

# CITY OF COTTAGE GROVE

## **E**CONOMIC **D**EVELOPMENT **A**UTHORITY

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### **MINUTES** **May 11, 2004**

Pursuant to due call and notice thereof, a regular meeting of the Economic Development Authority was held at City Hall, 7516 80th Street South, Cottage Grove, Minnesota on the 11th day of May 2004.

#### **CALL TO ORDER**

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

#### **ROLL CALL**

**Members Present:** Jim Wolcott, EDA President  
Glen Kleven, Authority Member  
Gerry Weingartner, Authority Member  
Al Boche, Authority Member  
Sandy Shiely, EDA Vice-President

**Members Absent:** Dick Pederson, Authority Member  
Mike Wennen, Authority Member

**Others Present:** Ryan Schroeder, City Administrator  
Howard Blin, Community Development Director  
Ron Hedberg, Finance and Administrative Services Director  
Monica Percic, Management Analyst  
Scott Johnson, Management Analyst  
Colby Johnson, South Washington County Bulletin

#### **APPROVAL OF MINUTES**

Authority Member Glen Kleven moved to approve the April 13, 2004 EDA Minutes. Gerry Weingartner seconded the motion and the motion carried unanimously.

#### **PROJECT UPDATES**

ED-02-004: Washington County is entering the feasibility study stage for a 2005 project proposed east of CR 19, north of 90<sup>th</sup> Street concurrent with our East Ravine Planning project.

ED-02-023: A Culver's Restaurant franchisee has been attempting to acquire a restaurant site in Cottage Grove. Corporate has approved three different locations in town within the Gateway District. Offers have been made on two of those parcels.

ED-02-046: This is a 2.2 acre 10,000 to 15,000 square foot manufacturing project which would be a new location for an existing east metro facility. The owner has selected a site in the industrial park as his future home and is currently pursuing project financing.

ED-03-019: This is an existing Cottage Square restaurant that would like to relocate in the Gateway. A couple of different sites are currently being pursued.

ED-04-004: This is a speculative retail development proposed for the parcel next to the Pet Clinic across from City Hall.

### **GATEWAY UPDATE**

Ryan Schroeder informed the EDA that Clear Channel is in the process of passing signatures on the land deal for the 40 acre acquisition by the City. The closing is expected to occur in the next week. Cottage Square tenants are asking for information on the proposed redevelopment time line for the Presbyterian Homes project. Contamination was found on the site. A mitigation plan was submitted to the PCA. The PCA has asked for additional testing before the mitigation plan will be accepted. A development team is looking at site development and market possibilities for the proposed retail area of the redevelopment. The project will be split into two parcels. Revenue bonds will possibly be used to help finance the housing portion of the project.

Griffin Companies is working on the retail portion of the redevelopment. Two site plans have been prepared. The second draft site plan includes the Goodyear parcel in the project while the first does not. The owner of Goodyear is waiting until the numbers for the project are made more certain. Al Boche informed the EDA that the Bingo Hall received a call from Phoenix Partners notifying them that there may be possible contamination from a photo finisher that was located in the mall. Mayor Shiely also mentioned that a dry cleaner was based out of the Pet Groomer's current space. Mr. Schroeder explained that the current owners are looking for the responsible parties for the contamination, but the contamination on the site is well below the standards set by the PCA. Jim Wolcott asked when the redevelopment project would begin. Ryan Schroeder said his best guess was the spring of 2005.

Mr. Schroeder also informed the EDA that dirt is being moved on the Ruby Tuesday's site. The necessary approvals are now in place for this project. The contractor who is grading the site did ask for more time to move the dirt to another location, but the City denied this request. Closing will take place on this parcel at the end of the month. Construction is scheduled to begin in mid-June. The Shoppes at Gateway North project was approved by the City Council. Dan Stoltz is currently interviewing general contractors for the project.

Ryan Schroeder also mentioned that there were traffic concerns with the new retail proposals on Hardwood Avenue. The City outsourced a traffic study a few years ago that assumed build out of an additional 80,000 square feet of commercial buildings beyond the current proposals. The collector streets worked well during the traffic study. Plus, condemnation did not occur on the Kohls project or in any of the surrounding projects. Representatives of all four properties in the area wanted the City to buy their properties. The City Council did abort the Kohls project at one point and the owners were informed of this decision. The owners requested a meeting with Mayor Shiely. The property owners encouraged the City to revive the project and buy their properties. The local newspaper claimed the City was condemning and taking the property from the citizens. Mayor Shiely commented that these news articles are not true.

American Motor Sports Bar and Grill has received final approval to open a restaurant in Grove Plaza. A ribbon cutting ceremony will take place at Grove Plaza in mid to late June.

