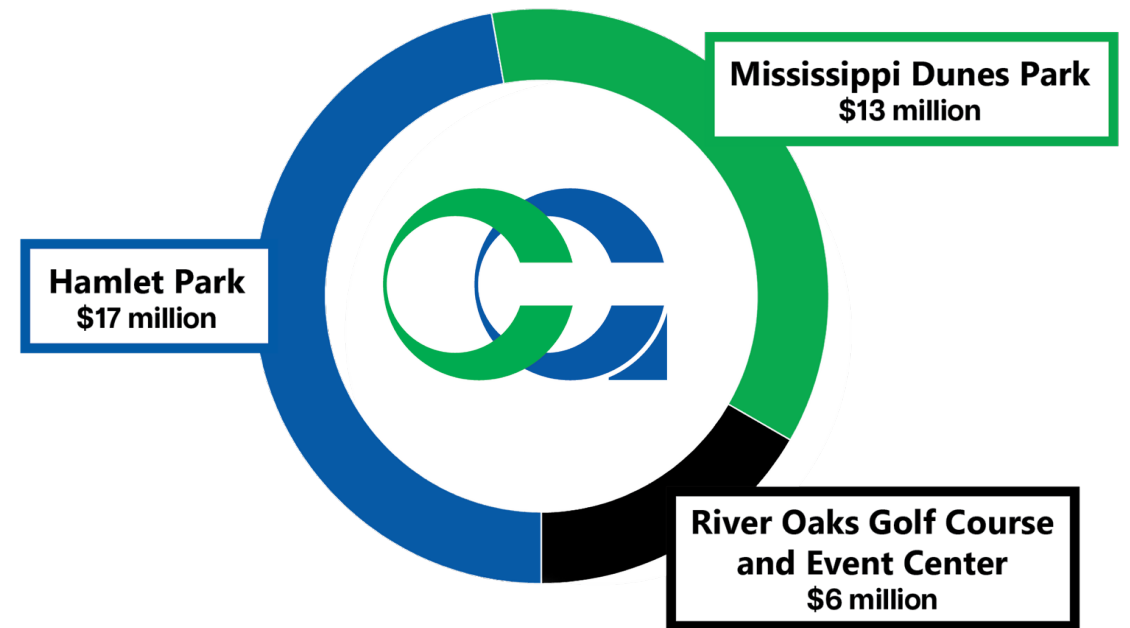
Transform River Oaks Golf Course and Event Center



Shared Investment in Our Community



- The **Preserve. Play. Prosper.** plan is designed to invest in parks and recreation and deliver the activities and offerings our residents want, and responsibly use taxpayer dollars to fund needed improvements.
- **To fund this proposed community investment plan, the city is asking Cottage Grove residents to consider a half-percent local sales tax as part of the general election on Tuesday, Nov. 5, 2024.**
- If approved by Cottage Grove voters, the local sales tax is expected to generate \$36 million spread over a 25-year period.



Why a Local Sales Tax?



- **A 0.5% local sales tax** ensures that residents and nonresidents **share in the cost** of this community investment.
- **If the plan were financed by a property tax increase, the cost burden would fall solely on Cottage Grove property owners.**

31.3%

of the sales tax would be paid by nonresidents

How a Local Sales Tax Works



- **A 0.5% local sales tax is applied to the same items and services and follows the same exemptions as the state sales tax.** The following items are not taxed:
 - Groceries, clothing, prescription and over-the-counter medications, and baby products.
- Anyone who purchases qualifying items and services in Cottage Grove would pay the half-percent local sales tax.

Each Cottage Grove resident is estimated to pay, on average, an additional \$22.99 in sales tax per year or about \$1.92 per month.













\$22.99
in sales tax per year

The 0.5% local sales tax amounts to **1 penny for every \$2 spent.**

On the Ballot — One Project, Three Locations



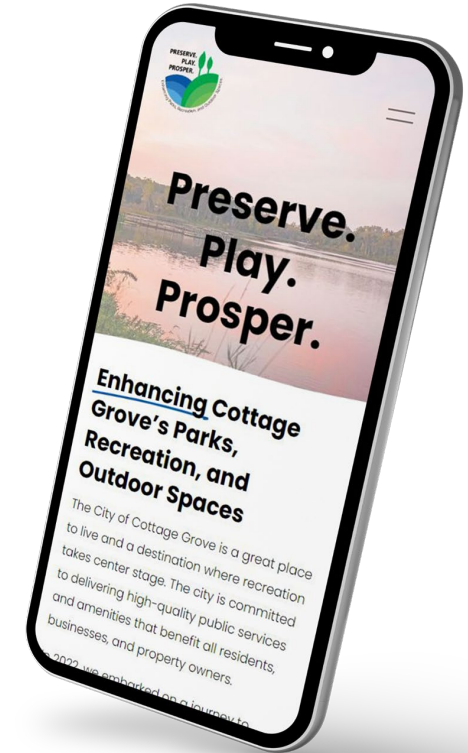
- **Preserve. Play. Prosper.** is a comprehensive plan to renovate and revitalize parks and recreation in Cottage Grove.
- Our community helped shape this plan, and now residents will have the final say on this important community investment.
- Each of the three projects will be presented to voters as separate ballot questions.
- **If voters approve one, two, or all three ballot questions, the City is only authorized to impose a single half-percent sales tax for a maximum of 25 years or until enough sales tax revenue has been collected to pay for the cost of the projects approved by voters.**

# of Questions Approved				Sales Tax Impact
All three questions pass	 Pass	 Pass	 Pass	0.5% Sales Tax Increase
Two of the three questions pass	 Pass	 Pass	 Fail	0.5% Sales Tax Increase
Only one question passes	 Pass	 Fail	 Fail	0.5% Sales Tax Increase
None of the questions pass	 Fail	 Fail	 Fail	No Sales Tax Increase

A Community Investment, A Community Decision



- **On the city's project website**, residents can learn more about:
 - The plan
 - The needs it would address
 - Cost and tax impact
 - Voting information
 - Answers to frequently asked questions
- We encourage everyone to learn more about the project and make their voice heard on or before Election Day.
- **Important dates:**
 - Early voting begins Friday, Sept. 20, 2024.
 - Election Day is Tuesday, Nov. 5, 2024.



Learn more by visiting
PreservePlayProsper.org

WHERE TO FIND MORE INFORMATION



REFERENDUM WEBSITE

[PreservePlayProsper.org](https://www.PreservePlayProsper.org)

SOCIAL MEDIA

Facebook: [@CottageGroveMinnesota](https://www.facebook.com/CottageGroveMinnesota)

Instagram: [@cottagegrovemn](https://www.instagram.com/cottagegrovemn)

X/Twitter: [@cottagegrovemn](https://twitter.com/cottagegrovemn)

CONTACT:

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ZDockter@cottagegrovemn.gov

QUESTIONS?



*Prepared and paid for by the City of Cottage Grove, 12800 Ravine Parkway S., Cottage Grove, MN 55106.
This publication is not circulated on behalf of any candidate or ballot questions.*



Local and Statewide Affordable Housing Aid

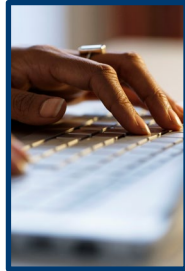
Today's Topics



Business Subsidy and Public Financing Policy



Public Financing Tools



Legislative Changes



BUSINESS SUBSIDY & PUBLIC FINANCING POLICY

What is a Business Subsidy

1. Assistance to commercial developments

- With some exceptions

2. Assistance over \$150,000

- Loans, grants, interest rate write down, etc.



Business Subsidy Policy / Public Finance Policy

- Required by Statute
- Must Have:
 1. Minimum job requirement
 - **1 New** FTE
 2. Wage floor
 - **200%** of State Minimum Wage
 - 2024 Minimum Wage is **\$10.85** for large employers so required to be at **\$21.70**
- Public Finance Policy (not required by Statute)
 - Process to apply for assistance
 - Requirements for assistance
 - Priorities for projects to receive assistance

Cottage Grove Objectives For Public Financing

- One or more of the following objectives must be met:
 1. Remove blight and/or encourage redevelopment in designated redevelopment/development area(s)
 2. Expand and diversify the local economy and tax base
 3. Encourage additional unsubsidized private development in the area, either directly or through secondary “spin-off” development
 4. Offset increased costs for redevelopment over and above the costs that a developer would incur in normal urban and suburban development
 5. Facilitate the development process and promote development on sites that could not be developed without public financing assistance
 6. Increase the number and diversity of quality jobs and/or retain local jobs at high wages
 7. Provide the highest and best desired use for the property
 - 8. Improve or add public infrastructure such as roads, utility extensions, storm water ponding, etc.**
 - 9. Establish business interest that add to the diversity of the City’s offerings**

Cottage Grove Desired Qualifications

- Proposals that encourage the following will receive priority consideration:
 1. Implements the City's vision and values for a City-identified redevelopment area in order of priority:
 - **Business Park**
 - **Gateway North District**
 - **Cottage View District**
 - **Langdon and along portion of West Point Douglas Road, including the Majestic Ballroom**

Cottage Grove Desired Qualifications

2. Provides opportunities for corporate campus or medical office development
3. Provides opportunity for hi-tech, med-tech, R & D facilities/office or major manufacturer
4. **Provides for development of limited or full-service hotels**
5. **Provide Opportunities for entertainment venues such as a movie theater, family fun center or larger attraction unique to the City**
6. Promotes multi-family housing investment that meets the following City goals:
 - a) Provides housing options not currently available
 - b) Provides affordable and/or workforce housing that include amenities similar to those found in market rate housing
 - c) Provides market-rate housing with high-end finishes and amenity package

Cottage Grove Desired Qualifications

7. Redevelops a blighted, contaminated and/or challenged site
8. Attracts or retains a significant employer within the City
9. Provides significant rehabilitation or expansion and/or replacement of existing office, manufacturing or commercial facility
10. **Provides façade improvements (including building facades, signage, landscaping and parking lots) for commercial/industrial developments**
11. **Adds needed road, access, multi-modal improvements and or public infrastructure**
12. **Provides opportunities for small businesses (under 50 employees)**
13. Provides significant improvement to surrounding land uses, the neighborhood, and/or the City



