



Inver Grove Heights Economic Development Authority
Monday, January 13, 2025 at 5:00 PM
8150 Barbara Avenue, Inver Grove Heights, MN 55077

AGENDA

NOTICE TO RESIDENTS: Individuals may submit written public comments in advance of the meeting by emailing comments to Stacy Bodsberg (sbodsberg@ighmn.gov). Comments received prior to 4:00 p.m. on Monday, January 13, 2025, will be provided to the EDA at or before the January 13, 2025 meeting.

1. **Call to Order**
2. **Roll Call**
3. **Adopt Agenda**
4. **Election of Officers**
 - A. Election of EDA Officers for Fiscal Year 2025.
5. **Consent Agenda**
 - A. Minutes of the October 7, 2024, Economic Development Authority Meeting.
 - B. Minutes of the December 2, 2024, Economic Development Authority Meeting.
 - C. Approval of Claims
 - D. Approval of a Third Amendment to the Professional Services Agreement with Krueger Real Estate Advisors, LLC.
 - E. Approve Change of Date for the February 2025 EDA Meeting.
6. **Regular Agenda**
 - A. Receive Recap of Developer Roundtable Meetings Regarding Republic Services Site.
7. **Next Meeting**
 - A. Next Regularly Scheduled Meeting is Monday, February 10, 2025, at 5:00 p.m.
8. **Closed Session**
 - A. Closed Session: Discussion of Negotiations & Intent to Purchase Real Property
9. **Adjourn**

January 13, 2025 - Economic Development Authority Agenda



Economic Development Authority Staff Report

SUBJECT: **Election of EDA Officers for Fiscal Year 2025.**

MEETING DATE: January 13, 2025

ITEM TYPE: Election of Officers

CONTACT: Jason Ziemer, Community Development Director, 651-450-2546

PURPOSE/ACTION REQUESTED

The EDA is asked to appoint its slate of officers for 2025.

BACKGROUND

Article 2, Section 1 of the Inver Grove Heights Economic Development Authority (EDA) Bylaws require members of the EDA to elect a President, Vice President, Treasurer, Assistant Treasurer and Secretary (Officers) at its annual meeting of the year. According to Bylaws, the terms of President, Treasurer and Secretary are for one year, or until a successor is elected by the EDA. The Vice President and Assistant Treasurer may hold office for any term as designated by the EDA. All officers are typically appointed to one year; Secretary and Assistant Treasurer are typically City staff. EDA officers for 2024 were the following:

President	Sue Gliva
Vice President	Tony Scales
Treasurer	Brenda Dietrich
Assistant Treasurer	Amy Hove, Finance Director
Secretary	Katie Malott, Deputy City Clerk

According to Article 3, Section 1, the Community Development Director is designated as the EDA Executive Director. Due to the previous vacancy of that position, at the October 2, 2023 meeting, the EDA approved a resolution, appointing the City Administrator as the Interim EDA Executive Director. That appointment was pending the hiring of a new Community Development Director. With a new Community Development Director now on staff, and in keeping with the Bylaws, the EDA should formally designate the Community Development Director as the EDA Executive Director.

City staff recommend individual motions and action to appoint each of the five officers and executive director.

FISCAL IMPACT

N/A

RECOMMENDATION

Staff recommends electing officers for 2025.

ATTACHMENTS

None

INVER GROVE HEIGHTS ECONOMIC DEVELOPMENT AUTHORITY MEETING

MONDAY, October 7, 2024 - 8150 BARBARA AVE

1. CALL TO ORDER

The Economic Development Authority (EDA) of Inver Grove Heights met in Regular Session Monday, October 7, 2024, in the Council Chambers at City Hall. President Gliva called the meeting to order at 5:00 p.m. The Pledge of Allegiance was said.

2. ROLL CALL

Present: President Gliva, Members Scales, Dietrich, Murphy and T'Kach.

Staff Present: City Administrator Wilson, City Attorney Nason, Community Development Director Ziemer and Deputy City Clerk Malott.

3. CONSENT AGENDA

A. Minutes of August 5, 2024, Economic Development Authority Meeting.

B. Approval of Claims.

Motion by Dietrich, Second by Scales; to Approve Consent Agenda Items.

Motion approved 5-0.

4. REGULAR AGENDA

A. Retail Recruitment Services Contract with Krueger Real Estate Advisors

Community Development Director Ziemer presented this item.

The existing contract with Krueger Real Estate Advisors expired on September 30th, 2024 and the EDA needs to determine what direction they want to go in terms of the contract.

Retail Recruitment Services Contract – Krueger Real Estate Advisors:

- Hired by EDA on March 13, 2023
- Proposal Work Focus
 - Meetings with existing property owners & brokers
 - Inventory of existing real estate
 - Interviews with impacted & interested parties
 - Attend EDA meetings
 - Develop aggressive strategies to retail recruitment
 - Focus on efforts leading to transactions vs. research project
- Contract Terms
 - Hourly Rate: \$250/hour (cap 24 hours/month)
 - Max Costs: \$7,800/month (NTE); \$46,800 max initial six months (NTE)
 - Two additional six month extensions
 - Expired September 30, 2024
- Discussion Topics
 - Review purpose of work
 - Match desired outcomes to achievements
 - Discuss effort compared to vision, goals & expectations of EDA
- Next Steps
 - Desire to continue work
 - Define focus & assessment points
 - Duration

- Other Opportunities or Considerations

Director Ziemer stated that the contract had a variety of different topics and a lot of it was attaching perspective businesses to potential empty spaces. If the contract is renewed the EDA can narrow the concept of the work. Staff is requesting direction from the EDA to determine where they would like the project to go. The EDA budget includes a staff person and the EDA can discuss that option also.

