

INVER GROVE HEIGHTS CITY COUNCIL WORK SESSION
MONDAY, APRIL 4, 2022 - 6:00 PM - 8150 BARBARA AVENUE

1. Call to Order: The City Council of Inver Grove Heights met in person for a Work Session on Monday, April 4, 2022. Mayor Bartholomew called the meeting to order at 6:00 p.m. The Pledge of Allegiance was recited.

Roll Call: Present In-Person: Mayor Bartholomew; Council Members; Piekarski Krech, Gliva, Dietrich, Murphy; City Administrator Kris Wilson, City Clerk Rebecca Kiernan, City Attorney Bridget McCauley Nason, Community Development Director Heather Rand.

2. Discussion Item:

A. Discuss 6500 Block of Concord Blvd Redevelopment Opportunity

Community Development Director/Economic Development Authority (EDA) Director Heather Rand stated there are many new residential and commercial development projects. There are some good changes to our retail store fronts in terms of new businesses, some of which have been successful despite the challenges of the Pandemic. She stated sometimes, cities of this age have opportunities for re-development. The location they would be discussing is the northern section of Concord Boulevard and the surrounding areas located a couple of blocks to the east and west of the riverfront. There are Marinas, some of which have restaurants, in the immediate area.

A map was displayed of the Heritage Village Park area that is being developed as a park with County and State Grants. Directly across Concord Boulevard from the Park is an area Dakota CDA (Community Development Agency) has been purchasing blighted properties from within the triangular location circled. The CDA's intent is to construct, hopefully in the next two years, a workforce housing project. Some proposals have been seen of the section. She mentioned, as residents likely noticed in the news, there was a drug bust in that area. The County purchased that property and pulled permits, that were approved by city, and it is expected the building will be demolished soon. There are two more properties the County is working to acquire, then they could move forward. It won't be a large project, not more than 50 units, but something that will fit in the neighborhood and provide new housing opportunities for residents.

She noted further down the block there is a project area, the 6500 block of Concord on the Swing Bridge side of the park. For over 15 years, City Leadership (Community Development) has gone out seeking Grants the Council has approved from the County, the DNR, or the Minnesota Department of Employment and Economic Development, for assembly of blighted parcels in the area. A lot of these properties are in the flood plain. With those Grants, the city purchased old homes affected by flood or not having routine maintenance. For example, on Concord, next to Turrito's, the city, using Grants or other means had purchased a lot of property for stormwater management which has happened elsewhere in the area. She has noticed, as she reviews the files, a common theme for the city is increasing flood plain protection for that area, whether its residents or visitors, and better stormwater management. The DNR has contributed Grants so the city could purchase property, the County/DEED, and the city have made investments. The city is involved because they are wanting to advance the concept of a Mississippi River Gateway. In strategic planning sessions, this Council and others have talked about how wonderful it would be to have residents and visitors have good access to the river

and enjoy that as a public amenity. The Council, in working with other Government Agencies, have invested in the Swing Bridge, Regional Trails, and Heritage Village Park.

When it comes to the North Concord Redevelopment, she has noticed a lot of efforts being undertaken to encourage a future private sector investment and eliminate blight. There are a lot of older homes in that area, many have been converted to rental and might be on their last legs in terms of their viability going forward. She stated very often, the city, county, or state, will work together to try to spur some really specific investment so the surrounding area, hopefully the private sector, will step up and invest even more.

Community Development Director Rand stated she mentioned the CDA's Workforce Housing Project at the 6200 block of Concord. At this time, she wanted to focus more on the opportunity of the 6500 block of Concord. The city already owns four parcels in that block. Grant money was received from the state to purchase those. Republic Services, previously Allied Services, owns the remaining parcels. All together there are nine parcels on that block. The city already has an investment. She is asking the Council to think about an opportunity, something that has been in a 2012 Concord Boulevard Redevelopment Plan. She said she has been having conversations with private sector Developers and Ehlers Finance about what could happen with this block. She said Republic Services, who owns those parcels, is relocating their business on that block to the Swift Building on the 117th Street Exit of Highway 52. The part of the business being relocated is the trash hauling trucks, roll off containers, the maintenance of those, and the payroll/back-office functions in the building. She said the city was told their intent was to relocate closer to Pine Bend Landfill. It has also been heard that if/when they were ready to relocate, the city may have interest in purchasing the property to spur redevelopment of that block. In the last Host Community Agreement that was executed with Republic Services, for Pine Bend Landfill it said that the city would have Right of First Refusal when they are ready to sell those properties.

