



AGENDA

Port Authority Regular Meeting

Tuesday, April 16, 2024

6:00 PM

Council Chambers, City Hall

- 1. CALL TO ORDER/PLEDGE OF ALLEGIANCE**
- 2. ADDITIONS OR CORRECTIONS TO AGENDA**
 - a. Election of Chair, Vice Chair and Treasurer
- 3. CONSENT AGENDA**
 - a. Minutes of the March 19, 2024 Regular Meeting
- 4. CHAIRPERSON'S REPORT**
- 5. REPORTS FROM PORT AUTHORITY COMMISSIONERS**
- 6. NEW BUSINESS**
 - a. Annual Report
- 7. OLD BUSINESS**
- 8. DISCUSSION**
- 9. ADJOURNMENT**

Port Authority Regular Meeting: April 16, 2024

AGENDA ITEM: Election of Chair, Vice Chair and Treasurer	AGENDA SECTION: ADDITIONS OR CORRECTIONS TO AGENDA
PREPARED BY: Eric Van Oss, Economic Development Coordinator	AGENDA NO. 2.a.
ATTACHMENTS:	APPROVED BY: AK, TM
RECOMMENDED ACTION: Elect a Chairperson, Vice Chairperson and Treasurer for the Port Authority for the year 2024.	

BACKGROUND

The Bylaws of the Port Authority require the election of the Chairperson, Vice Chairperson and Treasurer at its annual meeting, which is the first meeting in April. After the 2023 elections, the Chairperson was Paul Essler, Vice Chairperson was Tami Klimpel and Treasurer Paul Theisen.

RECOMMENDATION

Elect a Chairperson, Vice Chairperson and Treasurer for the Port Authority for the year 2024.

**ROSEMOUNT PORT AUTHORITY
REGULAR MEETING PROCEEDINGS
MARCH 19, 2024**

CALL TO ORDER/PLEDGE OF ALLEGIANCE

Pursuant to due call and notice thereof, a regular meeting of the Rosemount Port Authority was held on Tuesday, March 19, 2024, at 6:00 PM. in Rosemount Council Chambers, 2875 145th Street West.

Chairperson Essler called the meeting to order with Commissioners Weisensel, Ober, Theisen and Klimpel. Commissioner Freske and Beaudette were absent.

ADDITIONS OR CORRECTIONS TO AGENDA

Motion by Essler **Second by** Weisensel

Motion to approve the agenda

Ayes: 5.

Nays: None. Motion carried.

CONSENT AGENDA

Motion by Klimpel **Second by** Theisen

Motion to approve the consent agenda

Ayes: 5.

Nays: None. Motion Carried .

a. Minutes of the February 20, 2024 Regular Meeting

CHAIRPERSON'S REPORT

None.

REPORTS FROM PORT AUTHORITY COMMISSIONERS

None.

NEW BUSINESS

a. Approval of Open to Business Joint Powers Agreement

Community Development Director Kienberger discussed the City's participation in the Open to Business program since 2013. The Dakota County Community Development Agency Board recently approved a new 3-year contract. Kienberger further discussed the program highlighting the value for Rosemount participating in the program.

Motion by Ober **Second by** Klimpel

Motion to approve the Joint Powers Agreement between Dakota County CDA and the City of Rosemount Port Authority relating to the Open to Business Program.

Ayes: 5.

Nays: None. Motion Carried.

OLD BUSINESS

a. Project Updates

Economic Development Coordinator Van Oss provided project updates highlighting the Rosemount Expo and discussed ideas for a venue next year as the Rosemount Community Center will be under construction, future gas station at Akron Avenue/County Road 42 and Speedway site's next steps. Mr. Van Oss also noted several upcoming ribbon cuttings.

DISCUSSION

None.

ADJOURNMENT

There being no further business to come before the Port Authority at the regular council meeting and upon a motion by Essler and a second by Ober the meeting was adjourned at 6:52 p.m.

