

## **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:

| <b>Project</b>             | <b>Use</b>   | <b>Request</b> |            |
|----------------------------|--------------|----------------|------------|
| Dickman Trail              | Design       | \$110,000      |            |
| Babcock Trail              | Design       | \$125,000      |            |
| <b>Total Design</b>        |              |                | \$235,000  |
| Dickman Trail              | Construction | \$180,625      |            |
| <b>Total Construction</b>  |              |                | \$180,625* |
| <b>Total Grant Request</b> |              |                | \$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.