Board member Scales stated he likes the idea of continuing the process and it is good to have someone focused on the project. It is hard to find an expert in this area and if they hire a staff member they could be assigned other projects. The contract allows them to be focused on the project.

Board member T'Kach stated she would like to continue with the contract and with someone that is familiar with the area but would like to see more focus on commercial businesses and career type jobs. There are enough people in town and that would commute to Inver Grove Heights for high paying jobs. They have commercial and industrial spaces available and she would like to see more emphasis. It would also help with the tax base.

Board member Murphy agreed with the other board members and is not ready to hire a staff person full time. The project should have a narrower focus. Residents want to be able to shop in Inver Grove Heights and would want the focus to remain on retail. There are ongoing projects that he would like to see completed before ending the contract.

Board member Dietrich questioned why Mr. Krueger was not asked to attend the meeting.

Administrator Wilson stated the EDA could have a more open conversation about the contract without Mr. Krueger in the room because there were concerns about the contract expressed by board members during the last discussion of contract renewal. Board members wanted to have tangible results to point to and there is a raised level of awareness and interest, but they do not have tangible results of businesses being in the City as a result of the contract. Administrator Wilson stated the update to Mr. Krueger can be done effectively in writing and she thought the discussion amongst the board was a priority.

Board member Dietrich questioned if the update the board received from Mr. Krueger was public information because she would like to hear from him about public information at every meeting and asked how people will know about what is coming.

Administrator Wilson stated emails between the board and Mr. Krueger would be considered public information.

Board member Dietrich stated she learned new information recently and questioned how residents will know if they are not able to hear the information while watching the meeting. Board member T'Kach stated she reviewed the current firm's resume and it was more focused on real estate and entertainment than commercial. She questioned if the board should consider a contract with a different consultant and asked if staff had a recommendation.

Director Ziemer stated that staff is looking for direction from the EDA. Staff is not opposed to working with Mr. Krueger if that is the direction the board decides. Mr. Krueger has acknowledged that helping brokers fill spaces is not his area of expertise. He talks about transformative economic development which could be a certain type of business with jobs or destination retail. Whether the EDA decides to continue the contract with Mr. Krueger or go a different path, the focus should be narrowed to what the board wants to see in the City. He reviewed the proposal and work that has been done and it is looking at a lot of different ideas. Staff wants to determine what the EDA wants to focus on whether it be a large project, destination retail, filling the empty spaces or something else. Retail Recruitment firms will do a community profile and provide everything about the community and how businesses align with the profile. This is different than the work Mr. Krueger has been doing. Staff wants to understand what the board wants a consultant to focus on.

Board member Murphy stated during the previous contract renewal discussions he was a board member that wanted to see results much quicker than they were getting them. The current staffing of the City and EDA does not allow for anyone to focus on the project without contracting with Mr. Krueger. This is why he has softened his stance on the lack of immediate results. They are also receiving more information than they were previously. It is important to continue the project. He does not want it to focus on filling empty spaces. The project that was alluded to earlier is the type of project that the community would benefit from. It would bring all of the other stuff in. If the contract is renewed, he wants it to focus on that type of project.

Board member Scales stated he would prefer more of the transformative projects that would move the City to the next step. Store fronts change with every cycle of the economy and does not want the focus of the project to be on filling the empty spots. The City has been trying to provide retail for the past 50 years and he does not want to change the focus of what Mr. Krueger is doing. They should complete a good retail base before moving on to something else. Retail is what should be focused on. Inver Grove Heights needs retail and that is what the residents have been asking for. Retail is spread throughout the City because they start different areas instead of finishing one. The focus should be on something transformative that brings people and retail to the City.

Board member Dietrich agreed with board member Scales and noted at the retail panel she attended with Krueger Associates, there were many cities and developers saying that Inver Grove Heights was business friendly now. For many years the City was not thought of as business friendly and she wants to keep the current focus with Mr. Krueger. They should keep the options open and not turn away any options without reviewing.

Board member T'Kach stated she does not disagree that the City needs retail but thinks they can also look for other opportunities. Previous EDA boards have discussed having a corporate campus in Inver Grove Heights. She questioned what staff thinks the opportunities are for developing commercial space within the next five years.

Director Ziemer stated when businesses are reviewing locations they need a daytime population to make the business work. If there is only business in the evening due to residents commuting out of the city for work, it is a struggle for a business like a restaurant. If residents are leaving a city for work, they want to have others commuting to the city to

balance the daytime and evening population. This gives businesses a consistency of people shopping and eating during the day. Commercial does provide jobs but it does not necessarily create jobs where people may want to move to the city. When a city has jobs and housing, it enhances the opportunity to add retail and commercial space. Cities have to determine what order works best for their specific community. The 2040 and 2050 comprehensive plans project that employment numbers will continue to grow and they need to determine how to combine that with the commercial side. He has not yet reviewed the census data that shows how many people leave the City during the day and how many people come to the City to work.

President Gliva asked to confirm if they have that data available.

Director Ziemer advised that typically when the census is updated, it will provide an idea of those numbers. Going forward he will engage the EDA in discussions on what they know about the community. There is great information on the EDA website with what they know about the community. Businesses can view the information if they are considering coming to Inver Grove Heights. It provides a great idea of what the resident base is in terms of where people shop, income and other data. The more they understand the information, staff can partner with the EDA to determine what types of business they want to see in the City long term.

President Gliva questioned if there were many industrial land or opportunities for developers to currently build on. She works at a commercial real estate title company and there is a big industrial focus right now. There could be job opportunities if they have the industrial land available.