Respectfully submitted,

Erin Fasbender
City Clerk

Port Authority Regular Meeting: April 16, 2024

AGENDA ITEM: Annual Report	AGENDA SECTION: NEW BUSINESS
PREPARED BY: Eric Van Oss, Economic Development Coordinator	AGENDA NO. 6.a.
ATTACHMENTS:	APPROVED BY: AK, TM
RECOMMENDED ACTION: Information Item	

BACKGROUND

The annual Port Authority report highlights a list of projects, accomplishments, and progress made on initiatives between April 2023 and April 2024. The project type is categorized by activity for ease of review. As shown below, the last year was very active and several important projects were accomplished. Staff appreciates the leadership and direction received from the Port Authority throughout the past year.

New Development

Permit Activity: 2023 was a record year for building activity in Rosemount. The total permit valuation for new projects hit a record \$304 million dollars, an 100% increase from 2022's \$155 million valuation. Residential construction powered valuation gains, jumping from \$68 to \$232 million between 2022 and 2023. Both single family and townhome projects showed significant growth, but residential valuations were powered by the multifamily sector. Commercial and industrial projects were the second largest valuation category. Total valuation increased to \$82 million from \$77 million. Major projects broke ground in Rosemount's designated Business Park and Light Industrial areas. Strong commercial and industrial demand is expected to continue into 2024 with the addition of large industrial developments like Meta.

Housing was the largest sector of activity, and housing valuations skyrocketed to an unprecedented total of \$232 million. This is only the second time that residential valuation has exceeded \$100 million. The jump in valuation and units were driven by several large multifamily projects. Single family homes showed healthy growth, with 240 units in 2023, up over 100 units from 2022. 2023 saw the addition of 1,127 total housing units added between single family (240), townhome (92) and multifamily developments (795). Housing development in Rosemount has dramatically increased year over year since 2010 when only 80 units were brought online. 2024 is shaping up to be another strong year for housing and will include further development of Amber Fields and potentially more multifamily projects.

Meta: Earlier this year, the newsletter discussed the development of a large code-named project, referred to as Project Bigfoot or Jimnist, LLC, moving forward in Rosemount. The company behind this project is Meta, the parent company of Facebook, Instagram and others. On March 14th, Meta held a groundbreaking ceremony in Rosemount and announced their intentions to open a new data center in Rosemount in 2026. This announcement represents several years of work and is one of the largest projects to take place in the Twin Cities. The new facility will help spur local development in infrastructure advancements and job creation. The \$800 million center will create 1,000 construction jobs and 100 long-term technology jobs. Meta will also partner with the city and Xcel Energy on local infrastructure projects, including energy upgrades and new transmission lines in the UMore area. One major infrastructure project will involve the development of water lines. These infrastructure projects will extend our development capabilities further east, towards 52. The data center in UMore is just the first development in what will eventually become a light industrial business park. The adjacent areas are poised to host campuses for advanced industries,

which will bring more skilled jobs and greatly expand the tax base of our community. Once the data center begins operations, Meta will launch the Community Action Grants program. This is a grant program that provides funding to nonprofits and public schools committed to improving STEM education.

Rosemount Community Rec Center/Life Time/Akron 42 Commercial: Since 2012, the City of Rosemount has been exploring options for bringing more recreation spaces to town. Based on consistent citizen feedback and market demand, it was clear that additional facilities were needed as Rosemount continued to grow. These years of planning culminated on April 4, 2023, when the Rosemount City Council approved the lease agreement for a state-of-the-art Life Time Recreation Center. In July of 2023 the City and Life Time broke ground on the future location of the Life Time Rosemount. The new 92-000-square-foot athletic club and adjacent 60,000-square-foot outdoor aquatics area and pickleball court development is a public/private venture between Life Time and Rosemount, and will serve not only Rosemount residents but the entire Dakota County community and beyond. Construction is now underway on the 12-acre site and is scheduled for an early 2025 opening.

