

CITY OF COTTAGE GROVE

ECONOMIC **D**EVELOPMENT **A**UTHORITY

MINUTES **July 13, 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 13th day of July 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
Dick Pederson, Authority Member
Mike Wennen, Authority Member

Members Absent:

Others Present: Ryan Schroeder, City Administrator
Howard Blin, Community Development Director
Ron Hedberg, Director of Finance and Admin. Services
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 June 8, 2004 EDA Minutes. Mayor Shiely seconded the motion and the motion carried unanimously.

PROJECT UPDATES

ED-04-009 Sara Clark from the Keewaydin Group requested information on industrial park sites that could accommodate a 50 – 70 acre project. The City is on the short list for this project.

ED-04-010 Ryan Schroeder met with Michael Pegge on July 7th to discuss a possible commercial project.

ED-04-011 American AgCo is looking at moving more of its operation to Cottage Grove. They are proposing a 60,000 SF building on 5.69 acres.

ED-04-012 Vanguard Construction is proposing a 50 – 60,000 SF office/warehouse/condo project for the industrial park.

GATEWAY UPDATE

Ryan Schroeder informed the EDA that the City has been approached by a current Cottage Square tenant about building an office building on the four acre Joe-Bob Property site. Mr. Schroeder asked the EDA for direction on this request. Glen Kleven said that he was surprised to see a proposed office space for this site. He did not think it would be a wise decision to build on that parcel. Mayor Shiely agreed with Mr. Kleven. She is opposed to the office building on that space and this project does not fit into the long term plan for the space. Ryan Schroeder reminded the EDA members that the property is currently set aside for green space for help with waste water. Billboards are currently being built to the north of the site by Clear Channel. Mr. Schroeder also explained that the Joe-Bob Property was appraised at \$151,000 and they currently want to sell the property for \$250,000. They have also talked to the City about a possible land swap of comparable property. Glen Kleven said that he never envisioned a building on this property. Glen Kleven made a motion to stay with the EDA's original plan to keep the property as green space. Mike Wennen seconded the motion and the motion carried unanimously.

Howard Blin informed the EDA that Clear Channel has built the new billboard signs. The City has given Clear Channel a week to work out a deal with Viacom to take down the existing billboards.

The former Oppidan Property behind the future Ruby Tuesday Restaurant site has received interest from a variety of restaurants and a multi-tenant user. There are currently 73,000 SF available for development. Al Boche thought a restaurant user would be a good fit for the site. Also, Ryan Schroeder informed the EDA that the Shoppes at Gateway North have interest from a restaurant, retail users, and office users.

Jim Wolcott said that he would like to see an attractive building that will pay taxes on the former Oppidan site. He would like to avoid a small restaurant with a large parking lot. Dick Pederson agreed that the site needs to generate tax dollars. Mayor Shiely also agreed, but the business needs must be in balance with building the community desires for the space. Gerry Weingartner asked how large of a building a 73,000 SF space could accommodate. Ryan Schroeder said the space could accommodate a 14,000 SF multi-tenant use, but the space would be tight. Probably a 10 – 12,000 SF building would fit on the site better. Mr. Schroeder said the City has the option to wait and sell later. One of the restaurants is looking for an answer now. The other restaurant has been looking for sites in Cottage Grove for quite a while. Jim Wolcott thought it would be

a good idea to wait and see if the Shoppes at Gateway North fill up quickly. Then the EDA can determine if additional small tenant space is needed. Mr. Wolcott said the intent of the space is to build something special. A restaurant with a drive-thru is not what was envisioned for that site. Mayor Shiely would like a restaurant that offers breakfast at the site. Al Boche thought a restaurant with little down time that serves breakfast and does not need a liquor license would be a good choice. Jim Wolcott said a nice aesthetic building that will pay taxes is needed on the site. Glen Kleven also did not want a drive-thru restaurant on the site. He also thought taxes should not be the only driver for the decision. A sit-down restaurant would be the best choice for the site.