PUBLIC FINANCING TOOLS

Public Financing Tools

- **TIF**
- **Tax Abatement**
- Grants
- Loans (EDA funds)
- Local Affordable Housing Aid (LAHA)
- Other



2024 LEGISLATIVE CHANGES

LAHA - Other Program Requirements

- The aid must **supplement and not supplant** any existing “Locally Funded Housing Expenditures.”
- To comply with this requirement, local governments must...
 - ✓ Report their local funded housing expenditures from the two previous fiscal years
 - ✓ Detail and justify any expenditure reduction(s)
 - ✓ Post the report publicly on their website
- Counties must regularly consult with local governments within their jurisdiction on qualifying projects

Affordable Housing - Tax Credits

- Required to provide **prevailing wage**
- Increase in construction costs of **10% to 15%**
 - ✓ Means more local subsidy dollars may be needed
 - ✓ Many of the affordable housing developers are pausing or not moving forward with projects

TO: Economic Development Authority
Jennifer Levitt, Executive Director

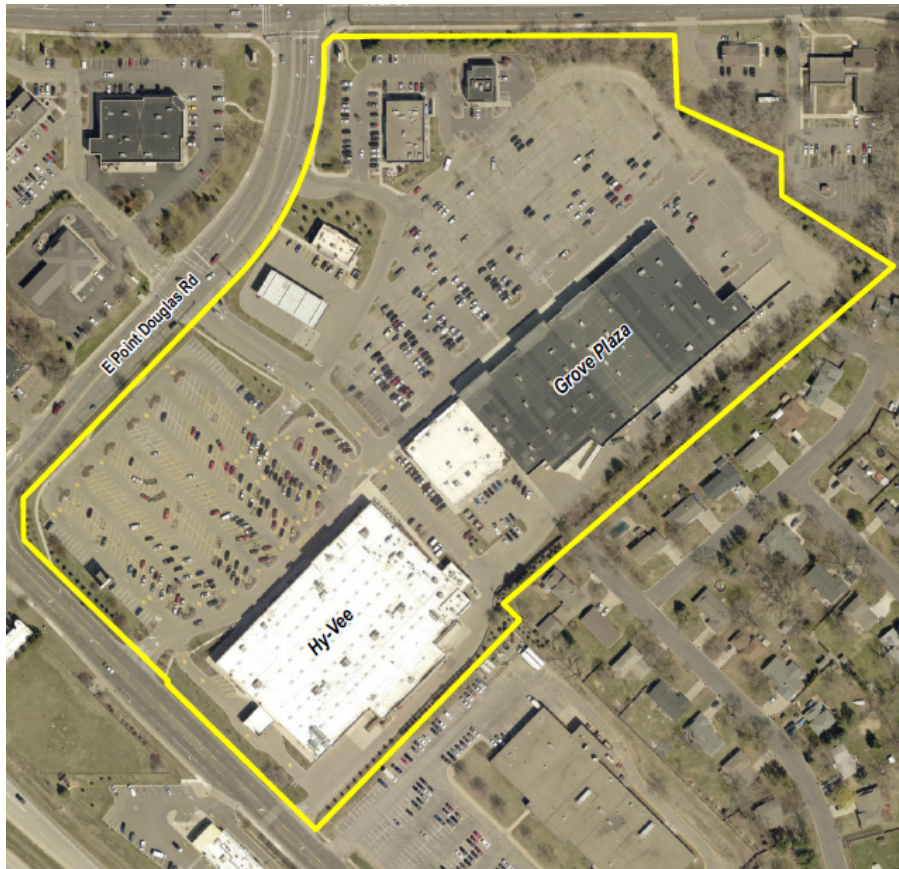
FROM: Gretchen Larson, Economic Development Director

DATE: July 2, 2024

RE: Resolution requesting decertification of Tax Increment Financing District No. 1-12

Background

In 1985 the EDA created Development District No. 1. In 2001 TIF 1-12 was created and was a part of the development where Grove Plaza and Hy-Vee are now located.



In 2006 the original owners transferred their residential rights to a commercial developer PHS/Cottage Grove, Inc. The developer then began plans to revitalize the center. At the time of the first development agreement the market value of the property was \$4,025,000. Over the next 10 years a number of amendments were requested by the developer with the

final amendment request in 2016. A taxable tax increment note in the amount of \$2,400,000 for the public improvements, roadways, traffic signals, and water and sewer infrastructure was issued in 2017 with the first payment beginning on February 1, 2017 with an end date of February 1, 2029. For comparison, when the District was created the tax capacity was \$219,697 and today the tax capacity for the District is \$1,295,089.

Our financial consultants at Ehlers and the City Finance Director have reviewed all required paperwork and have determined that as of August 1, 2024 all obligations to which Tax Increment from the TIF District is pledged have been paid in full. Once it has been determined that all obligations have been met, the city must decertify the TIF District. The attached resolution to decertify TIF District 1-12 has been prepared by the City's TIF Attorney, Ron Batty for consideration.

Recommendation

Approve Resolution 2024-07 Requesting Decertification of Tax Increment Financing District 1-12 and direct EDA staff and consultants to send the Resolution to the Washington County Auditor to decertify Tax Increment Financing District 1-12.

Attachment

Resolution 2024-07

COTTAGE GROVE ECONOMIC DEVELOPMENT AUTHORITY

RESOLUTION NO. 2024-07

**RESOLUTION REQUESTING DECERTIFICATION OF TAX
INCREMENT FINANCING DISTRICT NO. 1-12**

Be It Resolved by the Cottage Grove Economic Development Authority (the “EDA”) as follows:

Section 1. Recitals.

1.01. The EDA previously established Tax Increment Financing District No. 1-12 (the “TIF District”) and is the Authority for the TIF District.

1.02. As of August 1, 2024, all obligations to which Tax Increment from the TIF District is pledged will have been paid in full.

1.03. In accordance with the Tax Increment Financing Act, the EDA has determined it is in the public interest to decertify the TIF District.

Section 2. Decertification TIF District.

2.01. The EDA hereby requests that the Washington County Auditor decertify the TIF District upon receipt of this resolution, after which all property taxes generated by properties within the TIF District will be distributed in the same manner as all other property taxes beginning in 2025.

2.02. EDA staff and consultants are hereby authorized and directed to transmit a copy of this resolution and the confirmation of desertification form to the Auditor and to take any and all additional actions necessary or convenient to carry out the intention of this resolution.

Adopted by the Board of Commissioners of the EDA this 9th day of July, 2024.

Myron Bailey, President

Attest:

Jennifer Levitt, Executive Director



TO: Economic Development Authority
Jennifer Levitt, Executive Director

FROM: Gretchen Larson, Economic Development Director

DATE: June 28, 2024

RE: Resolution requesting decertification of Tax Increment Financing District No. 1-18

Background

TIF 1-18 was created for Modern Automotive Performance (MAP), which was located at 9800 Hemingway Avenue. At the time of District creation, they were operating a 20,000 square foot facility and employed 45 people. In 2017 MAP began looking for sites to expand their operations. After a thorough search of properties in the region, MAP decided to expand at their current facility with a 25,000 square foot expansion that would add 21 new full-time jobs over three years after completion of the expansion. Due to the creation of jobs at a livable wage and a capital investment expenditure of \$1.7 million. The City of Cottage Grove determined that the project qualified for assistance in the form of a tax increment financing (TIF) economic development district (1-18). TIF District 1-18 was formally approved by the EDA and City Council in May of 2018. Total investment in the expanded project was \$1,816,428 and in August of 2020 a principal amount of a Taxable Tax Increment Revenue Note in the amount of \$117,000 was issued.

In late 2023 the city became aware that MAP had decided to relocate to Wisconsin and build a new facility. On January 23, 2024 the city TIF Attorney Ron Batty, sent the building owner, 9800 Hemingway, LLC a certified letter declaring an Event of Default since the building was no longer being used for its original purpose and giving them 30 days' notice to cure the default. On March 28, 2024 Mr. Batty sent another certified letter that stated since the default was not cured, that the EDA would consider adoption of a resolution terminating the Contract for Private Development and the Taxable Tax Increment Note dated May 15, 2019 at their April 9, 2024 meeting.

At the April meeting the EDA approved decertification of Tax Increment Financing District No. 1-18. As staff reviewed the district costs to be reimbursed, it was noted that we needed to retain the 2024 tax increment to pay off the interfund loan that was issued to cover city incurred expenses when setting up the district. These expenses are repaid with the tax increment. Legal counsel and Ehlers recommended that we prepare a new resolution to

supersede the prior resolution to note that the obligations will be paid with August 2024 TIF and that the District will be decertified effectively for taxes payable in 2025.

The attached Resolution 2024-08 has been drafted by the City's TIF Attorney, Ron Batty would supersede and replace Resolution 2024-06 adopted by the EDA on April 9, 2024.

Recommendation

Approve Resolution 2024-08 requesting decertification of Tax Increment Financing District 1-18 and direct EDA staff and consultants to send the Resolution to the Washington County Auditor to decertify Tax Increment Financing District 1-18.

Attachment

Resolution 2024-08

COTTAGE GROVE ECONOMIC DEVELOPMENT AUTHORITY

RESOLUTION NO. 2024-08

**RESOLUTION REQUESTING DECERTIFICATION OF TAX
INCREMENT FINANCING DISTRICT NO. 1-18**

Be It Resolved by the Cottage Grove Economic Development Authority (the “EDA”) as follows:

Section 1. Recitals.

1.01. The EDA previously established Tax Increment Financing District No. 1-18 (the “TIF District”) and is the Authority for the TIF District.

1.02. The EDA also entered into a tax increment financing agreement (the “Agreement”) and issued a taxable tax increment revenue note (the “Note”) in connection with a project in the TIF District but has terminated the Agreement and the Note due to an Event of Default which was not cured in accordance with the Agreement.

1.03. As of August 1, 2024, all obligations to which Tax Increment from the TIF District has been pledged will be paid in full.

1.04. There are no other projects within or costs or financial obligations of the TIF District and the EDA has determined it is in the public interest to decertify the TIF District.

Section 2. Decertification TIF District.

