



MINUTES

September 10, 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 10th day of September, 2024, at 7:30 a.m.

1. CALL TO ORDER

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

2. PLEDGE OF ALLEGIANCE

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

3. ROLL CALL

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

Members Absent: EDA President Bailey
EDA Member Myers

Staff Present: Jennifer Levitt, City Administrator
Gretchen Larson, Economic Development Director
Brenda Malinowski, Finance Director
Emily Schmitz, Community Development Director
Alexa Anderson, Administrative Specialist
Genevieve Tester, Graduate Engineer

Others Present: Laurie Levine, President and C.E.O. Cottage Grove Area Chamber of Commerce

4. APPROVAL OF MINUTES

4.1 Approve the July 9, 2024 EDA Meeting Minutes.

EDA Member Tschida made a motion to approve the July 9, 2024 EDA Meeting Minutes. Motion was seconded by EDA Member Jean-Baptiste. Motion passed unanimously (5-to-0 vote).

5. PRESENTATIONS

A. Beige Book Reports and Development Updates

Gretchen Larson, Economic Development Director, gave the Beige Book report for July and September: Employment: Grew modestly since the last report. Most workers surveyed stated they were satisfied with scheduled flexibility and work-life balances that they've been offered by their employers. Prices: Increased slightly; however, prices charged to the customer have not been adjusted so they weren't passed through. Consumer Spending: Was flat. Construction Activity: Has declined. Commercial Real Estate Activity: Vacancies remained flat. Office Market Sector: Is soft. Retail Vacancies: Improved. Residential Real Estate: Sales grew modestly. Manufacturing Activity: Decreased. Natural Resource Conditions: Weakened. Oil and Natural Gas Exploration: Remained unchanged. Minority and Women-Owned Businesses: Reported lower sales and profits continued to decline since the last report. So, the economy is a little soft right now, but we're still expecting it to rebound.

Cottage Grove Construction Updates: Trellis Bluestem Senior Complex: Fourth floor exterior and interior walls and roof framing are complete. Plumbing rough in continues for all floors. Installation of roof materials has begun; electricians have started the installation of the electrical boxes and main panels. Fire sprinkler installation has started, and the mechanical contractor started

installation on the exhaust fans and the exhaust ductwork. You can see it's moving along rapidly, so they'll be ready for their Spring 2025 opening. Utility Building (10875 Ideal Avenue): Installation of interior block walls, windows, exterior doors, and exterior finishes has started. Installation of the subbase and curbs for the parking and drive area are complete. Installation of the interior ductwork continues, and installation of the roof is complete. Norhart Apartment Building (10251 Hadley Avenue): The building permit has been approved and is ready to be issued. Chase Bank (7980 Hardwood Avenue): The rooftop solar permit has been approved and is ready for issuance. O2B Kids (7781 Hardwood Avenue): The Temporary Certificate of Occupancy has been approved, and the business opened on September 9. Director Larson stated Community Development Director Emily Schmitz is here if you'd like to ask any questions on these projects; no questions were asked.

B. Second Amendment to the Purchase Agreement between Kwik Trip and EDA and EDA and WAG

City Administrator Jennifer Levitt stated I am excited to continue to talk about Kwik Trip. Some of you may be thinking if we have this Amendment does this mean that Kwik Trip is not going to happen; the answer is no, it is going to happen. They were always planning to actually build in 2025 anyway, so I just want to walk you through some of the situations that have happened as they've continued to do their due diligence in the purchasing process. As you are aware, the parcel is located at 95th and Jamaica, it's 6.76 acres, right across from our fire station. As part of their due diligence, they had to wait until this spring-early summer to do their wetland delineation; when they did their wetland delineation, they discovered that there is a wetland and there is this blue channel that runs through their property. Now, when we have to address the wetland delineation, we have to send it to all of our various partners at the Federal and State level and our Watershed District and Conservation District, who oversees the wetland process. In this, the Army Corps of Engineers have indicated that that blue stream is actually in their jurisdiction. We find that a little bit challenging because it's not a natural stream, it was actually manmade and created, and we could show back to the 1970s that it was actually a quarry at the time; but our friends at the Army Corps of Engineers have indeed ruled, so there is some additional permitting that has to happen in order to make this happen. So, as part of this, we actually have to disconnect the storm sewer that's flowing to the site. Now I know you're thinking as EDA Members, we don't ever talk about engineering and technical things; so today I get the privilege to talk to you about engineering and technical things, which, if you don't know, actually is something that really excites me.