She stated staff has suggested in terms of a concept, in looking at reality and the Comprehensive Plan, is a Mixed-Use Development. There could be up to 150 apartment units with underground parking, if possible (this is a concept that would have to be further studied) and up to 6,000 square feet of retail. For example: A bakery, coffee shop, ice cream shop. Something that would fit within the neighborhood but also be an amenity that is private sector driven by those that attend and frequent the park. That would require changes in the 2040 Comprehensive Plan. That block was guided for public park. She said she asked City Planner Allan Hunting why and was told the thought was that someday the city would probably hire Consultants and undergo a Small Area Plan, and that the zoning would change due to that.

She suggested the Council, based on input from City Planners, the new Parks and Recreation Director, and the City Administrator, they strongly believe this is not a block the city needs for an additional park. Heritage Village Park, with the improved trail connections, has adequate green space that can continue to be developed. They believe it would be nice to continue to have discussions with the marinas about some future walkways and/or trails so access to the river is even more improved. Staff recommends the Council begin to consider a change to the Comprehensive Plan guidance from Public Park to Mixed

Use and if going in that direction, it would also require the current Industrial Zoning be changed to a Mixed-Use PUD because Republic was there, the area is Zoned Industrial, I-1.

Community Development Director Rand mentioned in having conversations with the City Attorney, it is suggested if/when the city wants to get involved with this redevelopment and provide some additional leadership, an acquisition, be it City Council or EDA, purchase/acquire the last five parcels for the whole block of nine parcels. They would want to transfer that to the EDA, of which the City Attorney can give more information on. There are legal benefits to have the EDA control this site. If the EDA is the owner of those nine parcels/blocks, the intent (conceptual) for the EDA would get in the position of issuing a Request for Proposals (RFP) to Private Sector Developers to develop that block. The RFP, if Council is comfortable with it, is for a Mixed-Use Development. The EDA would make a recommendation and enter into agreements. She requested the council contemplate that.

She displayed an aerial photo of the area and pointed out like any redevelopment site there are a few challenges. There is an overhead transmission line from Xcel Power, railroad tracks, and a flood plain in the corner. It is somewhat of a challenging site. There is not an updated Phase 1 Environmental. The entire area had been railroad. She said she has always been taught in development work that whenever there is a railroad in an area, contamination is possible. Having a government get involved, setting the table, and preparing a block for redevelopment, the City/County has access to grants from the federal government and state government for contamination cleanup. That is something that can be pursued/explored if wanting to move forward with doing due diligence on this opportunity for redevelopment.

She stated she has heard some of the public may ask why a city would take on this role and provide some leadership for a potential redevelopment site. The reasons why are twofold:

- City Staff/City Council/EDA, as Government, has the resources/tools to do due diligence. Whether it's exploring the mixed-use concept and if it has economic feasibility for our market, they can also do further evaluation on the site limitations. What they have found is that without Government stepping up and doing that work, typically the private sector does not.
- City Staff/City Council/EDA has resources and tools to prepare that block to a more transformative private sector purpose. It's highest and best use. It can be pushed forward and accelerated as opposed to a private sector. For example, if Republic were to choose to lease their parcels to another industrial business or to sell, the Council would have to consider if that is what is wanted next to Heritage Village Park. She questioned if they wanted to take chances or step up and guide, if important to the Council to seize this opportunity.

She stated in conversations with the City Administrator she was advised not to get too far ahead and to have dialog with the City Council before spending time on things like Phase 1 Environmental investigations, survey, or title work. Staff wanted to have this discussion with the City Council to see how the council feels about things before spending a lot of time or hiring consultants to help them explore this opportunity.

She mentioned Republic believes they would be out of their space on the 6500 block within the next 60 days. Republic has asked that the city seriously consider our interest in a potential acquisition. Republic does not want those buildings to sit empty and have holding costs for another six months. She believed

that was fair and reasonable for them to request the city tell them where things are at. She said tonight is just the beginning of that conversation. She acknowledges there will still be much work that has to be done in terms of due diligence.

Councilmember Murphy said a mixed-use development there makes a ton of sense right now. He questioned the locations of the 5 lots and the 4 the city has. Community Development Director Rand referenced the parcel map indicating 4 parcels in red which are city owned, and the 5 gold parcels that are Republic owned.

Mayor Bartholomew said it was mentioned that the City Attorney could fill the Council in on the benefits of EDA ownership versus city ownership. He questions why they need the EDA involved; he doesn't see a clear benefit. He was hopeful the City Attorney could outline what the clear benefit is of EDA ownership versus city ownership.