2.01. The EDA hereby requests that the Washington County Auditor decertify the TIF District upon receipt of this resolution, after which all property taxes generated by properties within the TIF District be distributed in the same manner as all other property taxes beginning in 2025.

2.02. EDA staff and consultants are hereby authorized and directed to transmit a copy of this resolution and the confirmation of decertification form to the Washington County Auditor and to take any and all additional actions necessary or convenient to carry out the intention of this resolution.

Section 3. Supersedes Previous Resolution.

3.01. This resolution supersedes and replaces Resolution No. 2024-06 adopted by the EDA on April 9, 2024.

Adopted by the Board of Commissioners of the EDA this 9th day of July, 2024.

Myron Bailey, President

Attest:

Jennifer Levitt, Executive Director



TO: Economic Development Authority
Jennifer Levitt, Executive Director

FROM: Gretchen Larson, Economic Development Director

DATE: July 2, 2024

RE: Resolution approving issuance of a taxable tax increment note to NP
BGO Cottage Grove Logistics Park

Background

In December of 2021 the city created TIF District (No. 1-20) for NorthPoint Cottage Grove Logistics, LLC. As a part of the project the developer was required to make certain public improvements such as construction of street, water, sanitary and other required improvements in the project area. On June 20, 2024 the Public Works Director certified that all required public improvements had been completed.

Since the inception of the district, the developer has requested and been granted three extensions to their development agreement. The third request presented to the EDA was on April 9, 2024. At the meeting an analysis by our financial consultants at Ehlers showed that the fiscal impact of the requested changes to the development agreement would result in TIF of approximately \$7,166,000 vs. the \$12.5M original approved by the EDA. The requests also resulted in a reduction in the number of jobs created from a projected 1,870 to 1,200. The result of all these changes has created a note that will never be paid off therefore, the ability to decertify the district early will likely not happen. The City Administrator, staff and our financial consultants at Ehlers, have discussed the resulting changes with the developers staff and their TIF attorney and they are in agreement with the numbers which were presented to the EDA at the April 9, 2024 meeting.

Now that the required public improvements have been certified as completed, the EDA may now issue a taxable tax increment revenue note for the purpose of financing certain public costs of the Development District. Attached is Resolution 2024-09 prepared by the City's TIF Attorney, Ron Batty, for the issuance of a taxable tax increment revenue note in an aggregate principal amount not to exceed \$7,166,000 for consideration. If approved, the first payment to the developer will be paid on August 1, 2024 and payments will be made each February 1 and August 1 thereafter to and including February 1, 2032.

Recommendation

Approve Resolution 2024-09 approving the issuance of, and providing the form, terms, covenants and directions for the issuance of its taxable tax increment revenue note, series 2024B in an aggregate principal amount not to exceed \$7,166,000.

AUTHORIZING RESOLUTION

COTTAGE GROVE ECONOMIC DEVELOPMENT AUTHORITY

RESOLUTION NO. 2024-09

RESOLUTION APPROVING THE ISSUANCE OF, AND PROVIDING THE FORM, TERMS, COVENANTS AND DIRECTIONS FOR THE ISSUANCE OF ITS TAXABLE TAX INCREMENT REVENUE NOTE, SERIES 2024B IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$7,166,000

BE IT RESOLVED BY the Cottage Grove Economic Development Authority (the “EDA”), as follows:

Section 1. Authorization; Award of Sale.

1.01. Authorization. The EDA has heretofore approved the establishment of Tax Increment Financing District No. 1-20 (the “TIF District”) within the Development District No. 1 (the “Development District”) and adopted a tax increment financing plan for the purpose of financing certain improvements within the Development District. The EDA has authority over the TIF District and the Development District.

Pursuant to Minnesota Statutes, Section 469.178, the EDA is authorized to issue and sell its bonds for the purpose of financing a portion of the public development costs of the Development District. The bonds are payable from all or any portion of revenues derived from the TIF District and pledged to the payment of the bonds. The EDA hereby finds and determines that it is in the best interests of the EDA that it issue and sell its Taxable Tax Increment Revenue Note, Series 2024B (the “Note”), in the aggregate principal amount of \$7,166,000, for the purpose of financing certain public costs of the Development District.

1.02. Agreement Approved; Issuance, Sale and Terms of the Note. The EDA has previously approved the Amended and Restated Contract for Private Development, as amended by the First Amendment, Second Amendment and Third Amendment to same (collectively, the “Agreement”) between the EDA and NP BGO Cottage Grove Logistics Park, LLC (fka NP CG Logistics, LLC), a limited liability company under the laws of Delaware (the “Owner”). Pursuant to the terms and conditions of the Agreement, the Note will be issued to the Owner. The Note will be dated as of the date of delivery and will bear annual interest at the rate of 3.5 percent. In exchange for the EDA’s issuance of the Note to the Owner, the Owner has incurred certain costs related to the Public Improvements (the “Qualifying Costs”, as defined in the Agreement) pursuant to Article IV of the Agreement. The Note will be delivered in the principal amount of \$7,166,000 for reimbursement of the Owner’s costs in accordance with the terms of the Agreement.

Section 2. Form of Note. The Note will be in substantially the following form, with the blanks to be properly filled in and the principal amount and payment schedule adjusted as of the date of issue:

UNITED STATE OF AMERICA
STATE OF MINNESOTA
WASHINGTON COUNTY

No. R-1

\$7,166,000

COTTAGE GROVE ECONOMIC DEVELOPMENT AUTHORITY
TAXABLE TAX INCREMENT REVENUE NOTE, SERIES 2024B

<u>Rate</u>	<u>Date of Original Issue</u>
3.5 percent	_____

The Cottage Grove Economic Development Authority (the “EDA”), for value received, certifies that it is indebted and hereby promises to pay to NP BGO Cottage Grove Logistics Park, LLC, or its registered assigns (the “Owner”), the principal sum of \$7,166,000 and to pay interest thereon at the annual rate of 3.5%, as and to the extent set forth herein. This Note is issued pursuant to the Amended and Restated Contract for Private Development between the EDA and the Owner dated May 10, 2022, as amended by the First Amendment to Amended and Restated Contract for Private Development dated February 14, 2023 and the Second Amendment to Amended and Restated Contract for Private Development dated August 29, 2023 and the Third Amendment to Amended and Restated Contract for Private Development dated April 9, 2024 (collectively, the “Agreement”). Capitalized terms not otherwise defined herein have the meanings provided in the Agreement.

1. Payments. Principal and interest (“Payments”) will be paid on August 1, 2024, and each February 1 and August 1 thereafter to and including February 1, 2032 (“Payment Dates”), in the amounts and from the sources set forth in Section 3 herein. Payments will be applied first to accrued interest, and then to unpaid principal.

Payments are payable by mail to the address of the Owner or any other address as the Owner may designate upon 30 days written notice to the EDA. Payments on this Note are payable in any coin or currency of the United States of America which, on the Payment Date, is legal tender for the payment of public and private debts.

2. Interest. Interest at the rate stated herein will accrue on the unpaid principal, commencing on the date of original issue. Interest will be simple, non-compounding interest and will be computed on the basis of a year of 360 days and twelve 30-day months and charged for

actual days principal is unpaid. To the extent that Available Tax Increment is insufficient to pay principal and interest on any Payment Date, unpaid interest will not be added to principal.

3. Available Tax Increment. Payments on this Note are payable on each Payment Date in the amount of and solely from “Available Tax Increment,” which will mean, on each Payment Date, 90 percent of the Tax Increment attributable to the Property (defined in the Agreement) and paid to the EDA by Washington County in the six months preceding the Payment Date, all as the terms are defined in the Agreement. Available Tax Increment will not include any Tax Increment if, as of any Payment Date, there is an uncured Event of Default by the Owner under the Agreement.

The EDA will have no obligation to pay principal of and interest on this Note on any Payment Date from any source other than Available Tax Increment, and the failure of the EDA to pay the entire amount of principal or interest on this Note on any Payment Date will not constitute a default hereunder as long as the EDA pays principal and interest hereon to the extent of Available Tax Increment. If on any Payment Date there is insufficient Available Tax Increment to pay accrued and unpaid interest on this Note on such date, the amount of such deficiency shall be deferred and paid, without interest thereon, on the next Payment Date on which the EDA has Available Tax Increment in excess of the amount necessary to pay the accrued and unpaid interest on this Note on such subsequent Payment Date. The EDA will have no obligation to pay unpaid balance of principal or accrued interest that may remain after the Final Payment Date of February 1, 2032.

4. Optional Prepayment. The principal sum and all accrued interest payable under this Note is pre-payable in whole or in part at any time by the EDA without premium or penalty. No partial prepayment will affect the amount or timing of any other regular payment otherwise required to be made under this Note.

5. Default. If on any Payment Date there has occurred and is continuing any Event of Default under the Agreement, the EDA may, notwithstanding any notice and cure provisions in the Agreement, withhold from Payments hereunder all Available Tax Increment. If the Event of Default is thereafter cured in accordance with the Agreement, the Available Tax Increment withheld under this Section shall be deferred and paid, without interest thereon, within 30 days after the Event of Default is cured. If on any date there has occurred and is continuing, after notice and opportunity to cure have been provided in accordance with the Agreement, any Event of Default under the Agreement, the EDA may exercise its remedies under the Agreement, including but not limited to terminating this Note. Reference is hereby made to all of the provisions of the Agreement for a fuller statement of the rights and obligations of the EDA to pay the principal of and interest on this Note, and said provisions are hereby incorporated into this Note as though set out in full herein.

6. Nature of Obligation. This Note is a single note in the total principal amount of \$7,166,000 issued to aid in financing certain Qualifying Costs of a Development District undertaken by the EDA pursuant to Minnesota Statutes, Sections 469.001 through 469.047, as amended and is issued pursuant to and in full conformity with the Constitution and laws of the State of Minnesota, including Minnesota Statutes, Sections 469.174 through 469.179, as amended.