Director Ziemer advised Inver Grove Heights does have industrial land but it is not to the same size and scale as other cities. The pandemic shifted the market towards industrial and has changed the way industrial manufacturers are building things. There have also been changes to the trucking industry. Consumers have the expectation of wanting products and other items a lot closer to them and it put pressure on many businesses to move things closer to where the larger population bases are. A lot of industrial land sat vacant for many years filled up quickly. They have had discussions with other developers that own land or would like to buy land that is zoned as industrial to try to figure out what projects they can do. There is nothing confirmed but they are testing the market to see what they can do.

Board member T'Kach inquired if staff sees potential regarding of properties in future comprehensive plans to add more industrial or commercially zoned areas.

Director Ziemer advised that they have a lot of land that is residential and regarding would put industrial areas near residential areas. There are options to look into mixed use or other commercial areas and they will have to look further into it when they update the comprehensive plan. Bringing commercial and retail spaces to Inver Grove Heights is a big priority for both the EDA and the City Council. They have the option of waiting to see what the market will look like but they also have an option to review potential development projects and decide if it is something they would like to see in the City. They are able to be flexible with the land use and zoning codes to allow development of a property that meets the goals of the EDA and Council. They are currently looking at the surface of what the EDA

can do. They could have additional staff to help present the City in a different light and capacity. Director Ziemer and President Gliva will be attending the Minnesota Commercial Association of Real Estate/Realtors (MNCAR) expo on October 30. Adding an additional staff member could help engage more in these types of events and could help define goals, expectations and outcomes that the EDA wants to achieve. They can still continue to employ consultants but when they have discussions about the EDA can do a staff member can be very engaged in the community trying to attract the businesses they want to see in Inver Grove Heights.

Board member T'Kach questioned if it would make sense to have a short term retail contract with Krueger Associates or if it was better to have a six month contract.

Administrator Wilson advised that they have been under contract with Krueger Real Estate Services for 18 months. The original contract was for six months and it has been renewed twice. They do not have a requirement to contract for six months, but the projects take time and she would hesitate to have a shorter contract. The EDA only meets every other month and economic development does not move that quickly. She recommends a six month contract if it is going to be renewed. Director Ziemer and Administrator Wilson have talked about trying to set some goals with the EDA in the beginning of 2025. A six month contract would give them some direction and time to set goals and then they can adjust as the EDA chooses.

President Gliva stated moving forward, it would be good for the EDA to have an outline of their goals as an EDA prior to hiring staff or another consultant. They may need to hire staff and still hire a consultant based on the goals set. She is in favor of renewing the contract for six months to see if the project will work or not.

**Motion by Dietrich, second by Scales; to Authorize the EDA President to enter into a 6 month contract extension with Krueger Real Estate Advisors.
Motion approved 5-0.**

C. Staff Updates (verbal)

Director Ziemer presented this item.

There have been EDA discussions on the city-owned industrial lot on Dickman Trail. The EDA gave direction to staff to start talking to brokers or others and try to determine the marketability of the site. Staff was trying to get an idea of what they have from a property perspective and have some survey work done and draft some other types of documentation. A contract to move forward with the survey work was approved by City Council and a previous meeting. The contract included an ALTA survey and topography survey for the Dickman Trail property and a survey of the EDA-owned property on the northwest corner of Babcock Trail and 70th Street. The EDA-owned parcel is currently part of the golf course. They are surveying the piece owned by the EDA to separate it from the golf course and resurveying the entire golf course to combine it into one lot instead of multiple smaller lots. The survey should be completed in October and then they have a lot of information to engage the brokerage community to understand what uses they envision for the area. They

can then decide if they are going to do direct soliciting, an RFP or what the best approach will be to move forward.

There will be preliminary and final plat work that will need to be done to formally split the EDA and golf course properties. Staff continues to receive calls regarding both properties. They are looking at one business for the industrial lot but it probably will not be a good fit. Director Ziemer advised the business where they were in the process and if they were interested, he would keep them informed. He did advise them that they are not looking at doing anything additional with the property at the moment.

Board member T'Kach inquired if it would make sense to continue with the survey work to determine what they have but not move forward with a sale until they have ideas of what the City and the EDA want to do with the properties.

Director Ziemer stated he is not advocating to do the survey work and sell the property right away. Staff is gather information to provide to the EDA so the board can provide direction on how they want to approach the properties. The formal split of the EDA parcel will likely not happen until after January 1, 2025. They are putting more emphasis on the industrial lot because it is a little bit higher priority and an easier process. The EDA land and golf course will take more time. They did want to get the survey work done prior to it snowing. They will can bring other components to the EDA and try to provide information on what they are hearing from brokers. The City also owns other land in the area and there have been conversations in the past about options for those also.

Director Ziemer provided the EDA with a map of the Republic Services parcel that is adjacent to Heritage Village Park. There has been ongoing conversation about potential redevelopment of City-owned land adjacent to Doffing Avenue. The parcel is east of Concord Boulevard between 65th and 66th Streets. The EDA authorized staff to move forward with a roundtable with developers. They will take place October 31 and November 1. Six development companies have been invited to talk about the site, the community and provide information form their perspective. Different types of development ideas will be explored and they could possibly identify a future development partner that may have an interest in a project. The developers range from townhomes, apartments to commercial, but there are no industrial developers. Director Ziemer wants to understand how they can leverage the site adjacent to Heritage Village Park as being in a good location. Ehlers Associates assisted with identifying the six developers and they do have additional developers lined up if one of the original six is unable to attend the roundtable discussion.

Director Ziemer advised that there is an area in the middle of the map where an overhead power line easement currently exists. As staff was reviewing the area they also found a railroad easement. Staff has been in contact the railroad and they will work with the City to vacate the easement if the City gains control of the property. There will be a cost to the City to go through the process with the railroad. Staff wanted to understand the impediments of the property prior to the developer roundtables. If the railroad had said they would not allow the easement to be vacated redevelopment would not be an option. As soon as they have the information from the roundtables, they will provide an update the EDA.