So, when we talk about the site and what is needed, I've overlaid the Kwik Trip Site Plan with the wetland in this screen so you could see how it's actually impacted on the Kwik Trip site. If we look at the image on the right-hand side of the screen, this pipe right here is a 54" storm pipe that's carrying water from a large part of our Business Park. Now, as part of this, we are legally allowed to disconnect the storm sewer because that discharge is coming from stormwater that's being collected, not from overland drainage; so, we're actually going to extend that 54" pipe down Jamaica Avenue Right-of-Way and discharge it into a flume here. So, we have about 330 feet of 54" pipe that will discharge there. We've actually put that project out for bid, as the Council authorized it at the last Council Meeting. Now, there's a couple of things that will help in that: One, by disconnecting that storm sewer in the spring, it will expedite Kwik Trip's ability to construct on the site because you can see how their Site Plan overlays with that, and then this additional time in this Amendment will provide them to work through the Army Corps of Engineers permitting process in addressing the wetland credits as associated with the project. Are there any big show stoppers here? No, it's just when you deal with the Army Corps of Engineers, that timeframe for processing permits is not quick, but in the end, it's not actually going to slow Kwik Trip's progress to construction in the Spring. So, with that, we are recommending moving the closing date to April 18, 2025; that will give them the opportunity to address the permitting. Administrator Levitt read aloud the recommendation on the Second Amendments.

Recommendation: By motion: Approve Resolution 2024-11 authorizing the Second Amendment to Purchase Agreement by and between WAG and EDA, and the Second Amendment to Purchase Agreement by and between EDA and the Developer to extend the closing date to April 18, 2025, subject to minor modifications as approved by the City Attorney.

EDA Vice President Olsen thanked Administrator Levitt, who used to be our City Engineer, in case you weren't aware, so she does really enjoy this kind of stuff and she does it very well. He asked if the Board any questions for Administrator Levitt on this item.

EDA Member Jean-Baptiste asked what was their initial date of estimated start up for construction and has that changed? Because you said they were planning on 2025 and they're still planning on 2025, I now see that the closing date has been pushed back to April 18, 2025; so, what is their date that they are planning to do the construction?

Administrator Levitt replied that's a great question. There were two things that were causing delay on Kwik Trip's plan: One was related to the actual fuel tanks; it's crazy to think that we still have supply issues coming out of COVID, but those large fuel tanks actually caused a delay for them. The other factor is in Minnesota, with winter, by the time we get the ground thawed so they can actually start utilities, you're probably not looking until mid-May to actually start construction. So, when our winter conditions are over, the tanks will be available, and it'll align with what they had anticipated, probably mid-May as the earliest construction start next year.

EDA Member Jean-Baptiste said sounds good, thank you. At the beginning, you were very adamant that they still plan on building here, so I would assume that any earnest money that was collected has remained the same, those terms have remained the same, because from what I understand, from what I read, it looks like the City might be pitching in to help build some of that extension of the foot line. So, I just wanted to make sure that if we are going to do that at the end of the day, they are committed to this project and if they do back out, there will be some sort of financial repercussion?

Administrator Levitt stated that's an absolutely great question. When you look at where that stormwater discharge is through the site, it's important I think for us to disconnect that storm sewer because one of the highest flows that we'll get through that pipe is in the Spring, right when they're intending to actually construct. So, number one, it will help them expedite their construction. Number two, if for any reason they did walk from this site, we know ultimately the next person that picks up this property would have the same issue and the same challenge; so, by us putting forth that \$480,000 to construct the pipe out of our Stormwater Area Fund, that was an improvement we were going to have to make regardless if Kwik Trip is coming in now. We're just trying to help facilitate a better construction season. Ultimately, with whoever buys that property, we would need to do this. So, we're doing the improvements about 6-to-7 months in advance than we had originally intended, but in the end, I think it'll work out because we'll disconnect that storm sewer, make that project more expedited for construction in the Spring; as I said, either way that pipe really had to have that stormwater disconnected no matter who bought the property.