This Note is a limited obligation of the EDA which is payable solely from Available Tax Increment pledged to the payment hereof. This Note and the interest hereon will not be deemed to constitute a general obligation of the State of Minnesota or any political subdivision thereof, including, without limitation, the EDA or the city of Cottage Grove. Neither the State of Minnesota, nor any political subdivision thereof will be obligated to pay the principal of or interest on this Note or other costs incident hereto except out of Available Tax Increment, and neither the full faith and credit nor the taxing power of the State of Minnesota or any political subdivision thereof is pledged to the payment of the principal of or interest on this Note or other costs incident hereto.

7. Estimated Tax Increment Payments. Any estimates of Tax Increment or Available Tax Increment prepared by the EDA or its financial advisors in connection with the TIF District or the Agreement are for the benefit of the EDA and are not intended as representations on which the Developer may rely.

THE EDA MAKES NO REPRESENTATION OR WARRANTY THAT THE AVAILABLE TAX INCREMENT WILL BE SUFFICIENT TO PAY THE PRINCIPAL OF AND INTEREST ON THIS NOTE.

8. Registration and Transfer. This Note is issuable only as a fully registered note without coupons. Subject to certain limitations set forth herein, this Note is transferable upon the books of the EDA kept for that purpose at the principal office of the Executive Director of the EDA as Registrar, by the Owner hereof in person or by the Owner's attorney duly authorized in writing, upon surrender of this Note together with a written instrument of transfer satisfactory to the EDA, duly executed by the Owner. Upon the transfer or exchange and the payment by the Owner of any tax, fee, or governmental charge required to be paid by the EDA with respect to the transfer or exchange, there will be issued in the name of the transferee a new Note of the same aggregate principal amount, bearing interest at the same rate and maturing on the same dates.

This Note will not be transferred to any person other than an affiliate, or other related entity, of the Owner unless the EDA has been provided with an investment letter in a form substantially similar to the investment letter submitted by the Owner or a certificate of the transferor, in a form satisfactory to the EDA, that the transfer is exempt from registration and prospectus delivery requirements of federal and applicable state securities laws.

IT IS HEREBY CERTIFIED AND RECITED that all acts, conditions, and things required by the Constitution and laws of the State of Minnesota to be done, to exist, to happen, and to be performed in order to make this Note a valid and binding limited obligation of the EDA according to its terms, have been done, do exist, have happened, and have been performed in due form, time and manner as so required.

IN WITNESS WHEREOF, the board of commissioners of the Cottage Grove Economic Development Authority has caused this Note to be executed with the manual signatures of its President and Executive Director, all as of the Date of Original Issue specified above.

COTTAGE GROVE ECONOMIC DEVELOPMENT AUTHORITY

Myron Bailey, President

Jennifer Levitt, Executive Director

REGISTRATION PROVISIONS

The ownership of the unpaid balance of the within Note is registered in the bond register of the Executive Director of the EDA, in the name of the person last listed below.

<u>Date of Registration</u>	<u>Registered Owner</u>	<u>Signature of EDA Executive Director</u>
_____	NP BGO Cottage Grove Logistics Park, LLC 3315 North Oak Trafficway Kansas City, Missouri 64116 Federal ID #87-3658553	_____

[End of Form of Note]

Section 3. Terms, Execution and Delivery.

3.01. Denomination, Payment. The Note will be issued as a single typewritten note numbered R-1.

The Note will be issuable only in fully registered form. Principal of and interest on the Note will be payable by check or draft issued by the Registrar described herein.

3.02. Dates. Principal of and interest on the Note will be payable by mail to the owner of record thereof as of the close of business on the fifteenth day of the month preceding the Payment Date, whether or not the day is a business day.

3.03. Registration. The EDA hereby appoints the Executive Director to perform the functions of registrar, transfer agent and paying agent (the “Registrar”). The effect of registration and the rights and duties of the EDA and the Registrar with respect thereto will be as follows:

(a) Register. The Registrar will keep at her office a bond register in which the Registrar will provide for the registration of ownership of the Note and the registration of transfers and exchanges of the Note.

(b) Transfer of Note. Upon surrender for transfer of the Note duly endorsed by the registered owner thereof or accompanied by a written instrument of transfer, in form reasonably satisfactory to the Registrar, duly executed by the registered owner thereof or by an attorney duly authorized by the registered owner in writing, the Registrar will authenticate and deliver, in the name of the designated transferee or transferees, a new Note of a like aggregate principal amount and maturity, as requested by the transferor. Notwithstanding the foregoing, the Note will not be transferred to any person other than an affiliate, or other related entity, of the Owner unless the EDA has been provided with an investment letter in a form substantially similar to the investment letter submitted by the Owner or a certificate of the transferor, in a form satisfactory to the EDA, that the transfer is exempt from registration and prospectus delivery requirements of federal and applicable state securities laws. The Registrar may close the books for registration of any transfer after the fifteenth day of the month preceding each Payment Date and until the Payment Date.

(c) Cancellation. The Note surrendered upon any transfer will be promptly cancelled by the Registrar and thereafter disposed of as directed by the EDA.

(d) Improper or Unauthorized Transfer. When the Note is presented to the Registrar for transfer, the Registrar may refuse to transfer the same until she is satisfied that the endorsement on the Note or separate instrument of transfer is legally authorized. The Registrar will incur no liability for her refusal, in good faith, to make transfers which she, in her judgment, deems improper or unauthorized.

(e) Persons Deemed Owners. The EDA and the Registrar may treat the person in whose name the Note is at any time registered in the bond register as the absolute owner of the Note, whether the Note is overdue or not, for the purpose of receiving payment of, or on account of, the principal of and interest on the Note and for all other purposes, and all the payments so made to any registered owner or upon the owner's order will be valid and effectual to satisfy and discharge the liability of the EDA upon the Note to the extent of the sum or sums so paid.

(f) Taxes, Fees and Charges. For every transfer or exchange of the Note, the Registrar may impose a charge upon the owner thereof sufficient to reimburse the Registrar for any tax, fee, or other governmental charge required to be paid with respect to the transfer or exchange.

(g) Mutilated, Lost, Stolen or Destroyed Note. In case the Note becomes mutilated or is lost, stolen, or destroyed, the Registrar will deliver a new Note of like amount, maturity dates and tenor in exchange and substitution for and upon cancellation of the mutilated Note or in lieu of and in substitution for the Note lost, stolen, or destroyed, upon the payment of the reasonable expenses and charges of the Registrar in connection therewith; and, in the case the Note lost, stolen, or destroyed, upon filing with the Registrar of evidence satisfactory to it that the Note was lost, stolen, or destroyed, and of the ownership thereof, and upon furnishing to the Registrar of an appropriate bond or indemnity in form, substance, and amount satisfactory to it, in which both the EDA and the Registrar will be named as obligees. The Note so surrendered to the Registrar will

be cancelled by her and evidence of the cancellation will be given to the EDA. If the mutilated, lost, stolen, or destroyed Note has already matured or been called for redemption in accordance with its terms, it will not be necessary to issue a new Note prior to payment.

3.04. Preparation and Delivery. The Note will be prepared under the direction of the Executive Director and will be executed on behalf of the EDA by the signatures of its President and Executive Director. In case any officer whose signature appears on the Note ceases to be the officer before the delivery of the Note, the signature will nevertheless be valid and sufficient for all purposes, the same as if the officer had remained in office until delivery. When the Note has been so executed, it will be delivered by the EDA to the Owner following the delivery of the necessary items delineated in Section 4.3 of the Agreement.

Section 4. Security Provisions.

4.01. Pledge. The EDA agrees to pay the principal of and interest on the Note from Available Tax Increment as defined in the Note. Available Tax Increment will be applied first to accrued interest, and then to unpaid principal of the Note in accordance with the terms of the form of Note set forth in Section 3 of this resolution.

4.02. Bond Fund. Until the date the Note is no longer outstanding and no accrued interest or principal thereof (to the extent required to be paid pursuant to this resolution) remains unpaid, the EDA will maintain a separate and special “Bond Fund” to be used for no purpose other than the payment of the principal of and interest on the Note. The EDA irrevocably agrees to appropriate to the Bond Fund in each year Available Tax Increment which is not otherwise obligated. Any Available Tax Increment remaining in the Bond Fund will be transferred to the EDA’s account for the TIF District upon the payment of all principal and interest to be paid with respect to the Note.

Section 5. Certification of Proceedings.

5.01. Certification of Proceedings. The officers of the EDA are hereby authorized and directed to prepare and furnish to the Owner of the Note certified copies of all proceedings and records of the EDA, and the other affidavits, certificates, and information as may be required to show the facts relating to the legality and marketability of the Note as the same appear from the books and records under their custody and control or as otherwise known to them, and all the certified copies, certificates, and affidavits, including any heretofore furnished, will be deemed representations of the EDA as to the facts recited therein.

Section 6. Effective Date. This resolution will be effective upon execution by the President and Executive Director following authorization by the board of commissioners of the EDA.

Adopted by the board of commissioners of the Cottage Grove Economic Development Authority,
this 9th day of July, 2024.

Myron Bailey, President

Jennifer Levitt, Executive Director



To: President Bailey and Members of the Economic Development Authority
Jennifer Levitt, EDA Executive Director

From: Gretchen Larson, Economic Development Director
Brenda Malinowski, Finance Director

Date: July 2, 2024

Subject: Housing and Redevelopment Authority (HRA) Preliminary Levy

Background

The Economic Development Authority (EDA) is a legal entity that was created by the City of Cottage Grove to facilitate a well-rounded program for business assistance and development projects. In addition, the City granted the EDA with Housing and Redevelopment Authority (HRA) powers in the by-laws when the EDA was established. Due to the structure of the EDA, property tax levies can be approved for both EDA and HRA activities.

EDA property tax levies can be used for economic or redevelopment activity. Currently, City Council approves an EDA property tax levy as part of the approval for the city's property tax levy. For 2024, the amount is \$275,000.

In addition to the EDA property tax levy, a separate tax levy may be established to be used for housing and redevelopment activities. These levies are known as HRA levies. HRA levies can be used for the following:

- To provide a sufficient supply of adequate, safe, and sanitary dwellings to protect the health, safety, morals, and welfare of the citizens,
- To clear and redevelop blighted areas,
- To perform those duties according to the comprehensive plans,
- To remedy the shortage of housing for low and moderate residents, and to redevelop blighted areas, in situation in which private enterprise would not act without government participation or subsidies,
- In cities of the first class, to provide housing for persons for all income.