Board member T’Kach inquired if the property to the east was considered to be in the floodplain.

Director Ziemer advised the flood map shows the parcels adjacent to Doffing Avenue might be in the floodplain. They are reviewing the flood maps to verify if it is defined as a floodplain as opposed to being defined as a low area. The entire property is currently zoned as industrial but staff is identifying if the City-owned parcels are in the floodplain or not because it could possibly impact what could be developed on the site.

President Gliva confirmed that the development roundtables were on October 31 and November 1.

Director Ziemer stated they are on October 31 and November 1. Director Ziemer along with two representatives from Ehlers will present the developers with information and the developers will talk about the pros and cons of the site based on site specific location and regional location. They will share their thoughts on Inver Grove Heights, what they think could be developed on the site and if they would have any interest in developing the site. The roundtables help give an idea of what could be developed and if they have a potential developer.

5. NEXT MEETING

The next regularly scheduled meeting is Monday, December 2, 2024, at 5:00 p.m.

6. ADJOURN

Motion by Scales; second by T’Kach: all in favor to adjourn.

The meeting was adjourned by unanimous vote at 5:47 p.m.

Minutes prepared by Recording Secretary Sara Lyons.

INVER GROVE HEIGHTS ECONOMIC DEVELOPMENT AUTHORITY MEETING

MONDAY, December 2, 2024 - 8150 BARBARA AVE

1. CALL TO ORDER

The Economic Development Authority (EDA) of Inver Grove Heights met in Regular Session Monday, December 2, 2024, in the Council Chambers at City Hall. President Gliva called the meeting to order at 5:00 p.m. The Pledge of Allegiance was said.

2. ROLL CALL

Present: President Gliva, Members Scales, Dietrich, Murphy and T’Kach.

Staff Present: City Administrator Wilson, City Attorney Nason, Community Development Director Ziemer and City Clerk Kiernan.

3. CONSENT AGENDA

A. Approval of Financial Claims.

B. Approval of 2025 Meeting Dates.

Motion by Scales, Second by Murphy; to Approve Consent Agenda Items.

Motion approved 5-0.

4. REGULAR AGENDA

A. DEED Host Community Economic Development Grant Application.

Director Ziemer presented a recommendation for the DEED Host Community Grant to the Economic Development Authority for their consideration.

Host Community Economic Development Funding:

- Grant Program Overview
 - Established by Legislature in 2013
 - Provides funding for “host community” of a mixed municipal solid waste facility
 - Eligible cities: Inver Grove Heights and Burnsville
 - Previous funding awards: \$415,625 (2022-2024)
 - Current request: Proposed acquisition of Republic Services site on Doffling Avenue

Proposed Grant Application:

- Design utility extensions to EDA-owned properties
 - Enhance shovel-ready status for properties
 - Fund design work; remaining funding cover utility construction costs
 - Future grant application to fund utility construction
 - Leverage grant funding as development incentive
- City Engineer Cost Estimates:
 - Dickman Trail Site
 - Construction: \$1,109,420
 - Design: \$110,000
 - Golf Course Site
 - Construction: \$1,277,977

- Design: \$125,000

Design is typically 20% of the cost of construction and includes engineering and construction designs. The estimates for design costs are likely higher than the actual cost will be.

Grant funding request:

Project	Use	Request	
Dickman Trail	Design	\$110,000	
Babcock Trail	Design	\$125,000	
Total Design			\$235,000
Dickman Trail	Construction	\$180,625	
Total Construction			\$180,625*
Total Grant Request			\$415,625

*Requires local match to fund remaining construction cost.

If the design costs are lower than projected, staff hopes to work with DEED to reallocate the funds towards another project that they are doing design work on. Another option is if the Babcock Trail or Golf Course property has developer interest prior to the Dickman Trail site, they can work with DEED to allocate the funds there. This does not address the local match to fund the remaining construction costs which would need to be evaluated. The grant provides the ability to do the design and engineering work for the sites and allows that work to be completed knowing that there is interest from a development perspective.

Director Ziemer stated there are a variety of funding options for the remaining construction including developer costs, City cost, or a split cost. This meeting is not to discuss the options for funding the remaining construction costs.

This is a Council Decision because the Council submits the grant application but Director Ziemer is looking for an EDA perspective on the grant. DEED wants the City to apply the grant towards something that is going to help generate development and drive economic development.

Action Recommendation:

- Motion to direct staff to submit DEED Host Community grant application
 - Request funding for utility design for two EDA-owned development sites
 - Dickman Trail and Babcock Trail - 70th Street intersection
 - \$415,625 total request
 - \$235,000 design
 - \$180,625 construction
- Item will be prepared for City Council action on December 9, 2024
- Discussion

Commissioner T'Kach questioned if the money for utility construction would come from the utility funds.

Director Ziemer advised that the funds would typically come from the utility funds. The City could also levy or do the project upfront and defer the assessments against the property or a project that may benefit. They are not currently looking at the construction but would like to

get the design completed to allow time to determine the funding. It also allows Staff to advise prospective developers that they are working on the design to take pressure off of developers. The due diligence on both sites will be attached to how the utilities get constructed and who constructs them. If they can get the funding for the design and potentially some of the construction, it could be a public driven project that is paid back by the developer. For the Dickman Trail site, the developer would have to pay \$1.1 million less what the grant funding would potentially cover.

Commissioner T'Kach inquired if the type of project being proposed for each site would impact the size or type of utilities needing to be put in. Director Ziemer stated the City Engineer looked at the projects and the Dickman Trail site is industrial driven. The Babcock Trail site could be commercial or residential. The City Engineer evaluated what would be needed for pipe size capacity and other items to service those sites. They are smaller properties so the demand on the market is not going to be as heavy compared to a larger type of development.