City Attorney Bridget McCauley Nason responded for a project such as this, in order for the city to acquire property it has to have a public purpose. The city acquisition is for city purposes. There is not typically an intent to resell the property or to convey it to a developer. When the city buys property, they typically buy it to own the property. The EDA has additional flexibility under its Statutory authorization as to what it can do and how it can be utilized to facilitate and spur on economic development and growth. The EDA is the entity the Council has used in the past and is recommended to be used if the Council intent is not to hold the property and use it for a public purpose such as a park, but to instead utilize it to leverage economic development in the area. For example, all of the property to the north that was acquired for Heritage Village Park was acquired by the city for City Park purposes. The EDA did/has acquired a number of properties utilizing the EDA as the entity to acquire those properties to the south of this area, the Dixie and Dickman Trail area. The EDA has acquired a number of parcels over the last 10 years. Those parcels were acquired with the purpose of spurring on economic redevelopment in the future. Because of public purpose requirements related to when the city can acquire property and because of some additional flexibilities the EDA has and the ability to leverage EDA Statutory powers, it is recommended that the EDA would acquire the Republic parcels. Then those properties currently publicly owned by the city, the city could convey those properties to the EDA, then the EDA could convey out/or sell those properties to a third-party developer. She mentioned this is a focus based on what the intent is of the acquisition, what the public purpose behind it is, and what are the flexibilities afforded by Statute to the EDA that it can utilize those properties for if it wants to end up selling them to a third-party redeveloper.

Mayor Bartholomew stated the thought is that they are moving a step and streamlining the event. If the city owns the property and it's guided I-2, we own it. The city can then transfer the property to the EDA and go through the process of selling the property, getting approval by the Planning Commission that it is an appropriate use and the ability to sell. He struggles with the fact about why they interject the EDA. He said it has been made very clear that there are some benefits and ease. To paraphrase, it sounds like they are removing a step. He asked if that was what he was hearing.

City Attorney McCauley Nason replied the EDA is really the entity that is designed for this type of facilitated economic development, unlike the city. That is the entity she would recommend legally

pursue the purchase of the property. There is a Right of First Refusal between the city and the property owner. The city could acquire the property. At one point there was some intent that this would be part of Heritage Village Park. As Staff understands it for the area, that is no longer the vision. She said it would make sense if the Right of First Refusal was with the city because that was part of the Host Community Agreement negotiations. The parties at the table were the City and the Landfill. If the Council is interested in seeing this move forward, or direction, it would be the EDA that would be recommended being the entity that would acquire those properties.

Mayor Bartholomew said he doesn't have a problem with the EDA owning it. He liked the idea of the acquisition perform other than a park. He wanted to make sure they were not putting in another roadblock or more gates than needed. He thought it made sense for the EDA to own it, he struggles with another entity involved. He said there is the ownership with the city and then they would have ownership of another quasi-city entity. He said he would just like to challenge that. He understands where Staff are coming from.

Councilmember Piekarski Krech mentioned when the city buys property it's for the public purpose of the city. The city buys property to put in stormwater ponds and streets. If buying a piece of property and then turning around and selling it, they are in the real estate business as the city. She thought that was the issue. Then they would have to have why did you buy that, what is your purpose, and why are you selling it if you said you needed it for the city.

Mayor Bartholomew agreed. There are occasions when the city sells property, and they have to go through that process. He requested the thoughts of the City Administrator.

City Administrator Kris Wilson stated this is guided as more parkland in the Comprehensive Plan. As city staff, with the Community Development Director and the Parks and Recreation Director, she has spoken with both and advises to change the land use to a mixed use. She suggested taking planning/action steps towards making this a development that is an asset to the neighborhood, park, and the tax paying parcel in the city rather than more acreage in Heritage Village Park. If Council doesn't like that recommendation and wants to see it as an expansion of the parkland in the area, Staff requests council let staff know that as soon as possible. If the council is interested in learning more and taking initial baby steps down the road to land assembling, acquiring land from multiple owners, in this case the city already has four other parcels. There is a single owner of the remaining parcels who is a willing seller.

Steps that Staff would take in the coming weeks:

- More research with the assistance of Legal, Engineers, and Planners to better understand the easements that are on the property. Such as:
 - The presence of the railroad
 - Overhead power lines
 - Flood plain areas surrounding this block

She questioned what it means for what could realistically be built/developed on the site. Would they run into height or setback restrictions? Getting a better sense of those things as a Staff research item with the help of Legal.