For 2025, it is recommended to have both an EDA Levy and a HRA Levy in to recognize the housing and redevelopment activities that are occurring throughout the City for transparency purposes. It is proposed to levy the following:

	2024 Property Tax Levy	2025 Proposed Property Tax Levy
EDA Property Tax Levy	\$275,00	137,500
HRA Property Tax Levy	-0-	137,500
Total	\$275,000	\$275,000

An HRA levy is subject to an .0185% estimated market value limit or approximately \$1.1 million based upon taxes payable in 2025. A Public Hearing to consider the adoption of the final levy will be held by the Economic Development Authority at a regular meeting on December 3, 2024 at 6:00 pm. The attached Resolution 2024-10 authorizes a preliminary levy to be set on taxable property of the City of Cottage Grove, Washington County, Minnesota for fiscal year 2025, a special benefit tax levy, not to exceed \$137,500 per Proposed 2025 Budget on file with the City.

Recommendation

Approve Resolution 2024-10 authorizes a preliminary levy to be set on taxable property of the City of Cottage Grove, Washington County, Minnesota for fiscal year 2025, a special benefit tax levy, not to exceed \$137,500 per the Proposed 2025 Budget on file with the City.

Call for a Public Hearing to consider the adoption of the final levy to be held by the EDA at their regular meeting on December 3, 2024 at 6:00 pm.

Attachments

- Resolution 2024-10
- 2025 HRA Levy Budget

**CITY OF COTTAGE GROVE, MINNESOTA
COTTAGE GROVE ECONOMIC DEVELOPMENT AUTHORITY
RESOLUTION 2024-10**

ESTABLISHING A PRELIMINARY PROPERTY TAX LEVY FOR FISCAL YEAR 2025

WHEREAS, the Housing and Redevelopment Authority of the City of Cottage Grove may request the establishment of a special benefit tax levy pursuant to Minnesota Statute 469.033, Subdivision 6; and

WHEREAS, according to this Statute, "The amount of the levy shall be an amount approved by the governing body of the city, but shall not exceed 0.0185 percent of the taxable market value"; and

WHEREAS, the levy calculation per Minnesota Statute 469.033 amounts to a maximum of approximately \$1.1M based upon taxes payable in 2024.

NOW THEREFORE, Be It Resolved by the City of Cottage Grove Economic Development Authority that there be a preliminary levy set on taxable property of the City of Cottage Grove, Washington County, Minnesota for fiscal year 2025, a special benefit tax levy, not to exceed \$137,500 per Proposed 2025 Budget on file with the City.

Adopted this 9th day of July 2024.

Myron Bailey, President

Attest:

Jennifer Levitt, Executive Director



Account Number	2024 YTD Activity Through Apr	Parent Budget	Comparison 1 Budget	Comparison 1 to Parent Budget	%	Comparison 2 Budget	Comparison 2 to Comparison 1 Budget	%			
		2024 2024	2025 2025	Increase / (Decrease)		2026 2026 FALL 2024	Increase / (Decrease)				
Revenue											
Category: 3010 - PROPERTY TAXES											
Object: 3011 - CURRENT PROP TAX											
280-12-9280-3011	CURRENT PROP TAX	0.00	0.00	0.00	0.00	137,500.00	137,500.00	0.00%	137,500.00	0.00	0.00%
	Total Object: 3011 - CURRENT PROP TAX:	0.00	0.00	0.00	0.00	137,500.00	137,500.00	0.00%	137,500.00	0.00	0.00%
	Total Category: 3010 - PROPERTY TAXES:	0.00	0.00	0.00	0.00	137,500.00	137,500.00	0.00%	137,500.00	0.00	0.00%
	Total Revenue:	0.00	0.00	0.00	0.00	137,500.00	137,500.00	0.00%	137,500.00	0.00	0.00%
Expense											
Category: 4100 - PERSONAL SERVICES											
Object: 4100 - SALARY-FULL TIME											
280-12-9280-4100	SALARY-FULL TIME	0.00	0.00	0.00	0.00	63,300.00	63,300.00	0.00%	67,100.00	3,800.00	6.00%
	Total Object: 4100 - SALARY-FULL TIME:	0.00	0.00	0.00	0.00	63,300.00	63,300.00	0.00%	67,100.00	3,800.00	6.00%
Object: 4141 - PERA											
280-12-9280-4141	PERA	0.00	0.00	0.00	0.00	4,700.00	4,700.00	0.00%	5,000.00	300.00	6.38%
	Total Object: 4141 - PERA:	0.00	0.00	0.00	0.00	4,700.00	4,700.00	0.00%	5,000.00	300.00	6.38%
Object: 4142 - FICA											
280-12-9280-4142	FICA	0.00	0.00	0.00	0.00	4,800.00	4,800.00	0.00%	5,100.00	300.00	6.25%
	Total Object: 4142 - FICA:	0.00	0.00	0.00	0.00	4,800.00	4,800.00	0.00%	5,100.00	300.00	6.25%
Object: 4144 - HEALTH INSURANCE											
280-12-9280-4144	HEALTH INSURANCE	0.00	0.00	0.00	0.00	6,600.00	6,600.00	0.00%	7,300.00	700.00	10.61%
	Total Object: 4144 - HEALTH INSURANCE:	0.00	0.00	0.00	0.00	6,600.00	6,600.00	0.00%	7,300.00	700.00	10.61%
Object: 4148 - WORKERS COMP											
280-12-9280-4148	WORKERS COMP	0.00	0.00	0.00	0.00	400.00	400.00	0.00%	400.00	0.00	0.00%
	Total Object: 4148 - WORKERS COMP:	0.00	0.00	0.00	0.00	400.00	400.00	0.00%	400.00	0.00	0.00%
	Total Category: 4100 - PERSONAL SERVICES:	0.00	0.00	0.00	0.00	79,800.00	79,800.00	0.00%	84,900.00	5,100.00	6.39%

Budget Comparison Report

Account Number	2024 YTD Activity Through Apr	Parent Budget		Comparison 1 Budget	Comparison 1 to Parent Budget	%	Comparison 2 Budget	Comparison 2 to Comparison 1 Budget	%		
		2024 2024	2025 2025	Increase / (Decrease)	2026 2026 FALL 2024	Increase / (Decrease)					
Category: 4300 - CONTRACTUAL SERVICES											
Object: 4300 - PROF SERVICES											
280-12-9280-4300	PROF SERVICES	0.00	0.00	0.00	0.00	25,000.00	25,000.00	0.00%	25,000.00	0.00	0.00%
Budget Detail											
Budget Code	Description	Units	Price	Amount							
2025	Professional and technical services	0.00	0.00	25,000.00							
Total Object: 4300 - PROF SERVICES:		0.00	0.00	0.00	0.00	25,000.00	25,000.00	0.00%	25,000.00	0.00	0.00%
Total Category: 4300 - CONTRACTUAL SERVICES:		0.00	0.00	0.00	0.00	25,000.00	25,000.00	0.00%	25,000.00	0.00	0.00%
Total Expense:		0.00	0.00	0.00	0.00	104,800.00	104,800.00	0.00%	109,900.00	5,100.00	4.87%
Report Total:		0.00	0.00	0.00	0.00	32,700.00	32,700.00	0.00%	27,600.00	-5,100.00	-15.60%

Budget Comparison Report

Group Summary

Objec...	2024 YTD Activity Through Apr	Parent Budget		Comparison 1	Comparison 1	%	Comparison 2	Comparison 2	%	
		2024	2024	Budget	to Parent Budget		Budget	to Comparison 1 Budget		
Revenue										
Category: 3010 - PROPERTY TAXES										
3011 - CURRENT PROP TAX	0.00	0.00	0.00	0.00	137,500.00	137,500.00	0.00%	137,500.00	0.00	0.00%
Total Category: 3010 - PROPERTY TAXES:	0.00	0.00	0.00	0.00	137,500.00	137,500.00	0.00%	137,500.00	0.00	0.00%
Total Revenue:	0.00	0.00	0.00	0.00	137,500.00	137,500.00	0.00%	137,500.00	0.00	0.00%
Expense										
Category: 4100 - PERSONAL SERVICES										
4100 - SALARY-FULL TIME	0.00	0.00	0.00	0.00	63,300.00	63,300.00	0.00%	67,100.00	3,800.00	6.00%
4141 - PERA	0.00	0.00	0.00	0.00	4,700.00	4,700.00	0.00%	5,000.00	300.00	6.38%
4142 - FICA	0.00	0.00	0.00	0.00	4,800.00	4,800.00	0.00%	5,100.00	300.00	6.25%
4144 - HEALTH INSURANCE	0.00	0.00	0.00	0.00	6,600.00	6,600.00	0.00%	7,300.00	700.00	10.61%
4148 - WORKERS COMP	0.00	0.00	0.00	0.00	400.00	400.00	0.00%	400.00	0.00	0.00%
Total Category: 4100 - PERSONAL SERVICES:	0.00	0.00	0.00	0.00	79,800.00	79,800.00	0.00%	84,900.00	5,100.00	6.39%
Category: 4300 - CONTRACTUAL SERVICES										
4300 - PROF SERVICES	0.00	0.00	0.00	0.00	25,000.00	25,000.00	0.00%	25,000.00	0.00	0.00%
Total Category: 4300 - CONTRACTUAL SERVICES:	0.00	0.00	0.00	0.00	25,000.00	25,000.00	0.00%	25,000.00	0.00	0.00%
Total Expense:	0.00	0.00	0.00	0.00	104,800.00	104,800.00	0.00%	109,900.00	5,100.00	4.87%
Report Total:	0.00	0.00	0.00	0.00	32,700.00	32,700.00	0.00%	27,600.00	-5,100.00	-15.60%

Budget Comparison Report

Fund Summary

Fund	2024 YTD Activity Through Apr	Parent Budget 2024	Comparison 1 Budget 2025	Comparison 1 to Parent Budget Increase / (Decrease)	%	Comparison 2 Budget 2026 FALL 2024	Comparison 2 to Comparison 1 Budget Increase / (Decrease)	%	
280 - HRA Fund	0.00	0.00	0.00	32,700.00	32,700.00	0.00%	27,600.00	-5,100.00	-15.60%
Report Total:	0.00	0.00	0.00	32,700.00	32,700.00	0.00%	27,600.00	-5,100.00	-15.60%



Federal Reserve Bank of Minneapolis

Summary of Economic Activity

The Ninth District economy grew slightly since the previous report. Employment grew slightly, and labor demand was softer. Price pressures increased, while wage pressures were moderate and continued to ease. Business survey respondents reported that demand increased on balance. Commercial and residential construction improved slightly, consumer spending was mostly flat, while manufacturing slowed modestly. Agricultural conditions were steady at low levels. Activity among minority- and women-owned business enterprises was mixed.