Commissioner Dietrich questioned if there was potential for the utilities on Dickman Trail to be tied into trying to fix the deteriorated pipes that are currently in the area or if this was a separate project. Administrator Wilson advised the stormwater pipes in that area are currently in a deteriorated condition. This project is primarily referring to water and sewer pipes being added into the area. They look for opportunities where the road is already under construction and if they need to do additional work. The stormwater pipes that run under the railroad in the area are what are deteriorating.

Commissioner T'Kach inquired if there was another EDA project that could use the \$180,000 versus the construction project. Director Ziemer advised they evaluate the projects where they have the ability to get something done and there is interest in development. There are many opportunities in the city but they have to make sure they have interest in development. DEED wants to see results in their grant funding. Director Ziemer stated there is development interest on the properties and he is trying to facilitate development by leveraging the grant funding to remove some of the utility design and construction costs. When a developer inquires about a property Staff advises that there are not utilities in the area and it is in part the developer's obligation to bring in utilities. This funding can remove some of the pressure and potentially allow them to sell the property for a higher price.

President Gliva liked the idea to have the design work completed but is concerned about foregoing the balance but is supportive if Staff is confident that they can work with DEED to potentially move it around to a different project.

Commissioner Scales was in agreement.

Commissioner Murphy supports having the design work done since there is interest in development.

B. Closed Session: Discussion of Purchase Offer for EDA-Owned Property on Dickman Trail.

**Motion by Dietrich, second by Scales; to move to closed session pursuant to MN State Statute 13D.05 subd. 3(b) (1) & (3) for consideration of a letter of intent to purchase EDA-owned parcel located on Dickman Trail (PID 20-01100-27-012).
Motion approved 5-0.**

**Motion by Murphy, second by T’Kach; to move to open session.
Motion approved 5-0.**

C. Community Development Director Update.

Director Ziemer provided the Environmental Development Authority with EDA updates.

- Developer Roundtables Complete
 - Tied to potential acquisition of Republic Services site on Doffing Avenue
 - Director Ziemer and Ehlers staff met with Developers on October 31 and November 1, 2024
 - Recap attached: Ehlers to present and discuss results with EDA in January

Director Ziemer advised that there was one developer that was especially interested in working with the City to look into the development of the Republic Services site. There will be more discussion at the January EDA meeting.

- Golf Course Parcel
 - Approximately 5.0-acre parcel at northwest corner of Babcock Trail
 - Survey field work complete; final document pending
 - Replat of golf course to create separate lot required
 - Currently guided and zoned for Parks and Open Space
 - Future discussion: what uses to determine land use and zoning for development

Director Ziemer stated that there are questions for the EDA to think about in the packet. Staff is looking for direction to what uses the EDA would like to see the parcel being used in the future.

- Lee Krueger Contract

During the October meeting the EDA recommended Staff rework the contract for Lee Krueger. The EDA had asked for a six month contract and Mr. Krueger wanted to consider a three month contract with an option to extend. Director Ziemer and Mr. Krueger conversed about what the EDA is hoping to accomplish in relation to his work. President Gliva, Director Ziemer and Mayor Dietrich will meet to discuss Mr. Krueger’s contract and how to move forward. Director Ziemer and Mr. Krueger are on the same page about priorities, and they are hoping to get the contract completed.

President Gliva inquired if they have a current signed contract with Mr. Krueger. Director Ziemer confirmed that they do not have a current signed contract.

D. Schedule Economic Development Authority Meeting for January 13, 2025, at 5:00 p.m.

Director Ziemer stated the next regular EDA meeting is scheduled for February and Staff would like to have a meeting on January 13th to provide an update on the developer roundtable discussion. They also hope to provide the EDA an update on Mr. Krueger's contract.

The EDA agreed to add a meeting on January 13, 2025, at 5:00 p.m.

Motion by T'Kach, second by Scales; to schedule an EDA meeting for January 13, 2025, at 5:00 p.m.

Motion approved 5-0.

5. NEXT MEETING

The next scheduled meeting is Monday, January 13, 2025, at 5:00 p.m.

6. ADJOURN

Motion by Scales; Second by Murphy; all in favor to adjourn.

The meeting was adjourned by unanimous vote at 5:52 p.m.

Minutes prepared by Recording Secretary Sara Lyons.