EDA Vice President Olsen asked if EDA Member Carey had a question; EDA Member Carey replied that Administrator Levitt's responses had addressed his question.

EDA Vice President Olsen said it's my understanding from talking to people, who actually are working with Kwik Trip on this, they remain very excited about coming to Cottage Grove; in fact, one of the things that I think they're excited about is the piece of land that they've actually been able to build upon or plan to build upon is going to enable them to build a very large facility with lots of amenities that they don't typically have at a Kwik Trip because the sites are too small. So, this will be a nice thing to get going for sure. He asked if there were any more questions for Administrator Levitt; as there were none, he stated he would look for a motion from the Board.

EDA Member Tschida made a motion to Approve Resolution 2024-11, authorizing the Second Amendment to the Purchase Agreement by and between WAG and EDA and the Second Amendment to Purchase Agreement by and between EDA and Developer to extend the closing date to April 18, 2025, subject to minor modifications as approved by the City Attorney. Motion was seconded by EDA Member Jean-Baptiste. Motion passed unanimously (5-to-0 vote).

C. Termination of Purchase Agreement between EDA and Ryan Companies

Director Larson stated as was mentioned, this is the Termination of a Purchase Agreement between WAG and the EDA, as a result of Ryan Companies notifying the City that on September 6, 2024, they were unable to close on the property. A lot of that was due to market conditions, interest rates, and vacancies. So, they were struggling to find a tenant, and no matter how hard we helped them, they couldn't secure the tenant that they wanted. So, unfortunately, they had to terminate the agreement. The notification of that termination requires the EDA to terminate their Purchase Agreement with WAG, because obviously it's a buy and sell on the same day, and of course the EDA's not buying the property if Ryan Companies is not closing. That leaves \$50,000 in earnest money that's going to be retained and allocated: \$21,000 to the EDA and \$29,000 to WAG, and then \$20,000 of the earnest money will be returned to Ryan Companies because they did terminate on time. Director Larson said she'd be happy to answer any questions about the process, and there is a Recommendation before you.

EDA Vice President Olsen asked if there were any questions on this item for Director Larson. As none were asked, he said he'd look for a motion based on the Recommendation before us.

Recommendation: By motion: Adopt Resolution 2024-12 terminating the Purchase Agreement with WAG for the 13-acre property located at Jamaica Avenue South and 100th Street South, legally described as Lot 1, Block 1, Lake Flora Second Addition.

EDA Member Jean-Baptiste made a motion to Adopt Resolution 2024-12 terminating the Purchase Agreement with WAG for the 13-acre property located at Jamaica Avenue South and 100th Street South, legally described as Lot 1, Block 1, Lake Flora Second Addition. Motion was seconded by EDA Member Scott. Motion passed unanimously (5-to-0 vote).

D. Amendment to Professional Services Agreement with Dowdle Studios, LLC

Director Larson said you will recall in the original Dowdle Art Project Service Agreement, we had the exclusive right to sell the puzzles that we purchased starting from the unveiling day to a year forward, so September 15, 2025. This revision, if you approve it, allows you the exclusive right to market and sell the 3,000 puzzles with no time limitations. So, in other words, for whatever reason if they were to not sell in that first year, we would just continue selling them and collecting the proceeds on them. We have high

hopes that we'll sell them all, but just in case that doesn't happen, we thought we would go ahead and discuss this option with Dowdle, and they agreed to it. I'll be happy to answer any questions on that.

EDA Member Tschida said so, let's say we sell all 3,000 of our puzzles in 3 weeks or 6 months, does that mean that Dowdle can start selling puzzles in 3 weeks or 6 months, or do we have the ability to buy more and sell up to that year?