Labor Markets

Employment grew slightly since the last report. Recent surveys suggested that hiring sentiment continued to soften modestly but remained positive overall. Staffing contacts reported slower, but variable, demand for workers; demand for entry-level, low-skill jobs had softened in North Dakota, but demand for skilled and professional workers was still healthy. In Montana, job orders from manufacturers were lower. In Michigan's Upper Peninsula, demand for permanent, full-time jobs slowed, but rose for temporary and seasonal positions. A Wisconsin staffing contact said the current job market was more unpredictable than it ever has been, with some businesses slowing while others were "ramping up out of nowhere." Labor availability continued to improve. A Minnesota contact said businesses were "reporting less ghosting and more applicants following through with the hiring process." Traffic was also higher at job fairs and workforce offices.

Wage increases were moderate overall, but were easing compared with previous levels, according to recent surveys. Staffing contacts said wage pressures were easing, but still evident in high-demand jobs. In Montana, trade workers saw strong wage increases in recent contract settlements, while public unions saw 2 to 4 percent raises. A Wisconsin manufacturer said that "wage competition has moved from a hard boil to a gentle simmer. It's not the factor that it was 12 to 18 months ago."

Prices

Prices increased moderately since the last report, which was a slight uptick in the pace of growth. While most respondents to a District business conditions survey reported no change to prices

charged in March from a month earlier, more than a third said prices increased. Input price pressures remained greater than final price pressures. A professional services firm indicated that it was approaching a limit in its ability to pass on labor cost increases because customers were pushing back on pricing. Retail fuel prices in District states increased briskly since the previous report. Prices received by farmers increased in February from a year earlier for chickpeas, lentils, chickens, eggs, milk, hogs, and cattle; prices decreased from a year earlier for corn, wheat, soybeans, potatoes, canola, and turkeys.

Worker Experience

Respondents to a recent survey of workers, most of whom were employed in social services, were overall satisfied with their work schedule flexibility. About one-third expressed dissatisfaction with their pay. Some were advocating for better pay, working toward a promotion, or looking for another job. Most of those looking for jobs were likely to reject an offer if the pay was insufficient to meet their needs. Many respondents reported experiencing notably high prices in groceries, food away from home, rent, fuel, and electricity. As the health care industry continued to add jobs across most of the District, traveling nurses were reportedly becoming less common, but their “optimism in the job market remains high,” said a labor contact. They were said to be receiving attractive sign-on bonus offers from nursing homes, a trend that was categorized as unusual for their budgets.

Consumer Spending

Consumer spending was flat overall since the last report, with some variability among sectors. Unseasonably warm weather devastated firms catering to winter tourism. Hotel occupancy in February fell significantly across the District for a second consecutive month. Firms serving other retail segments reported better activity. Many South Dakota retailers reported healthy traffic and customer spending in the first quarter, though many individual owners reported challenges. Still, a contact there said, “the outlook for most seems better than a year ago.” A contact with a large retail center in Minnesota said that customer traffic was increasing but “consumers are not spending quite as much per visit.” Contacts also reported that consumers were trading down on purchases, particularly in groceries. “Lots of staples and fewer splurges, and more store-brand or generics. Some trading down in apparel as well,” said one contact. Vehicle sales saw continued growth. One dealership with multiple locations saw recent sales rise by 14 percent over last year. Airline traffic continued to improve, rising across the board in February at District airports year over year, with some increases of 10 percent or more.

Construction and Real Estate

Construction activity improved since the last report. Construction starts in the District rose over year-ago levels, according to industry data. A majority of contacts also reported increased project activity, and future sentiment was even more optimistic. Local permitting across the District suggested some lumpiness in activity, even in the same state. Residential construction increased overall, though growth was not seen everywhere. Certain markets, like Minneapolis-St. Paul and Sioux Falls saw sizable increases, while other markets were flat. Multifamily activity slowed in many markets; in March, Minneapolis-St. Paul saw just six permitted units.

Commercial real estate improved slightly. Industrial vacancy rose slightly in the first quarter, but sources suggested that demand remained healthy, particularly in light of an expected slowdown in new construction. The office sector has “stabilized,” according to one source; subleasing fell modestly, and workers were gradually returning to the office. Other commercial markets were mostly steady. Residential real estate continued to improve overall from low levels, with many markets seeing increases in monthly year-over-year sales.

Manufacturing

District manufacturing activity slowed modestly from the previous report. Manufacturing contacts who responded to a monthly District survey indicated that their sales decreased on balance in March from the previous month. A regional manufacturing index indicated decreased activity in Minnesota and North Dakota in March from a month earlier, while activity increased in South Dakota. A metal fabricator reported, “We are in the midst of the deepest slow-down in my 35 years with our company.”

Agriculture, Energy, and Natural Resources

District agricultural conditions were stable at low levels. Contacts expected decreased farm incomes in the region for the 2024 growing season. Warm weather along with widespread mild drought conditions led to a mixed outlook heading into spring planting. District oil and gas exploration activity was unchanged since the previous report.

Minority- and Women-Owned Business Enterprises

Activity among minority- and women-owned business enterprises (MWBE) was mixed. An equal share of contacts reported lower, unchanged, or higher sales. More contacts reported increases in employee headcount over the last four weeks than those who reported reductions. Almost half reported strong hiring demand. A Minnesota contact in the construction industry said they were struggling with high turnover, labor availability, applicant qualifications, and training costs. Nonlabor

input prices and average selling prices were mostly flat. Similar shares of contacts expected business activity to increase and decrease in the coming weeks. Unseasonably warm temperatures also affected MWBEs whose businesses depend on winter tourism. The owner of a restaurant in Minnesota shared having to close for the season due to the lack of snow.

For more information about District economic conditions, visit <https://www.minneapolisfed.org/region-and-community>.



Federal Reserve Bank of Minneapolis

Summary of Economic Activity

The Ninth District economy grew slightly since the previous report. Employment grew slightly, and labor demand continued to moderate. Price pressures increased moderately, and wage growth was also moderate. Commercial and residential construction improved slightly. Consumer spending also rose slightly, with contacts noting some spending caution among customers. Manufacturing ticked slightly higher. Agricultural conditions remained weak amid some positive developments. Activity among minority- and women-owned business enterprises was slightly positive.

Labor Markets

Employment grew slightly since the last report. Labor demand continued to moderate but remained positive. A monthly survey of District firms found that the share of respondents with job openings remained positive, but a slightly larger share noted staffing cuts. Labor demand in construction remained healthy despite widespread reports of slower activity. Hospitality and tourism firms reported increased hiring of seasonal workers in anticipation of rising spring and summer business. A Montana accounting firm noted that it had “a lot of unfilled job openings at all levels.” Employers were also reporting better labor availability. A Minneapolis-St. Paul hotel owner said the facility was sufficiently staffed and applicant quality “seems to have gotten much better.” A winery in central Minnesota said that it received “a lot more applications for part-time [and] seasonal workers this year, which is very encouraging.” Not everyone had the same experience. A Minnesota manufacturer said, “I don’t expect to fill any of my open jobs. We are increasing our capital expenditures to adapt our processes to smaller headcounts.”

Wages rose moderately. District employers reported that median wages were generally growing between 2 and 3 percent. However, a monthly pulse survey found that a larger share of businesses reported higher wages compared with results from the previous two months. In separate surveys, construction and hospitality firms both reported that wages were rising overall, but at somewhat slower rates than the previous year.

Prices

Price pressures were unchanged since the last report, as overall prices increased moderately. Most respondents to an April District business conditions survey reported no change to prices charged from a month earlier, while one-third said they increased prices. Input price pressures remained greater, as more than half of firms reported that they increased in April. Reports from contacts across the region indicated that businesses were less able to pass input cost increases to customers, who are feeling stretched budgets. Manufacturing contacts reported that metals prices spiked recently. Retail fuel prices in District states decreased slightly since the previous report.

Worker Experience

Job seekers in Minnesota shared that they were hesitant to accept a job offer if schedules were inflexible or pay was insufficient to meet their needs. They also listed training, time for job search, access to transportation, and affordable housing as important in helping them reach their career objectives. A contact in the Minneapolis-St. Paul area commented that students were facing difficulties finding summer internships this year because some employers had a shortage of available supervisors. A contact in the Upper Peninsula of Michigan shared that older workers in the region often feel discouraged to apply for jobs because of the listed requirements. They added that many older workers wanted more schedule flexibility instead of retirement.

Consumer Spending

Consumer spending grew slightly since the last report, with contacts noting some spending caution among customers. Hospitality and tourism firms overall reported modestly higher revenues of late. Hotel demand rebounded somewhat from a poor winter, but contacts reported that they were reducing prices to bump up demand. Contacts were also cautious in their outlook for summer business compared with last year. A Minnesota winery and restaurant said it was seeing lower average spending among patrons. "Guests are being very careful with their money. We see less of our regulars and [more] moderate spending." A Montana restaurant and hotel owner was trying to avoid passing further cost increases to customers. "At some point, they will say, 'I am not paying \$20 for a hamburger.'" Vehicle sales have flattened overall. New-vehicle sales were still growing, but dealer incentives returned. A Montana dealer said used vehicles were "on a big slide" due to higher interest rates. Airline traffic grew, but more slowly than in previous months.