Budget Report

Account Summary

For Fiscal: 2024 Period Ending: 12/31/2024

		Original Total Budget	Current Total Budget	Period Activity	Fiscal Activity	Variance Favorable (Unfavorable)	Percent Remaining
Fund: 290 - EDA-OPERATING FUND							
Revenue							
290.5800.000.4610	Investment Interest-Received	3,000.00	3,000.00	609.93	7,973.84	4,973.84	265.79 %
290.5800.000.4990	Transfers In from Other Funds	169,515.00	169,515.00	14,126.25	169,515.00	0.00	0.00 %
	Revenue Total:	172,515.00	172,515.00	14,736.18	177,488.84	4,973.84	2.88 %
Expense							
290.5800.000.5000	Wages-Full Time Employees	107,800.00	107,800.00	1,177.44	6,770.28	101,029.72	93.72 %
290.5800.000.5030	Employer Social Security	6,700.00	6,700.00	73.97	426.89	6,273.11	93.63 %
290.5800.000.5032	Employer Medicare	1,600.00	1,600.00	17.29	99.78	1,500.22	93.76 %
290.5800.000.5040	Medical Insurance	17,500.00	17,500.00	0.00	0.00	17,500.00	100.00 %
290.5800.000.5046	Insurance-Cash Option	5,100.00	5,100.00	35.64	231.66	4,868.34	95.46 %
290.5800.000.5050	Life Insurance	200.00	200.00	1.84	7.36	192.64	96.32 %
290.5800.000.5052	LTD Insurance	300.00	300.00	0.00	0.00	300.00	100.00 %
290.5800.000.5058	Account Fees-HSA/HRA/FSA	100.00	100.00	0.07	0.84	99.16	99.16 %
290.5800.000.5060	Employer PERA	8,100.00	8,100.00	88.28	507.63	7,592.37	93.73 %
290.5800.000.5082	Unemployment Compensation	0.00	0.00	0.00	171.40	-171.40	0.00 %
290.5800.000.5084	Workers Compensation	600.00	600.00	50.00	600.00	0.00	0.00 %
290.5800.000.5305	Legal Services	10,000.00	10,000.00	5,190.75	10,339.50	-339.50	-3.40 %
290.5800.000.5310	Professional Services & Contracts	43,000.00	43,000.00	1,343.75	88,067.50	-45,067.50	-104.81 %
290.5800.000.5335	Dues, Licenses & Subscriptions	8,000.00	8,000.00	0.00	81.28	7,918.72	98.98 %
290.5800.000.5340	Training & Travel	4,000.00	4,000.00	0.00	294.00	3,706.00	92.65 %
290.5800.000.5450	Insurance Allocation	200.00	200.00	16.67	200.04	-0.04	-0.02 %
290.5800.000.5455	City Facilities Allocation	315.00	315.00	26.25	315.00	0.00	0.00 %
	Expense Total:	213,515.00	213,515.00	8,021.95	108,113.16	105,401.84	49.37 %
	Fund: 290 - EDA-OPERATING FUND Surplus (Deficit):	-41,000.00	-41,000.00	6,714.23	69,375.68	110,375.68	269.21 %
Fund: 291 - EDA-ACQUISITIONS FUND							
Expense							
291.5800.000.5305	Legal Services	0.00	0.00	0.00	1,703.75	-1,703.75	0.00 %
291.5800.000.5380	Utility Charges-Storm Water	0.00	0.00	4.70	398.42	-398.42	0.00 %
	Expense Total:	0.00	0.00	4.70	2,102.17	-2,102.17	0.00 %
	Fund: 291 - EDA-ACQUISITIONS FUND Total:	0.00	0.00	4.70	2,102.17	-2,102.17	0.00 %
	Report Surplus (Deficit):	-41,000.00	-41,000.00	6,709.53	67,273.51	108,273.51	264.08 %

Group Summary

Account Typ...	Original	Current	Period	Fiscal	Variance	
	Total Budget	Total Budget	Activity	Activity	Favorable (Unfavorable)	Percent Remaining
Fund: 290 - EDA-OPERATING FUND						
Revenue	172,515.00	172,515.00	14,736.18	177,488.84	4,973.84	2.88 %
Expense	213,515.00	213,515.00	8,021.95	108,113.16	105,401.84	49.37 %
Fund: 290 - EDA-OPERATING FUND Surplus (Deficit):	-41,000.00	-41,000.00	6,714.23	69,375.68	110,375.68	269.21 %
Fund: 291 - EDA-ACQUISITIONS FUND						
Expense	0.00	0.00	4.70	2,102.17	-2,102.17	0.00 %
Fund: 291 - EDA-ACQUISITIONS FUND Total:	0.00	0.00	4.70	2,102.17	-2,102.17	0.00 %
Report Surplus (Deficit):	-41,000.00	-41,000.00	6,709.53	67,273.51	108,273.51	264.08 %

Fund Summary

Fund	Original Total Budget	Current Total Budget	Period Activity	Fiscal Activity	Variance Favorable (Unfavorable)
290 - EDA-OPERATING FUND	-41,000.00	-41,000.00	6,714.23	69,375.68	110,375.68
291 - EDA-ACQUISITIONS FUND	0.00	0.00	-4.70	-2,102.17	-2,102.17
Report Surplus (Deficit):	-41,000.00	-41,000.00	6,709.53	67,273.51	108,273.51



Economic Development Authority Staff Report

SUBJECT: **Approval of a Third Amendment to the Professional Services Agreement with Krueger Real Estate Advisors, LLC.**

MEETING DATE: January 13, 2025

ITEM TYPE: Consent Agenda

CONTACT:

PURPOSE/ACTION REQUESTED

The EDA is asked to consider a motion, approving a Third Amendment to the Professional Services contract with Krueger Real Estate Advisors.

BACKGROUND

At the October meeting, the Economic Development Authority (EDA) directed City staff to work with Mr. Lee Krueger of Krueger Real Estate Advisors (KREA) on a contract extension to continue his current services, assisting the City with identifying and recruiting businesses and development to the community. Following that meeting, Community Development Director Jason Ziemer met with Mr. Krueger on November 25, 2024 to discuss the status of previous work efforts and outstanding items, where things left off and next steps, and thoughts on a new contract and focus and scope of his work. Both agreed the new contract would focus Mr. Krueger's work on larger-scale, transformative development projects, as was previously discussed with the EDA; assisting local real estate brokers with finding tenants would remain as a secondary work item.

The attached Third Amendment to the Professional Services Agreement proposes a six-and-a-half-month extension to the agreement – January 14, 2025 through July 31, 2025. Mr. Krueger proposed a quarterly retainer of \$7,500, which will be paid monthly at \$2,500 per month, plus any expenses as authorized by the EDA. The City will also pay KREA half of the monthly retainer amount (\$1,250) for half of services rendered January 14 through January 31, 2025. The total cost of the contract will be \$16,250. The previous contract amount was not-to-exceed \$7,800 per month, which covered costs for other KREA staff. The City agreed to compensate Mr. Krueger for any time worked between the expiration of the previous agreement approval of this contract. That rate of pay was based on the hourly rate of pay of the previous contract.