Ryan Schroeder informed the EDA that the prospective tenants for the new Oak Park Commons are Subway, 2<sup>nd</sup> Time Around, scrap booking store, and dental offices. The first portion of Oak Park Commons is expected to be completed by June. Kohl's plans to open its new store in the Gateway on August 20<sup>th</sup>. Jim Wolcott asked why Kohl's is waiting until August to open their new store. Ryan Schroeder informed the EDA that they schedule openings around the country through the year and this is when the Cottage Grove site could be inserted into the schedule.

### **EAST RAVINE**

Staff is currently working on plans for the neighborhood one area. Preliminary concept plans have been developed for the Cottage View area. Concept A would push the buildings to the street. Concept B would put the parking by the street. Howard Blin informed the EDA that he was not sure if Concept A was feasible on the parcel. Mayor Shiely asked if there would be more visibility for businesses in Concept A. Jim Wolcott thought there would be less visibility from Highway 61 for concept A. Mr. Blin also mentioned that the Arbor Lakes project in Maple Grove has entrances to the building in a court yard area. Mayor Shiely asked why big box retailers are proposed for this site. Howard Blin explained that the demand from the study called for box retailers from 100,000 to 120,000 square feet. Al Boche mentioned that he had been through both the Maple Grove projects. They incorporate foot traffic and a downtown feel. Mayor Shiely asked if there should be a variety in the box sites. Howard Blin said that this would eventually happen and that Concepts A and B were preliminary concepts. Mayor Shiely asked how the concepts would integrate housing in the north and retail in the area. Howard Blin said staff will work on more definition for the area. Glen Kleven thought the frontage along County Road 19 should be commercial development instead of housing. Howard Blin explained that the neighborhood elevation overlooks both commercial concepts. Al Boche did not think retailers would go for Concept A. Jim Wolcott thought Concept B would work better with the big box retailers. Glen Kleven thought it would be a better idea to shift the retail towards County Road 19 and co-mingle the housing.

Howard Blin thought the corner of Hwy 61 and County Road 19 needs to be included. Staff needs to find out what market exists in this area. Glen Kleven mentioned that the Hwy 61 project will help this intersection. Staff will take elements from each plan and put them together. Glen Kleven mentioned that County Road 19 will be a heavily traveled road in the future, but topography issues do exist on the site. Mayor Shiely also mentioned buffering between the zoning. Jim Wolcott mentioned that it would be a mistake to build town homes by Highway 61. He also mentioned that this property has been zoned commercial since the 1979 Comprehensive Plan. Mayor Shiely mentioned that the plan needs to anticipate buffering between neighborhoods and commercial development. Al Boche thought it would make more sense to have one or two major restaurants on the site closest to Highway 61 and County Road 19.

### **GOLF OUTING**

Invites were sent out for the 2004 EDA Golf Outing recently. The golf outing will take place on August 17<sup>th</sup> at River Oaks Golf Course.

### **BUILDERS LUNCHEON**

Invites were sent out for the builders luncheon. The event will take place on Wednesday, June 9<sup>th</sup> from 11:30 AM to 1:00 PM at River Oaks.

### **GATEWAY FENCING**

Monica Percic updated the EDA on the proposed gateway trail and fencing project behind City Hall. It will cost \$43,605 to install and remove the current fencing. Each property would pay a portion of the cost for the trail and fencing based on the size of their property. The Washington County HRA has indicated an interest in picking up \$20,000 of the cost for this project. Four to six year loans at 7% interest could be secured by the property owners for this project. This project will not move forward without the support of all the property owners involved. The goal of the project is to replace the fence and clean-up the area. Mayor Shiely asked if the current situation is a nuisance for the property owners. Ryan Schroeder informed the EDA that the fence would eliminate the informal walk way by City Hall. The project would encourage people to use the existing trail system to access the commercial areas. The informal access does pose a problem. Mayor Shiely commented that the fence would help stop citizens from crossing 80<sup>th</sup> St. at undesignated cross walk areas. Gerry Weingartner mentioned that people will find a way to cut across property no matter what occurs. Ryan Schroeder asked the EDA members if they would be interested in contributing to the project. Jim Wolcott said he does not feel comfortable with subsidizing a fence project for private business owners. Al Boche thought it would be a better idea to approach the Parks Commission for funds.

### **APRIL 15<sup>th</sup> CHAMBER TRADE SHOW**

Monica Percic provided the EDA with follow-up information on the Chamber Trade

Show. There is currently a waiting list for the next trade show. The evaluation forms from the vendors for the event requested more advertising and a larger venue. The EDA funding helped to make the event successful. Mayor Shiely thought it was a great event and a larger venue is needed for future trade shows. Al Boche suggested the Armory site.