Director Larson replied that's a great question. What you just said is exactly correct, we could purchase more and originally when we thought about purchasing the 6,000, that was kind of a breakeven point; so, we'll continue to be able to purchase them and sell them through that full year of September 15, 2025. The question will become if we order them again, will they continue to allow the open-ended part of that or will they end it on September 15, 2025, but we'll discuss that with the City Attorney if and when that time comes.

EDA Member Tschida said okay, so, I guess just to be clear, the answer is we're not quite sure yet?

Director Larson replied no, the answer is yes, we can purchase more puzzles during the original one-year period. The question is after that one-year period, is it still open ended? Because that's the second purchase, not the first purchase of the 3,000.

EDA Member Tschida said correct, okay, thank you.

EDA Member Carey said I wouldn't want to get in the situation where we'd buy like 3,000 more, 9 months from now, and we sell 1,000 of them, and we're stuck with 2,000 puzzles that we can't sell. So, I imagine that will be part of the negotiation with the second purchase order. Director Larson said we would have to come back again, yes. EDA Member Carey said duly noted, thank you.

EDA Vice President Olsen asked if there were any further questions; as there were none, he said he'd seek a motion on the Recommendation.

Recommendation: By motion, Approve the Second Amendment to the Professional Services Agreement between the EDA and Dowdle Studios, LLC to allow the EDA unlimited and exclusive marketing and sales rights to the 3,000 puzzles purchased by the City without a time limitation.

EDA Member Carey made a motion to Approve the Second Amendment to the Professional Services Agreement between the EDA and Dowdle Studios, LLC to allow the EDA unlimited and exclusive marketing and sales rights to the 3,000 puzzles purchased by the City without a time limitation. Motion was seconded by EDA Member Scott. Motion passed unanimously (5-to-0 vote).

E. Dowdle Art Unveiling Updates

EDA Vice President Olsen said now for the item we've all been waiting for, the Dowdle Art Unveiling Updates; Director Larson will take this one, too.

Director Larson said yes, we're super excited, we're almost to the home stretch. We've been working really, really hard to make sure everything goes smoothly and is pulled off without a hitch, although I will mention it's Friday the 13th the day before, no curses our way. The event takes place on Saturday, September 14th, at Cottage Grove Middle School. The doors open at 8:30 a.m., the Park High School marching band will welcome the attendees, and the Park High School choir will sing the National Anthem. You can see some of the marketing materials on the screen before you. What will happen after the actual official program is the puzzles will be for sale at the school until about 11:00 a.m.; as a reminder, we have 500-piece puzzles at \$28, and 1,000-piece puzzles at \$30. After the unveiling, Eric Dowdle will proceed to the Food Truck Festival where he will be at the *Discover Cottage Grove* booth for a bit, perhaps selling puzzles and helping with that. After the event, the puzzles will be available for sale at City Hall, online, and at events throughout the year. So, this is not an action item, it's just an update for all of you, and we're hoping that you all will be there on Saturday.

EDA Vice President Olsen said I know I will be, and thanked Director Larson for the update. He asked if there were any questions or comments for Director Larson on this item, but there were none. He stated I have a couple of questions for you: With regard to selling the puzzles, do we have any local retail partners that we think might help us out with selling puzzles, or are we going to sort of stick to City Hall, online, and they'll be available at City events?

Director Larson replied we have discussed the option of potentially allowing some retailers to have the puzzles, but we have not thought through that whole process and kind of walked our way through it. We're trying to just survive the two events on the same day, and then after that, that'll be something that we could discuss. Inventory would be the biggest problem, and then the other question would be is would they want to make a profit on the puzzles. So, it would be something that we definitely would have to talk about.

EDA Vice President Olsen said one other thing that I just wanted to mention is there will be some folks at the actual unveiling event; I believe we've got a list of roughly 10-to-15. So, if you're interested in coming to the event, you're going to see some of the

folks that are actually in the puzzle that will be available at this event, and I believe they'll be placing a puzzle piece or something; can you explain how that's going to work?