FISCAL IMPACT

The contract shall cost the EDA \$7,500 per quarter for two quarters (February 1-April 30 and May 1-July 31) + \$1,250 for half of January, commencing with EDA approval. The contract has a maximum not-to-exceed cost of \$16,250, plus any expenses authorized by the EDA.

RECOMMENDATION

Staff recommend approval of the Third Amendment to the contract.

ATTACHMENTS

1. KREA-EDA PSA_Amendment No. 3_01-13-2025

**AMENDMENT NO. 3 TO INVER GROVE HEIGHTS ECONOMIC DEVELOPMENT
AUTHORITY PROFESSIONAL SERVICES AGREEMENT**

WHEREAS, the Inver Grove Heights Economic Development Authority ("EDA") and Krueger Real Estate Advisors, LLC ("KREA"), entered into a Professional Services Agreement on March 24, 2023; and,

WHEREAS, the Professional Services Agreement was previously amended by Amendment No. 1 on October 2, 2023 and Amendment No. 2 on April 1 2024 (together the Agreement, Amendment No. 1, and Amendment No. 2 constitute the "Agreement"); and,

WHEREAS, EDA and KREA wish to amend the Agreement to extend the term that Consultant will provide Services under the Agreement to the EDA for an additional six months.

NOW THEREFORE, BE IT RESOLVED BY THE ECONOMIC DEVELOPMENT AUTHORITY (EDA) OF THE CITY OF INVER GROVE HEIGHTS, MINNESOTA, the following amendments to the Professional Services Agreement by and between the EDA and KREA, as previously amended, are hereby agreed to as follows:

1. The term of the agreement is extended for an additional six and a half months, commencing January 14, 2025 through July 31, 2025 ("Third Extension").
2. The maximum retainer cost for Services provided by KREA to the EDA for the Third Extension shall not exceed \$16,250 for the duration of the Third Extension. The City shall pay KREA a retainer amount of \$1,250 for January 2025 services commencing with this Third Extension. Thereafter, KREA shall be paid a maximum quarterly retainer of \$7,500 paid monthly at an amount not to exceed \$2,500 per month, plus any approved expenses as authorized by the EDA.
3. Scope of Services. KREA and the EDA agree to the following:
 - a. Primary Focus. KREA will assist the EDA in identifying and exploring opportunities for one or more transformative developments that would result in some combination of dining, entertainment, recreation and/or retail opportunities intended to be both beneficial to Inver Grove Heights residents and attractive to visitors. Scope of work shall include:
 - i. identification and analysis of potential sites for such a development in the City of Inver Grove Heights ("City") to include site dimension and access and ownership interest in developing such projects;
 - ii. introduction and connection of EDA representatives to interested land, development and funding partners; arranging and attending meetings with interested partners inclusive of City staff, and EDA representatives, as necessary; and
 - iii. identification and analysis of potential funding mechanisms and sources, including potential public involvement or assistance.

- b. Secondary Focus. KREA will connect prospective commercial businesses, notably restaurants, retail and consumer services, to the local brokerage community and property owners with available space and/or land. KREA shall forward to the Community Development Director connections with prospective industrial or housing opportunities that express interest in or as it may be known are seeking new sites for relocation or expansion and may be a good fit for the City for further exploration.
4. All other terms of the original Agreement, as amended, and not modified by Sections 1 through 3 above shall continue in full force and effect during the term of the Third Extension.

In witness whereof, KREA and the EDA have caused this Amendment No. 3 to be executed on their behalf by the proper officers.

INVER GROVE HEIGHTS ECONOMIC DEVELOPMENT AUTHORITY

Sue Gliva, President

Date

ATTEST

City Clerk

KRUEGER REAL ESTATE ADVISORS, LLC

Lee Krueger, [Title]

Date



2025 Economic Development Authority Schedule

The Economic Development Authority regularly meets every other month on the first Monday at 5:00 p.m. in the City Council Chambers at Inver Grove Heights City Hall, 8150 Barbara Avenue. Meetings are subject to change.

February

- ~~3 Regular Meeting~~
- 10** Regular Meeting

April

- 7** Regular Meeting

June

- 2** Regular Meeting

August

- 4** Regular Meeting

October

- 6** Regular Meeting

December

- 1** Regular Meeting



Economic Development Authority Staff Report

SUBJECT: Receive Recap of Developer Roundtable Meetings Regarding Republic Services Site.

MEETING DATE: January 13, 2025

ITEM TYPE: Regular Agenda

CONTACT: Jason Ziemer, Community Development Director, 651-450-2546

PURPOSE/ACTION REQUESTED

The EDA is asked to receive an update and recap from Ehlers & Associates staff regarding the recent developers roundtable meeting regarding the property on Concord Boulevard, owned Republic Services.

BACKGROUND

At the December 2, 2024 Economic Development Authority (EDA) meeting, Community Development Director Jason Ziemer provided a brief overview of a series of developer meetings that took place this past fall regarding the potential acquisition and redevelopment of the Republic Services property on Concord Boulevard. The Inver Grove Heights EDA contracted with financial consulting firm Ehlers & Associates to assist with exploratory work related to the potential acquisition of the Republic Services property, located at 4325 66th Street East (PID: 20-36500-24-062) (Subject Property). The EDA has a right of first refusal to purchase the property.

As part of the City's due diligence work, Ehlers was hired to coordinate a developer roundtable with a select group of developers to discuss the potential redevelopment of the Subject Property. The purpose of the developer roundtables was intended to gain an outside perspective as to the City in general, site specific feedback in terms of redevelopment potential of the site and potential end uses, and the identification of a possible development partner. Community Development Director Jason Ziemer and Ehlers staff met with four developers on Thursday, October 31, 2024 and Friday, November 1, 2024.