### **REFINANCING OF EDA BONDS**

Ron Hedberg informed the EDA that they issued bonds to build the newest Fire Station. The City leases the bonds from the EDA. Municipalities can now issue tax exempt capital project bonds. The interest rates will be substantially lower by the City refinancing the current bonds. Staff suggested that the EDA call the bonds. Gerry Weingartner made a motion for a resolution to call the bonds. Mayor Shiely seconded the motion and the motion carried unanimously.

### **GROVE PLAZA DEVELOPMENT AGREEMENT AMENDMENT**

Mayor Shiely made a motion to amend the Grove Plaza Development Agreement to not include the Mainstreet Bank parcel. Al Boche seconded the motion and the motion carried unanimously.

### **INDUSTRIAL PARK DEVELOPMENT AND PURCHASE AGREEMENTS**

Ryan Schroeder introduced two proposed projects for the industrial park. The first proposal was for a 15,000 SF auto body repair business. There is no business subsidy for this project. The other proposal is for a company called ICC that will need a business subsidy for \$68,853, which will be paid in six years through tax increments. Mr. Schroeder also informed the EDA members that the pricing for the land in the industrial park will increase from \$2.10 per SF to \$2.50 per SF. This does not include the industrial park property off of Jamaica Avenue that costs \$.35 extra per SF.

Mayor Shiely was concerned about the buffer area between the industrial businesses and the residential areas. Mayor Shiely explained that in the Comprehensive Plan discussions she pointed out that there needed to be a buffer between the residential and industrial spaces. Ryan Schroeder mentioned that there is no specific mandate to set aside property for this purpose. Mayor Shiely thought good planning was needed in this case. She thought an auto body repair usage on the proposed site next to residential properties would be a bad use in this situation. She also had concerns about the proposed chemical company. Mayor Shiely further explained that she did not see the buffer issue discussed in the staff report on the auto body repair shop. She thought this was an important aspect of this project that needed to be discussed. Ryan Schroeder informed the EDA that a 100 ft. distance exists with the flume. Trees have also been planted in that area. Mr. Schroeder also mentioned that the amount of chemical waste from ICC is less than Advance Corporation. Both companies have small amounts of chemical waste that are within the applicable PCA standards.

Glen Kleven asked if the outside storage could be prohibited on the proposed auto body project. Gerry Weingartner asked if the auto body was an excluded use for the industrial park. Staff thought the outside storage and usage were permitted as a conditional use in the industrial park. Mr. Kleven also asked about citizens on top of the hill over looking the outside storage of the auto body shop. Jim Wolcott mentioned that the Planning Commission had already approved the project. Glen Kleven asked why the EDA was discussing the project if it was already approved by the Planning Commission. Mayor Shiely mentioned that another auto body was told that they were not a permitted use in the industrial park. Glen Kleven was also curious how many vehicles would be fixed at one time. Ron Hedberg mentioned that the project had a fenced area for 10 to 14 cars at a time. Mayor Shiely requested the Planning Commission's comments and wanted to know why another space in the industrial park was not more appropriate. Ryan Schroeder explained that the site is 300 ft. deep while the other sites in the industrial park were 450 to 500 ft. deep and this would be a waste of valuable space. Jim Wolcott also mentioned that the appearance of the auto body needed to be attractive.

Howard Blin informed the EDA that the auto body was permitted in the industrial park. Outside storage at the proposed site does require a conditional use permit. The project proposal also calls for an 8 ft. fence with plantings to screen the outside storage. Residents were fine with the concept at a neighborhood meeting. They were more concerned about the fumes and emissions from the project. The auto body's current site in Hastings is well within the PCA regulations. Al Boche asked if the cars were in a secured area. Mr. Blin informed the EDA that the cars would be in a secured area and that most of the fluids from the vehicles leak out at the scenes. The doors for the auto body would also stay shut during the hours of operation. Glen Kleven mentioned that he was more at ease with the project knowing that residents attended a public meeting on this project and gave their input. Mr. Kleven made a motion to approve the purchase agreement for the auto body repair. Al Boche seconded the motion. Mayor Shiely dissented on the vote. The motion carried on a 4 to 1 vote.

Glen Kleven asked where the ICC building would be located. Ryan Schroeder informed the EDA that the proposed site is east of Schmid Packaging. Glen Kleven made a motion to approve the Minimum Assessment Agreement and the Purchase Agreement for ICC. Mayor Shiely seconded the motion and the motion carried unanimously.

Jim Wolcott made a motion to have a Business Subsidy hearing at the June 8<sup>th</sup> EDA meeting. Gerry Weingartner seconded the motion and the motion carried unanimously.

**MISC.**

EDA members have not been receiving their packets early enough to review the information. Staff will send out the packets earlier in the future.

**ADJOURN**

The EDA adjourned at 9:00 a.m.

Respectfully submitted,

Scott Johnson  
Management Analyst