Other additional early steps (not requesting Council authorization this evening):

- Spend money to do a Phase 1 Environmental study or analysis
 - Try to get a better handle on if there is any contamination in the ground
 - How that might impact potential future use

Those two things, what could they fit on the site given the surrounding challenges and if there is any contamination, helps the city arrive at what is a reasonable price to pay for these parcels. Staff's goal would be to do the research and have a fairly good idea of what they think a reasonable price for this site is prior to the Council's EDA/Work Session Meeting the first Monday in May. Staff and the City Attorney would take guidance on whether to have it on the EDA Agenda or the Work Session Agenda.

She mentioned there are some grants available from the Dakota County CDA to cities in the county to do redevelopment planning for sites like this. They may have some money that helps to do the environmental analysis and possibly even some environmental cleanup if finding out there is some clean up that would need to be done. Staff is not looking to spend any money in the next four weeks, it's more Staff time and investment to bring this further down the road. When it comes time for the council to decide if it wants to spend any money, funding sources consist of a grant the city received. The city is eligible for an annual grant from the Minnesota Department of Employment and Economic Development (DEED). Because the city is a Landfill host, there is access to a particular grant program that cities that don't have landfills don't have access to. The city has recently applied for and received this year's grant in the amount of \$415,000, which would be a source of funds for acquisition of the site. The other potential would be temporarily using host community funds to acquire the site, assemble it, and seek proposals from people that want to buy it from the city. They would refund the money back into the host community fund at that time. Main questions for council are:

- Does the council see a need for that as park land?
- If not, is the council interested in staff continuing to work towards a future conversation, possibly a month from now, where they would go into closed session and discuss what the city might offer the current owners of the property for their parcels.

Councilmember Piekarski Krech said she thought they needed to spend the money and start an Environmental Study because she is concerned that they actually can develop this. It may need to remain industrial because of the contamination and cost of the cleanup, which is why Heritage Village Park is what it is, because the cost to clean up the contamination there was so great you could not develop on the property. She mentioned that would be her first concern before they get too excited about what they can do and before they start making offers to Republic. She would really like, if Republic gives permission, to get some of those initial studies done on spots on the property. She asked if those were houses on Doffing that the city purchased. Community Development Director Rand responded yes.

Councilmember Piekarski Krech did not believe the city did anything with those. She said the city could look on some of those areas. She said she would say in the next couple of weeks to spend some money and start the environmental before getting too far ahead and too excited. She mentioned there was a plan at one time that Concord was to be all kinds of mixed use with shops below and houses above. She would like to see the environmental information first because she doesn't want to get into something that is going to be millions of dollars to clean up.

Mayor Bartholomew stated that part of the reason the park is there is because it was all capped. Four feet of fill was placed on top of the less than desirable ground below.

Councilmember Piekarski Krech agreed and said if wanting to put in underground parking excavation would be needed. If excavating, there may be issues.

Councilmember Dietrich asked if the Council could receive a map including Doffing and Dickman showing the parcels that the City or EDA owns. She also requested seeing what the city and EDA owns across Concord. She asked what those areas were intended for in the comprehensive plan. Her concern is that some areas of Inver Grove appear to have been developed kind of haphazard and she wants to make sure this all fits together as a part of the plan.

Community Development Director Rand said she would get that information out to all of the Council.

Councilmember Gliva said she likes the sound of mixed use here but was concerned how things are hodgepodge and how the EDA owns different pieces. She mentioned that would be good to see. She said she looks at that space and goes right across the street and sees on 66th is the King of Diamonds. She wondered if anyone has approached them if that is a viable spot. There is a huge parking lot, she was unsure of the environmental, but they could have the same issues. She was curious if anyone has spoken with them and if there is any interest.

City Administrator Wilson responded at this time the city has not approached King of Diamonds. They have been focusing on this area and land assembly south of 66th and River Road. Staff does not know what the plans of that current business are.

Councilmember Murphy said he is looking at it like the city doesn't need more park, he likes the mixed-use idea. He would like to see staff moving it forward. He liked Councilmember Piekarski Krech's suggestion; he doesn't think we need baby steps, he liked more of a medium step to the point of where they are spending money. He said seeing the bigger picture, as mentioned by Council member Dietrich, would also be helpful. He looks at this as maybe the original plan they had with the redevelopment of Concord that went into South St. Paul and included that community. He said if our Step 1 was the park, this feels almost like a Step 2. He said it could be a Step 3 or 4 when they are able to see the bigger map. He thought mixed use there makes a ton of sense.

Councilmember Gliva referenced the circled area that was the County and asked if it was known where the County was at with development plans.

City Administrator responded the County presented very preliminary concepts a few years ago, it's laid somewhat quiet since then.