Gerry Weingartner thought it would be wise to wait for the Shoppes at Gateway North to rent out and then see if another development can fill a niche in the area on the site. Mike Wennen thought it would be a good idea to keep discussing options. Al Boche thought an IHOP or Bakers Square would be a good fit for the site. Ryan Schroeder said that he does have a restaurant user that could work on the site.

Ryan Schroeder said work continues on Mainstreet Bank. Plans are still being put together for the 4,200 SF building near Grove Plaza.

EDA REVENUE BONDS

Ron Hedberg received direction from the EDA recently to refinance the EDA bonds that were used in 1995 to build Fire Halls. Staff needs formal action from the EDA to call the bonds and lease on the Fire Halls. The refinancing of the bonds was better than expected because the bond rating was upgraded recently by Moody's. Jim Wolcott said the bond rating upgrade was great news for the City. Ron Hedberg informed the EDA that there are only 14 or 15 cities in the State of Minnesota with this bond rating. Gerry Weingartner made a motion to terminate the lease on the Fire Halls and call the revenue bonds used in 1995 to build the Fire Halls. Dick Pederson seconded the motion and the motion passed unanimously.

DEVELOPMENT ENHANCEMENTS

Ryan Schroeder informed the EDA about staff's development enhancement ideas for the City. Mr. Schroeder said staff is proposing enhancements; 1) to the business district 2) upgrade public landscapes 3) joint marketing with the Chamber of Commerce. Mr. Schroeder would like to do more streetscaping in other parts of the City's retail areas to replicate the North Gateway District. Jamaica Ave. would be a top priority because it will eventually be linked to the future Cottage View retail area. Tax Increment Financing funds were used in the Gateway. A different approach is needed for the other retail areas. The City could also expand the tree mitigation plan. Oakwood Park could take on a manicured Como Park sort of look and could be connected to the land trust property to the west of the park with the Camel's Hump property. This could be a nice amenity as a park. Mr. Schroeder asked for direction from the EDA.

Glen Kleven likes the concept, but thinks the project can wait because the parcels will

not be sold. Mr. Kleven did mention that he appreciated Ryan Schroeder bringing these ideas to the EDA. Al Boche asked if there was any movement on the community center idea. Ryan Schroeder informed the EDA that the City Council approved a study to analyze the City's current park system and assess future needs including a community center. Jim Wolcott mentioned that the State recently cut the City's budget by \$1 million. There will need to be a referendum to build a community center. The City has one of the lowest tax capacities in the Twin Cities. The City needs to increase the tax base. Mr. Wolcott thought all of Mr. Schroeder's ideas were good, but the City needs to concentrate on increasing tax capacity. Mayor Shiely asked if the beautification dollars for the City could be included in the referendum for a community center. Ryan Schroeder informed the EDA that Mayor Shiely's idea was a possibility. Mayor Shiely also mentioned that the 80th St. improvements have attracted more businesses. Mr. Schroeder also said that some sources commented they are locating on 80th St. because that is the place to be in Cottage Grove. Dick Pederson thought a beautification program would be a tremendous step in the right direction and marketing this program to the citizens is extremely important. Mike Wennen said that he liked the idea, but had some concerns about paying for the program. Al Boche said that the citizens need a community center now and the City should partner with private businesses to provide this opportunity. Jim Wolcott thought the community center was a separate issue from the beautification issue. Glen Kleven said the City has lacked vision in the past and has missed opportunities because of this deficiency. He encouraged staff to tie Oakwood Park, the land trust property, and Camel's Hump together now with a plan.

Jim Wolcott would like the City to set higher standards for future developments. Mike Wennen would like to find out how much a landscaping program of this magnitude would cost. Ryan Schroeder said there is some Park Trust money earmarked for this type of project, but it would cost more than the amount set aside. Gerry Weingartner thought Jamaica Ave. is more of a priority. Jim Wolcott did not want to see Jamaica Ave. go through a long period of deterioration like 80th Street.

