

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.