Construction and Real Estate

Construction activity improved slightly since the last report. Industry data showed that recent activity increased as the sector moved into the traditionally busier spring season. A larger share of firms also expected increased activity going forward compared with those who expected a decline. However, other metrics were more cautious. Firms overall reported a decline in new projects out for bid for this time of year; project backlogs were also shorter, and cancellations continued to challenge the sector. Firms doing infrastructure work reported more activity and a better outlook; those in residential and commercial reported mixed but improving activity, and industrial firms reported slowing business. Large firms also reported consistently stronger activity than smaller firms.

Commercial real estate was flat and remained soft overall. Office vacancy in Minneapolis-St. Paul stabilized, but loan renewals were reportedly seeing discounted property appraisals and high loan-to-value ratios. Vacancy rates for industrial space nudged higher, though from low levels. Multi-family property benefited because new construction “has stopped in its tracks,” according to a Minnesota source. Residential real estate was strongly higher, as many regions saw sales in April increase from 20 to 40 percent year over year, along with strong increases in new listings.

Manufacturing

District manufacturing activity increased slightly on balance since the previous report. A regional manufacturing index indicated increased activity in Minnesota and South Dakota in April from a month earlier, while activity decreased in North Dakota. The number of manufacturing contacts who reported increased recent orders was similar to the number who reported decreases. A food producer added staff in expectation of increased sales. In contrast, a producer of construction equipment reported its sales were very weak compared with seasonal norms.

Agriculture, Energy, and Natural Resources

Agricultural conditions in the District remained weak amid some positive developments. Lenders responding to an agricultural credit conditions survey overwhelmingly reported decreased farm incomes in the first three months of 2024 relative to a year earlier, with expectations for further declines in the second quarter. However, contacts in the industry reported that some moderation in input costs was expected to benefit producer margins. Recent precipitation alleviated drought conditions in much of the region, and crop planting and progress was generally near average for early spring. However, poor snow cover over the winter negatively impacted the quality of the winter wheat crop in the western parts of the District. District oil and gas exploration activity was unchanged since the previous report.

Minority- and Women-Owned Business Enterprises

Activity among minority- and women-owned business enterprises was slightly positive over recent weeks. More contacts reported increases in sales than those who reported flat or lower activity. Some businesses saw a decline in job openings, and others continued to struggle to find qualified candidates. Profits remained under pressure among contacts due to increased input costs, but some were optimistic that pressure would lessen in the coming weeks.

For more information about District economic conditions visit: <https://www.minneapolisfed.org/region-and-community>.

TO: Economic Development Authority

FROM: Emily Schmitz, Community Development Director

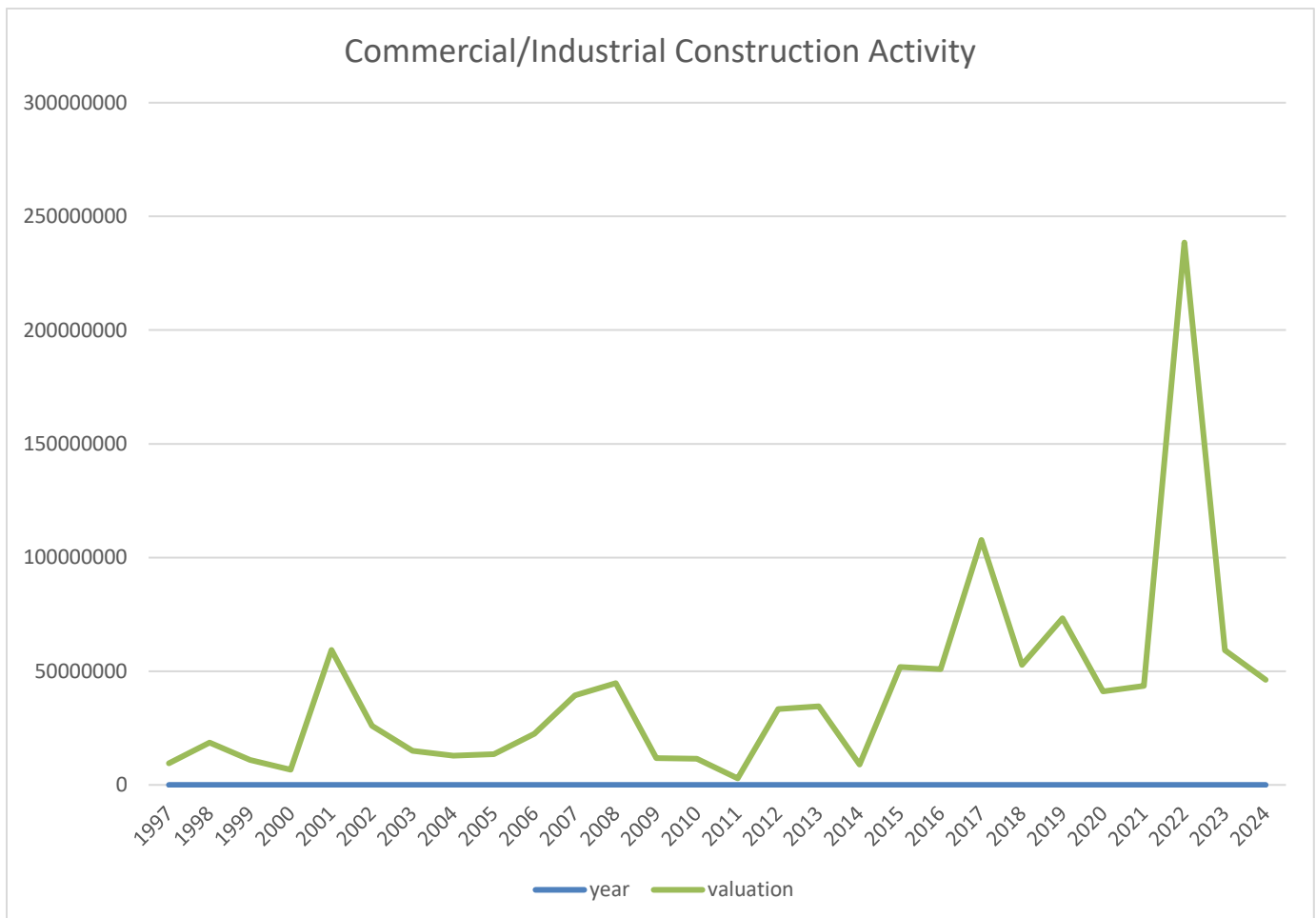
DATE: July 1, 2024

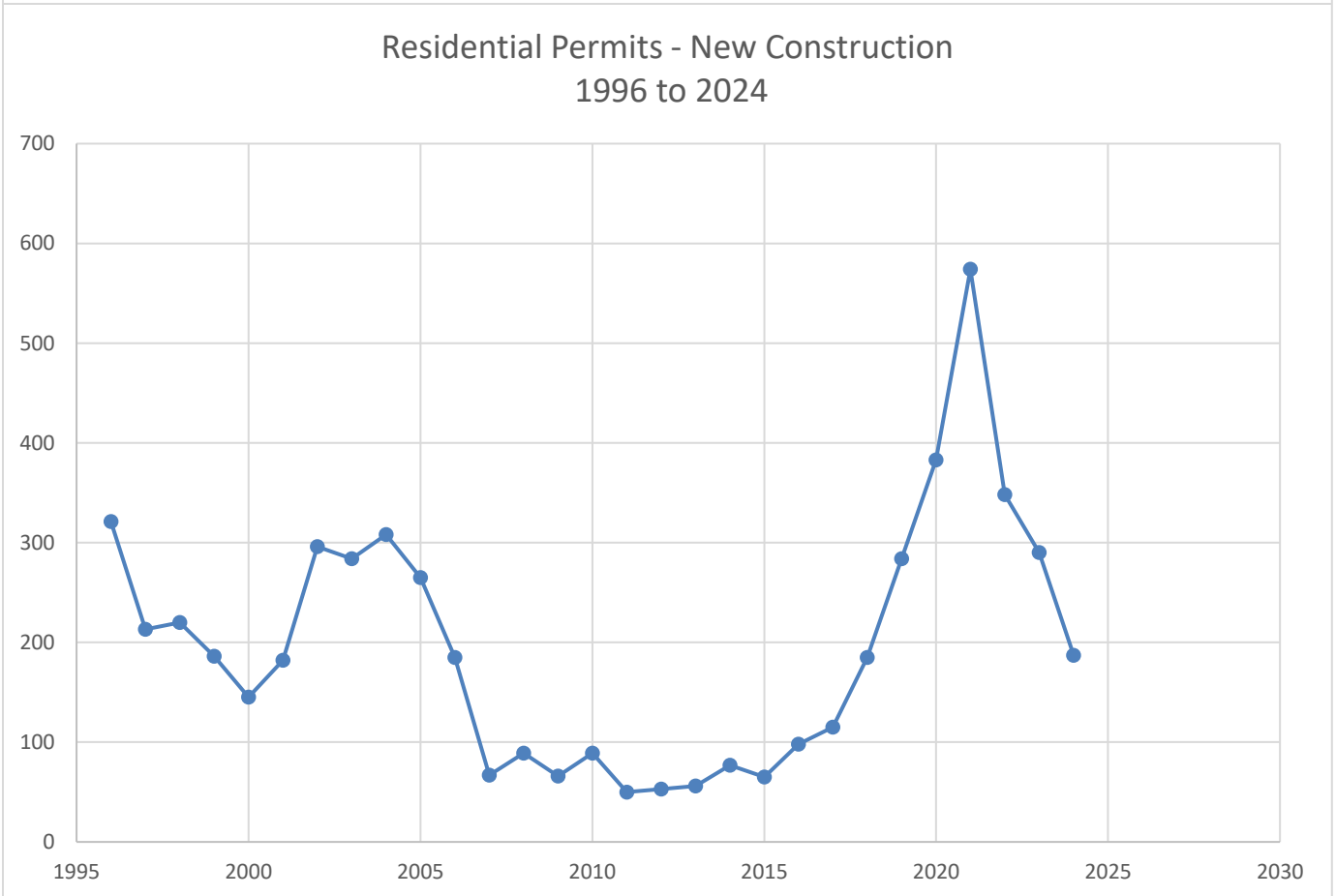
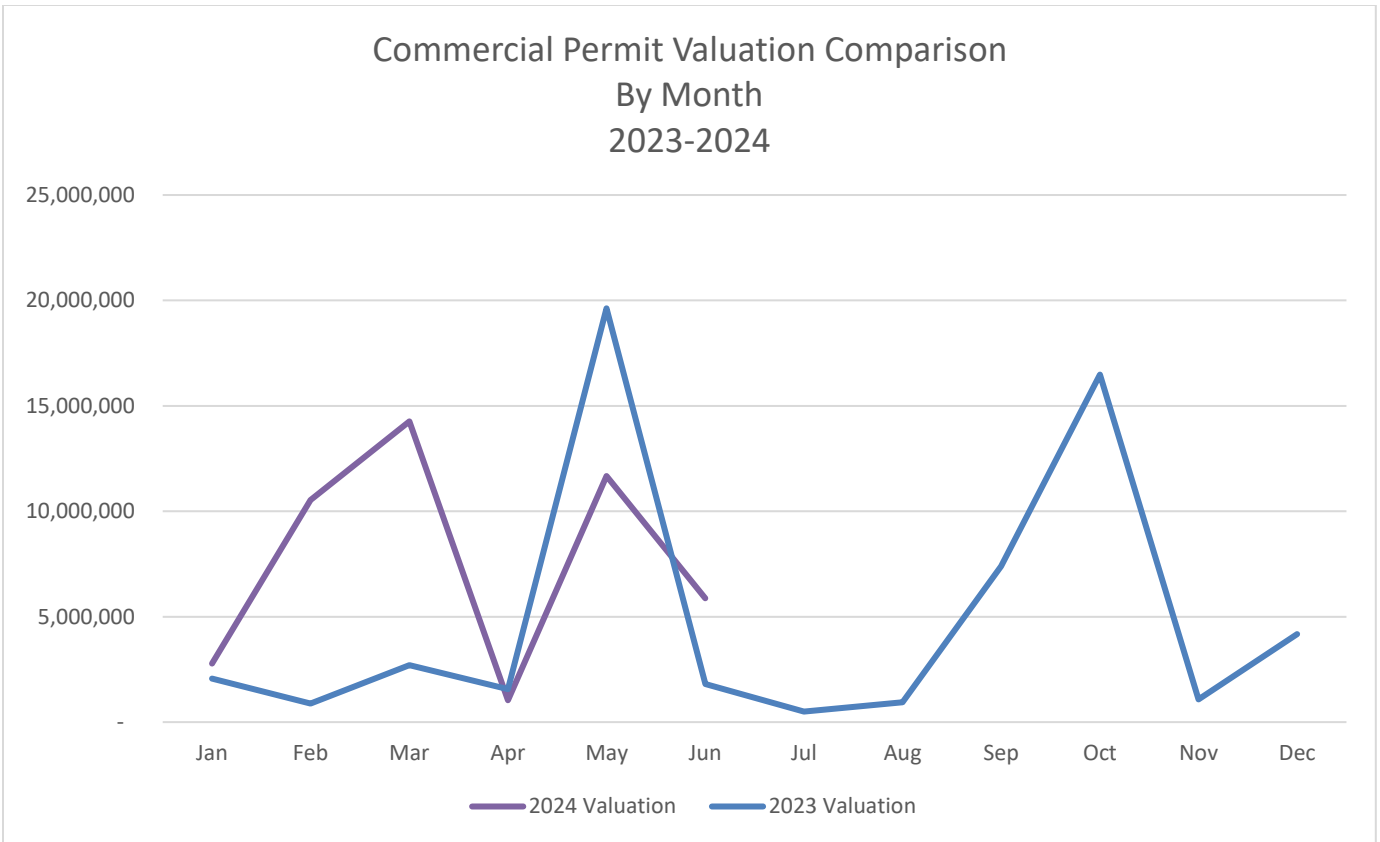
RE: Development Update

