

# CITY OF COTTAGE GROVE

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

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### **MINUTES** **February 8, 2005**

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 8th day of February 2005.

#### **CALL TO ORDER**

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

#### **ROLL CALL**

**Members Present:** Myron Bailey, EDA Vice President  
Gerry Weingartner, EDA Secretary/Treasurer  
Sandy Shiely, EDA President  
Glen Kleven, EDA Member  
Mike Wennen, EDA Member  
Jim Wolcott, EDA Member  
Al Boche, EDA Member

**Members Absent:**

**Others Present:** Ryan Schroeder, EDA Executive Director  
Ron Hedberg, Director of Finance and Administrative Services  
Kim Anderson, South Washington County Bulletin  
Jennifer Levitt, City Engineer  
Scott Johnson, Management Analyst

#### **APPROVAL OF MINUTES**

Glen Kleven moved to approve the January 11, 2005 Economic Development Authority Minutes. EDA Member Wennen seconded and the motion carried unanimously.

## **DEVELOPMENT UPDATE**

Ryan Schroeder informed the EDA that the ICC and PRI projects in the Industrial Park are moving forward as scheduled. American Agco will be closing on their expansion site and beginning construction on their project in April. The American Motorsports Bar and Restaurant is scheduled to open next week. Al Boche informed the EDA that employees went through training yesterday and the health inspector has their walk through scheduled for today.

A 9.9 acre stormwater pond on 95<sup>th</sup> Street will be constructed in 2005. This project is listed in the CIP at a cost of \$300,000. There is enough fill from the proposed pond to make a 2.3 acre site near the pond developable.

Staff is looking for the EDA's input on expanding the Gateway Redevelopment district boundaries. The original boundaries of the district were set in 2001 and based on what existed at that time. Ryan Schroeder suggested including the Shoppes at Gateway North, Francis/Ott property, the City owned site next to Ruby Tuesday, CB Burnett, Oak Park Commons, Arby's, Perkins, School District Property, and properties near City Hall to the designation. Mr. Schroeder also asked for the EDA's input on creating a TIF district along West Point Douglas. There is a need to upgrade infrastructure between the Youth Service Bureau (YSB) and 80<sup>th</sup> Street that are in the way of development. Jim Wolcott asked if TIF would be used to move the lift station by the YSB property. Mayor Shiely asked what other advantages there were to adding properties to the TIF district. Mr. Schroeder informed the EDA that it would help pay for infrastructure costs that negatively impact adjacent property. Mr. Wolcott asked where the cut off would be for West Point Douglas. Mr. Schroeder suggested by the Park and Ride area before the St. Paul Companies property.

Jim Wolcott asked if the City owns the property for the 95<sup>th</sup> St. pond. Ryan Schroeder explained that the City does not own the property, but should be able to buy the property at a reasonable price because construction on the site would require so much fill that a project would not be economically feasible.

Myron Bailey suggested expanding the Gateway District to Hinton and extend another portion from East Point Douglas Rd. to the car dealership and across Highway 61 to the Golf Dome. Mayor Shiely explained to everyone in attendance at the meeting that TIF has been used sparingly in the district. Ryan Schroeder informed the EDA that TIF has only been designated for about 40 acres out of the 365 acres in the Gateway district.

Ryan Schroeder asked the EDA if they would be comfortable with expanding the TIF district to include the lift station on West Point Douglas next to the YSB building. Mr. Schroeder also explained that the new lift station will cost \$250,000. Myron Bailey asked if the YSB still had some building issues. Mr. Schroeder informed the EDA that the YSB is continuing to deal with their building issues and the lift station will not impact the YSB. Mayor Shiely informed the EDA that the YSB has entered into a purchase agreement with the property owner next to them. Mr. Schroeder also explained that the party who entered into a purchase agreement with the YSB is also looking for alternative property in the City. Gerry Weingartner supports using TIF in this area to help with redevelopment of the area. Mike Wennen also thought TIF would help with the