Attached is the report from Ehlers, recapping the developer roundtable meetings, including feedback, key takeaways and next steps. This report was also provided to EDA members at the December 2, 2024 meeting. Ehlers staff will be at the January 13, 2025 meeting to discuss the roundtable meetings and developer feedback.

FISCAL IMPACT

N/A

RECOMMENDATION

N/A

ATTACHMENTS

1. Developer Roundtables Recap & Summary_11-22-2024

MEMORANDUM

TO: Jason Ziemer, Community Development Director, Inver Grove Heights
FROM: Jason Aarsvold and Schane Rudlang, Ehlers
DATE: November 22, 2024
SUBJECT: Republic Site - Developer Roundtable Meetings

The City of Inver Grove Heights (“City”) requested that Ehlers help assess the redevelopment possibilities of the 6520 Concord Boulevard site and adjacent City-owned parcels (“Republic Site” or “Site”). Ehlers has found that meeting directly with multiple developers about a site’s potential is an effective way to help determine the real-world, development potential for a project. Ehlers and City Staff met with four developers with a diverse range of real estate expertise including single-family housing, multifamily housing, and commercial/industrial developments. This memorandum summarizes those meetings, provides key takeaways, and suggests next steps for redevelopment of the Republic Site.

Summary of Developer Meetings

The discussions with developers focused on three main topics: the City of Inver Grove Heights generally, the Republic Site itself, and their development interest in the Site.

Inver Grove heights Generally – Developers have a mostly positive impression about the City, but expressed some frustrations relative to the development process. The City’s location in the metro is convenient along the 494-694 loop and taxes in Dakota County are lower than Hennepin and Ramsey. Development is happening in the Southeast quadrant of the metro, with the City positioned nicely between Eagan’s commercial developments and Cottage Grove and Rosemount’s growing workforce supply. Some developers commented that the City has a negative reputation in the development community relative to: the planning and zoning process, higher fees, and uncertainty from the decision-making boards.

The Republic Site – Developers expressed that while the Site has good local access, it is over a mile from either I494 or Hwy 52, which limits its development potential. Heritage Village Park to the North is a great amenity for residential development, especially the dog park. Developers had truly mixed opinions about the existing land use to the South and whether or not that had an impact on the development potential. The core site with the adjacent parcels to the East is 7.86 Acres; any additional land that can be added to supplement the core site is beneficial to development opportunities. Developers wondered if all of the park land is needed for park uses, or whether if some of the land could be added to development of the Site.

The Site is bisected by an overhead power easement which limits the developable area for buildings, and has a vestigial railroad easement which may be able to be vacated. Developers had concerns about environmental contamination due to the historic railroad uses and current use by the waste management company. More information about any flood plain impacts would be helpful as well.

The Mississippi River to the east is an amenity for recreation, but a barrier for providing the market and customers needed for most commercial development. Some developers thought the marina to the east was an amenity that could help with residential development, but they noted that the market for people wanting to live close to a marina is small.

Developers thought that rents for multifamily development for this area would be lower than most prime suburban sites, making this type of development challenging. Single-family, or townhome development priced in the mid-\$300,000s or low-\$400,000s could be feasible, especially if adjacent parcels can be developed at the same time to add economies of scale.

Development Interest in the Site and Development Potential - Medium-density housing is the use that both had interest from developers and is synergistic with the adjacent park. There was little interest in traditional commercial development beyond the land use that exists today, with the exception of the potential for 'Barndominiums' for maker spaces.

Key Takeaways

1. More information about the Site is needed including environmental conditions and restrictions due to easements.
2. Public subsidy in the form of a land write-down and/or TIF will likely be necessary to make desired development financeable.
3. New commercial development of any significant size is unlikely to be built in the area given market limitations noted above. The focus should be on enhancing and repositioning existing commercial uses in the area, including local restaurants.
4. Higher density luxury rental housing may also be challenging on the site given the high cost to construct and the slightly lower than average rental rates in the immediate market area. Lower density and lower cost multifamily rental housing may be feasible on the site. This may mean fewer stories, more surface parking, basic amenities, and lower quality interior and exterior finishes.
5. Given the challenges noted in 3 and 4 above, all developers indicted vertical mixed-use projects (commercial integrated into a housing development), would not be feasible from both a financial and market perspective.
6. Medium-density housing is the land use that is the most feasible and financeable, beyond what exists today. The housing could include for sale or rental housing options. Developers indicated both attached and detached townhouse styles could work well on the site.

Recommended Next Steps

- A. Review the City's planning and zoning processes and fee structures to help change certain perceptions about the City in the development community.
- B. Decide what the City's vision is for the Republic Site and be clear about the goals, costs, and any willingness to use public financing to accomplish those goals.
- C. Coordinate planning for the park with the planning for development of the Site and surrounding area. The City may be able to maximize the impact of new public and private investment by coordinating and integrating these components of the project. A small area plan could be done that revisits how redevelopment might take shape.
- D. Add adjacent developable land, if possible, to increase the economies of scale and the positive impacts for development. While the republic site is 7.86 acres, the development potential is limited by the aforementioned easements and, potentially, floodplain issues. Each developer indicated a larger site would be more attractive for development.



Request for Council Action

SUBJECT: **Closed Session: Discussion of Negotiations & Intent to Purchase Real Property**

MEETING DATE: January 13, 2025

ITEM TYPE: Closed Session

CONTACT:

ACTION REQUESTED

The EDA is asked to go into closed session for the purpose of discussing land acquisition for redevelopment purposes.

BACKGROUND

Pursuant to Minnesota Statute 13D.05, Subd. 3.(b)(3), the City Council is asked to go into closed session for the purpose of considering the purchase of real property at 3095 65th Street East (PID: 20-00300-28-020).

FISCAL IMPACT

N/A

RECOMMENDATION

Staff recommends the EDA go into closed session.

ATTACHMENTS

None