Building Permits

Building Permit Statistics:

Building Permit Statistics: Between June 1 and June 30, there were 528 building permits issued with a total valuation of \$18,269,556, including 24 single-family homes valued at \$9,244,005. As of June 30, a total of 2,354 permits were issued with a total valuation of \$127,953,098. There were 156 single family homes valued at \$57,338,493 and 31 townhomes valued at \$9,682,552.





Current Project Updates

Building Construction Projects

O2B Kids (7781 Hardwood Avenue): Finishing work on the project is continuing.



Chase Bank (7980 Hardwood Avenue): Interior finishing work continues. Preparations for paving the parking lots are near completion.

Bieter Eye Care (6936 Pine Arbor Drive, #110): Inspections continue for the expansion of the clinic located in the Summerhill Building.

Okoruwa Pediatric Dental (6936 Pine Arbor Drive, #230): The Certificate of Occupancy has been issued.

Norhart Apartment Building (10251 Hadley Avenue): Plans have been approved but payment for the permit is still pending.

Bluestem Senior Apartments (7601 79th Street): The first floor framing has been completed and the contractors have started the second floor. Frana Companies is using a panelized method for

the building with section of the walls assembled in their plant, complete with windows, and put together on site like a three-dimensional puzzle. (a first for Cottage Grove!).



Gerber Collision (7300 West Point Douglas Road): Plans have been reviewed and approved for the new building. Approval from Planning and Engineering is still needed.

Discount Tire, 8647 East Point Douglas Road: Remodel plans have been reviewed for the remodel project in the former Big O building.

3M Projects (10746 Innovation Road):

- Final Inspections/Certificates of Occupancy for Buildings 150, 151, 194 and the clarifiers are scheduled for July 23.
- New building #197 has a “Stop Work Order” imposed because the plumber did not secure a permit or have the State Plumbing Division review the plumbing plans for approval prior to issuance.

Hohenstein’s (8301 95th Street): A Temporary Certificate of Occupancy was issued.

Northpoint, 7601 100th Street, Suite 300: The building permit has been approved and invoiced for a speculative office buildout for the remaining space in the smaller Northpoint building.

Park High School (8040 80th Street): The permits have been issued for electrical and mechanical upgrades to the school as well as a new press box, enlarged concession stand, and minor plumbing improvements to the restrooms at the stadium.

School District Program Center (8400 East Point Douglas Road): The permits have been issued for a new roof, mechanical upgrades, and some remodeling of the building.

Low-Zone Water Treatment Plant (10901 Ideal Avenue): Work is continuing on pouring the main floor slabs.

Utility Building (10875 Ideal Avenue): Wall panels for the garage have been completed. Steel for the office area is being installed.

Well #9 (8664 81st Street) and Well #11 (6990 Iidsen Avenue): Both well projects are nearing completion.

Planning Division

June 24, 2024, Planning Commission Meeting

This meeting was cancelled as there is no business to come before the Planning Commission.

July 22, 2024, Planning Commission Meeting

The following application was received for the July 22, 2024, Planning Commission Meeting:

Preserve at Prairie Dunes – Cases CP2024-015, ZA2024-015, PP2024-015: Pulte Homes has submitted plans for a residential subdivision to be named Preserve at Prairie Dunes that will consist of 162 single-family lots; 76 lots will be 45 feet in width and 86 lots will be 65 feet in width. The subject site is located off of the newly constructed 105th Street roundabout and adjacent to the MnDNR's Scientific Natural Area (SNA) and Lennar's Graymont Village. The submitted plans closely mirror the Summergate Development plans that were approved on May 18, 2023. The minor changes include the lot size of the northern portion of the project changing from the previously approved 55-foot lots to the currently proposed 45-foot lots, and the bituminous trail being proposed to run along the western boundary of the project area when it previously was proposed along a portion of the west boundary of the project area.





TO: Economic Development Authority
Jennifer Levitt, EDA Executive Director

FROM: Gretchen Larson, Economic Development Director
Alexa Anderson, Administrative Specialist

DATE: July 1, 2024

RE: Dowdle Art Project Updates

Background

Staff continues to coordinate on the logistics of the unveiling event which takes place on September 14 at the Cottage Grove Middle School. The morning will begin at 8:00 a.m. with a breakfast buffet served to the media and special guests who appear in the puzzle. The invited guests are those who will participate in sharing their story on stage and will also have the opportunity to place their puzzle piece in the wooden giclee puzzle that is created for the event. The City Administrator is reviewing the list of people and places to provide suggestions to the Mayor and Council in the next few weeks of who should be invited as a special guest.

Staff is also working with the team at Dowdle on their portion of the program logistics which include delivery of the painting and puzzles. Staff are also creating an agenda for the day to ensure we maximize Eric Dowdle's time on the day of the event and time that may be available to us on Friday and Sunday. The first of two payments for the 3,000 puzzles has been processed and the second payment of \$18,750 is due upon delivery of the puzzles.

September 14 is also the date of the Discover Cottage Grove Food Truck Festival, once Eric is finished signing puzzles at the school, he will then go to the Discover Cottage Grove booth to spend additional time signing puzzles.

Communications staff have been working diligently on sharing news around the event. Staff have begun sharing the first of several mini videos requested of Eric and his team to generate excitement about the event. We'll continue to update the board as we work towards the final details.

Recommendation

Receive report.



TO: President Bailey and Members of the Economic Development Authority
Jennifer Levitt, EDA Executive Director

FROM: Gretchen Larson, Economic Development Director

DATE: July 1, 2024

RE: Business Retention and Expansion Program Updates

Staff continues to work with the Chamber and Grow MN! on the draft survey questions and on items such as the optimal number of questions and how we might be able to create one survey that works for all businesses, regardless of size. The staff at Grow MN! will also tabulate our completed surveys and provide analysis. They have also offered to attend any interviews if we are interested in having them participate. They also offered to place information on local business resources we offer, such as our Washington County sponsored Open to Business Program, in their resource guides.

We plan to have the draft survey questions ready for review by the end of July and will send via email to the board for review and feedback. Thereafter, the survey will be distributed the week of September 9 after the Labor Day holiday. We anticipate having a 30 day deadline to return the survey. Businesses will be encouraged to complete the survey by having the chance to be entered into a drawing to win a team building after hours event with their colleagues. The prize is \$250 for food and non-alcoholic drinks at River Oaks. Once the surveys have been returned and tabulated we will provide a full report to the board for review.

Recommendation

Receive report.