Community Development Director Rand replied about a year ago the CDA brought a proposal forward to the Planning Commission. It was for workforce housing, up to two stories, so it fit within the scale of the existing neighborhood. It was not a four story or five story apartment building that Dakota County

CDA would develop. Workforce Housing similar to Ron Clark where these are people who are in the workforce with rents that are slightly subsidized. She said it was for about 34 units, but at that time many of the lots in the area were still not acquired. Now Staff has been told the home that had the drug bust has been purchased and they are working on the acquisition of the final two parcels so that they would own the entire triangle. The CDA would come back with another proposal. She said when the Phase 1 development with 34 units, 2 stories, not an apartment building forward, the input from the Planning Commission was to change the Comprehensive Plan to more of a mixed use or high density from single family residential. A few of the planning commissioners had some concerns about housing being developed on Concord and that Concord could be a very busy street. Staff suggested doing traffic studies and demonstrate that traffic is controlled at certain intersections and volumes are not so high that it would warrant not having a project in this area. She said that is where the Dakota County CDA Staff have left it with the city staff, to let them continue their land assembly and then pick this up and try to move it forward.

Mayor Bartholomew questioned which areas she just spoke of that were CDA ownership. He said if unsure, that information could be sent to the council.

Community Development Director Rand said she would update the council because she was guessing which was the home with the drug bust that was just acquired. There is one next to it that they are in the process of and in final discussions with the third parcel owner. She said she could send that information to the council members separately in order to be accurate.

Mayor Bartholomew said it sounded like a pace to move forward, some priority to some kind of environmental search/discovery, and whatever they can do to reassure ourselves that would be the best preliminary environmental. He requested steps on how it would be proposed to go forward. If it would be a comprehensive plan amendment. He asked what it would take to fill in the council as requested by Councilmember's Dietrich and Gliva, about the other parcels currently owned by the city in the entire area.

Councilmember Murphy said he thought it was important they endeavor to spend Dakota County's money before the cities. Mayor Bartholomew agreed.

B. City Administrator Performance Evaluation (Pursuant to Minnesota Statute Chapter 13D.05, subd.3a, this portion of the meeting may be closed to the public).

Mayor Bartholomew stated this Agenda Item will be going into a Closed Session once the City Attorney describes the process.

City Attorney McCauley Nason stated that it was her understanding that the City Council would like to consider moving the meeting into a Closed Session Pursuant to Minnesota Statute 15D.05 subd.3., for the purpose of evaluating the performance of City Administrator Kris Wilson. Once the Closed Meeting is completed, the City Council will reconvene the Open Meeting portion of tonight's Council Work Session. She said she would look to someone to make that Motion. In addition, she would like clarification on if the Council will be conducting a Closed Session here in Council Chambers or in the Mayors Conference Room. That should also be included as a part of the Motion.

Councilmember Piekarski Krech said she thought they should do it in the Mayor's Conference Room, this room is too wide open to do something like that. Mayor Bartholomew agreed.

Mayor Bartholomew mentioned that City Attorney McCauley Nason would be in the meeting along with City Administrator Wilson and the five Council Members.

City Attorney McCauley Nason requested the council move to close the meeting as mentioned Pursuant to Minnesota Statutes 15D.05 subd.3 for the purpose of evaluating City Administrator Kris Wilson. The closed portion of tonight's meeting will be held in the Mayor's Conference Room. Once the closed portion of this evening's meeting is completed, the city council will reconvene the open portion of tonight's council work session, back in chambers. The council will come back to the council chambers, reconvene the open meeting, and then adjourn from the council chambers.

Mayor Bartholomew asked if they could adjourn in the conference room and be done. He asked if the council would have to come back to council chambers and adjourn.

City Attorney McCauley Nason replied they could adjourn in the conference room if they would like. She clarified that for the public in case anyone is out and what the expectation is; that there would be a reconvening of the meeting in the Council Chambers, or the meeting will be opened back in the Mayor's Conference Room.

Mayor Bartholomew stated they would open and convene in the Mayor's Conference Room.

Mayor Bartholomew clarified that it was important that City Attorney McCauley Nason attend the meeting and take notes so there can be a presentation on the Consent Agenda, or the mayor reads it out, whatever is agreed upon in the Closed Session.

3. Adjourn:

Motion by Gliva, second by Piekarski Krech, to close the meeting Pursuant to Minnesota Statute 15D.05 subd.3a for the purpose of evaluating City Administrator Kris Wilson. The closed portion of tonight's meeting will be held in the Mayor's Conference Room and will be adjourned in the Mayor's Conference Room. Meeting adjourned to Closed Session at 6:46 p.m.

Ayes: 5

Nays: 0 Motion carried.

Minutes prepared by Recording Secretary Sheri Yourczek.