infrastructure and lift station problems. Mayor Shiely was uncomfortable with expanding the TIF district because she is concerned about expanding TIF for one project. The developer knew about the lift station when they purchased the property. She informed the EDA that she will listen to their input and that TIF is not a popular option with Washington County. Ryan Schroeder also mentioned that Public Works does not want this project near their infrastructure and would disapprove of any project by the lift station's current site. He also mentioned that Washington County likes Tax Abatement more than TIF with a big difference between the two tools being the City needs to ask for the county's permission, unlike TIF where there is not a choice by the County to participate. Mr. Weingartner asked if TIF may be used if Washington County does not give permission to use Tax Abatement. Mr. Schroeder said that the City could use TIF and some City's have used abatement after the life of a TIF district is over. He also mentioned that Woodbury and Cottage Grove use the smallest amount of TIF percentage wise in Washington County. Mayor Shiely and Mike Wennen agreed that they were not big fans of using TIF. Jim Wolcott mentioned that there are some pluses and advantages to use TIF as a development tool. Glen Kleven mentioned that the City could not lose tax base that it did not have and TIF would be a good development tool in this area of the City. Mr. Wolcott also mentioned that it is a big misconception that businesses who receive TIF subsidies are not paying taxes.

Mike Wennen asked if the current lift station needs work. Jennifer Levitt informed the EDA that during a power outage the lift station can only serve the East Point Douglas businesses for 45 minutes or less.

### **PLANNING COMMISSION**

Ryan Schroeder informed the EDA about some discussions that were taking place at the Planning Commission. The Commission is revisiting the amount of parking spaces that are needed for restaurants because other cities seem to be less restrictive. The Commission is also looking at requiring some minimum amount of green space for future commercial and industrial projects. Auto sales and temporary signage have also been discussed.

Mr. Schroeder mentioned that it has been suggested that the City concentrate on larger scale projects in the Industrial Park. Mr. Schroeder informed the EDA that the smaller projects have been able to create jobs and tax capacity at the same level or more than the larger projects. Mr. Wolcott also mentioned that it is easier to fill smaller buildings if the current tenants have financial problems. Al Boche mentioned Shakopee as a City that may have a problem with this in the future because of the large amount of big box businesses in their City. Mr. Wolcott felt the Industrial Park was going in the right direction with the current mix of business sizes. Ryan Schroeder also mentioned the Industrial Park provides opportunities for all three industrial markets.

### **EDA STRATEGIC PLAN**

Ryan Schroeder asked the EDA members what process they would like to follow to update the Strategic Plan. Glen Kleven thought that the vision of the original plan was the same and only

the goals section of the document needed to be updated. The EDA will set up a goals setting meeting sometime in March to update the EDA Strategic Plan.

### **BUSINESS SUBSIDIES WAGE REQUIREMENTS**

Ryan Schroeder informed the EDA that the minimum hourly wage for businesses receiving subsidies is \$11.00 per hour. Mr. Schroeder suggested increasing the minimum to \$13.00 per hour. Jim Wolcott asked why an average pay amount is not used instead of the minimum per hour wage. Mr. Schroeder explained that a minimum threshold wage is required by the State for any subsidy agreement. Mayor Shiely had no objection to the \$13.00 minimum, but suggested negotiating a higher minimum wage in future agreements. Mr. Schroeder said the City usually asks for higher limits between \$15.00 and \$18.00 per hour. Mr. Boche asked what would happen if a business did not meet the threshold for wages. Ryan Schroeder informed the EDA that the City cannot give the subsidy to the business if they do not meet the minimums and the City must prove to the State that they met the minimum requirements.

### **TIF VERSUS ABATEMENT**

Ryan Schroeder informed the EDA that he based his information on a theoretical 2 acre project in the Industrial Park to use as an example of revenues generated by a TIF project. Jim Wolcott mentioned that the City's use of TIF is low compared to other municipalities. Mr. Wolcott is irritated with County Commissioners who want to dictate the use of TIF at the city level.

### **MISC**

The Spring Showcase will be held April 7<sup>th</sup> from 4:30 PM to 7:30 PM at the Cottage Grove Armory. The Workforce Investment Board will have Matt Kramer from DEED at their meeting on June 16<sup>th</sup> from 11:00 AM to 1:00 PM. Invites will be sent out in April for the meeting.

### **ADJOURN**

The meeting adjourned at 8:30 a.m.

Respectively Submitted

Scott Johnson  
Management Analyst