Director Larson said yes, so there will be the painting reveal, and then as a part of that, you have the large wooden giclee puzzle, so it's another puzzle about as big as the painting. What'll happen is the special guests that are speaking at the event about the history of Cottage Grove, and how they fit into that history, will have a puzzle piece ready to go (and Alexa has done all the hard work on this), with their little script attached to it. As the program unfolds, Mayor Bailey and Eric, acting as emcees, will call the folks up, they'll say what makes it special about Shepherd Farm or whichever venue, and they'll put the piece in the puzzle. So, everybody will do that; all the Council Members and the Mayor have a spot, and then there are a number of people in the community that have been here a long time or owned businesses many, many years ago who are well thought of in the community, so they'll be participating as well. So, it should be a lot of fun.

EDA Vice President Olsen said I know there's a lot of energy around that, especially from the folks who are planning on attending as part of this puzzle unveiling. So, I think it's going to be a really good day. I appreciate all the hard work on behalf of the staff; I know that a lot of people have had their hands in this, and it's been a very time-consuming thing. So, I'm looking forward to it.

F. Business Retention and Expansion Updates

Director Larson stated we completed the survey, in partnership with the Chamber and Grow Minnesota!, and Laurie is here today to answer any questions about the partnership should you have them. We mailed the survey to businesses with a cover letter from Mayor Bailey on Friday; that was in your packet. We have a deadline of October 7, so we're giving them 30 days for the first round of participation. In order to encourage them to take the survey, we're offering a chance for one winner to get a \$250 gift certificate for an after hours Team Building Event at River Oaks, so we're hoping that will excite folks. Grow Minnesota! will tabulate the surveys for us, and we plan to present the preliminary results at the biannual Business Over Breakfast on October 24. As a part of this, the Chamber and Grow Minnesota! will also help push out, so we have some coordinating to do as a team, who is pushing out to who, personally, as opposed to just the mass mailing. I'll be happy to answer any questions about that.

EDA Vice President Olsen said perfect. He asked Cottage Grove Area Chamber of Commerce President Laurie Levine if she had anything she wanted to add on this.

Laurie replied yes, thank you. So, I just wanted to put out there that with working with the Chamber, along with the City, has just been fantastic. I think we have just elevated the opportunity for businesses in our area by working together in collaboration and being able to put out a survey like this, alongside of Grow Minnesota!, I think is just going to be fantastic. I'm excited to see what the results are when they come back.

EDA Vice President Olsen said fantastic, thanks very much for the update from both of you. He asked if the EDA Members had any questions about this; none were asked.

EDA Vice President Olsen said so really the only question I have is sort of what happens next? So, after all this information is tabulated, etc., what does the action look like after that?

Director Larson replied well, depending on what they say in the surveys, obviously, or if they just skip the surveying and want to go straight to an in-person visit, all of those things will start taking place. So, we'll have the responses, we'll figure out from the responses what are the action items that will be needed, and we'll compile that all into a strategy and a plan, and we'll report back. After that first 30 days is done, we'll decide how many months do we wait before we send the survey out again; because obviously we'd like everyone to participate. Let's say 50 businesses participate the first time, then we won't send it to them again, obviously, so that'll be another tracking list we'll also set up. So, we'll be reporting back to you as soon as we have noticeable results.

EDA Vice President Olsen said good, well, thanks for the update. It looks like some very timely and critical feedback that we're seeking here, and it's always good to engage with our local business community and try to figure out what we don't know; because sometimes we don't know what we don't know. So, this is a really great way to go about that, and I love the partnership between the Chamber, Grow Minnesota!, and the City. Making sure that we collaborate with all of the stakeholders involved is something that we always aspire to do, and here's perfect evidence of why. So, thanks again.

6. **PUBLIC HEARINGS** - None.

7. **OTHER BUSINESS** - None.

8. **WORKSHOP** - None.

9. **PRESENTATIONS** - None.

EDA Vice President Olsen said before we go to adjournment, let me open the floor to EDA Members if there's anything they want to ask or make comment on this morning. There were no questions or comments from the EDA Members.

10. ADJOURNMENT

EDA Member Carey made a motion to adjourn. Motion was seconded by EDA Member Tschida. Motion passed unanimously (5-to-0 vote). The meeting was adjourned at 7:57 a.m.

Respectfully submitted,

Gretchen Larson
Economic Development Director

/jag