Mayor Shiely liked the idea of a combination of manicured and wild areas for the City beautification plan. She asked Howard Blin to look into how the City of Denver pays for their right-of-way landscaping program. Ryan Schroeder mentioned the Xcel franchise fee and thought the mechanism upon municipal utilities could generate money for this type of project. Jim Wolcott said that he received a number of phone calls on the utility fee. He thought it would be a better idea to put it on the tax bill, which would allow citizens to write it off on their tax returns. Ron Hedberg also mentioned designating a levy portion towards this program. Jim Wolcott said he liked the plan and wanted staff to put together a plan for the City. Ryan asked for direction with the marketing components. Mayor Shiely thought it would be a good idea to tap into the Chamber to do more outreach. Mike Wennen said this was not a Chamber priority in the past, but it would be a good direction and healthy change. Ryan Schroeder asked if the EDA would be interested in funding a portion of the marketing. Jim Wolcott thought this would be a good idea with the increased EDA marketing budget. Ryan Schroeder will talk to the Chamber and give the EDA regular updates on the meetings.

EAST RAVINE

Howard Blin informed the EDA that they are currently working on access points for County Road 19, the proposed Ravine Parkway, and 90th St. for the East Ravine project. The new proposal has space for an 180,000 SF big box retailer, higher density residential, smaller box retailers, mixed-use development, and two 90-100,000 big box retailers. The north portion of the proposal is residential. They are looking into the “big house” concept where 3, 4, or 5 units of housing are included in one building. These are proposed to line the parkway. Senior housing developers have also shown interest in building higher density senior housing over looking the ravine. The rest is proposed to be detached single family housing. Jim Wolcott asked about the green areas in the residential areas. Howard Blin informed the EDA that the green spaces represent vertical separation. Mayor Shiely said the City Council and Planning Commission will meet at 7:00 PM in the Council Chambers to discuss the East Ravine on July 14th. Mayor Shiely asked about the road connection to the existing neighborhood. Mr. Blin said a traffic study will be conducted on the proposed connection. Mayor Shiely also asked about the yellow area of the map. Howard Blin said the zoning has not been determined for the area.

EDA GOLF OUTING

Scott Johnson informed the EDA that 91 people have RSVP'd for the event. Currently, the event has 10 silver sponsors, 1 bronze sponsor, 1 gold sponsor, and 1 platinum sponsor.

BUILDERS LUNCHEON FOLLOW-UP

Twenty-one upper end housing developers participated in the builder's luncheon on June 9th at River Oaks Golf Course. Mayor Shiely requested a list of the attendees. Scott Johnson will provide this list to the EDA in the next agenda.

EDA ANNUAL REPORT

EDA Members were given a copy of the EDA Annual Report. The report will be mailed out to the ED mailing list in the upcoming week.

CALENDAR

Scott Johnson informed the EDA that Kohl's will be opening on August 20th.

MISC.

Ryan Schroeder informed the EDA about the 60,000 SF American AgCo proposal on 5.69 acres in the industrial park to consolidate more of their operations. He also

informed the EDA about Plastic Resources Inc.'s (PRI) proposal to build a 20,000 SF project on a 2.2 acre parcel in the industrial park. PRI makes gift cards for retailers and restaurants. Jim Wolcott asked about the proposed body shop. Ryan said he has not heard from them and ICC is waiting for the funding for their project. The EDA was also provided with the proposed numbers for both projects.

Mr. Wolcott also asked about the gas station site at Almar Village. Ryan Schroeder said the gas station has asked for an extension and the vinyl siding on the retail portion has been tagged with graffiti. Mr. Wolcott also wanted American AgCo to dress up their building so traffic cannot see the trailers in the back of the building. Glen Kleven made a motion to authorize development agreements and the public hearing for business subsidies for the PRI and American AgCo projects. Gerry Weingartner seconded the motion and the motion carried unanimously. A public hearing will be held at 7:30 AM on August 10, 2004 for these two projects.

ADJOURN

The EDA adjourned at 9:05 AM

Respectfully submitted,

Scott Johnson
Management Analyst