This is part of a larger effort to develop the Akron intersection into a thriving commercial node. This project and concurrent apartment development has spurred growth of the Akron commercial area. Roers is constructing a 212 unit building across from the Life Time site, and Shafer Richardson is constructing 336 units between two buildings directly north of Life Time. A third 160-unit multifamily project by Real Estate Equities is taking place in the Amber Fields development. These projects create a major population base that in conjunction with Life Time will greatly boost the local activity within the corridor—metrics that desirable commercial developers value when elevating future sites. These projects have given businesses and developers the confidence to move forward with retail development. Willy McCoy's will be developing a new 12,000 square foot restaurant with a rooftop next to the Life Time. The project was awarded a city Business Subsidy and will apply for site approvals this summer. Life Time is working with other prospective users to develop the remainder of the eastern intersection. The Lennar controlled portion of the intersection has applications for a coffee shop and bank. Kwik Trip and a new daycare are expected to apply for site approvals this summer. Amber Fields retains 10 acres for commercial development, and the master developer has been working with staff as they explore future users.

The Morrison: In March 2023, the City and Ron Clark Development restarted the search for a new commercial user after Tap Society did not move forward. City staff is working with Ron Clark to identify other food and beverage users for the site. Ron Clark expects to develop the parcel by the 2025 deadline outlined in the Development Agreement.

School District 196: In March 2024 the Planning Commission recommended approval for a new elementary school to be built on a 34.51 acre site located west of Akron Ave and south of Bonaire Path West. Independent School District 196 is now the 4th largest district in Minnesota with the current Rosemount schools serving over 4,500 students. In recognition of the need for safety and security and space for growth around the school district, ISD 196 brought forward a combined \$493 million dollar bond referendum in 2023. The first portion of the referendum was for \$374 million dollars, which would include safety and security improvements at all district schools, a new elementary school, a new Rosemount middle school and repurposing the current school. Additions were also proposed for various other schools within the district and Rosemount High school. The second portion of the referendum was for \$119 million dollars, which was to include improvements and an activity center at each of the districts four high schools. The referendum ultimately was approved and was the state's largest successful public school funding request in Minnesota history. ISD 196 has owned the 34.51-acre subject site for a number of years, with the school district and the city anticipating an elementary school to be constructed on this site when the need was there. This and future developments by ISD 196 will help facilitate new development of the Akron and County Road 42 hub.

Spectro Alloys: In March Spectro Alloys broke ground on a \$71 million expansion to add new aluminum recycling capabilities to Spectro's campus. Spectro Alloys will produce recycled billet and sheet ingot in a new 90,000-square-foot building along Highway 55. The first phase of the project will result in nearly 120 million pounds per year of additional recycling capacity and create up to 50 new full-time jobs. The facility will include state-of-the-art equipment for sorting, melting, casting, sawing, homogenizing and packaging with industry-leading automation and the best available pollution control technology. Spectro's plant will also

provide energy use and carbon emission reductions of 95% when compared to new aluminum production. Staff worked with Spectro to secure MIF and JCF funding through DEED. Construction will continue through 2024, and the facility is expected to begin production in mid-2025.

The Home Depot Boulder Trail Expansion: A grand opening board cutting was held in February of 2023. The facility initially called for 61 total jobs; however, the facility is currently employing over 120 people and expects to continue hiring. Part of this project included the creation of a TIF district, which was used as a funding mechanism for an extension of Boulder Circle to Highway 3 by approximately 1,250 feet. The project constructed a left right lane along Highway 3 and a left turn lane in the vicinity of Canda Court. The city's trunk sewer line was extended along this corridor. This extension helped to expand access to new parcels guided for Business Park.

Scannell/FedEx: The project is taking place over several phases and full build out would total approximately 1,500,000 square feet of industrial/warehouse uses (FedEx is 557,000 square feet). The FedEx facility has been completed and expected to employ 400-600 people. There was a delay in opening the facility due to a nationwide shortage of transformers - they are currently outfitting the building with internal automation components and hope to open late this year.

Amber Fields: In winter of 2020 Maplewood Development moved forward with plans for the UMore site. The entitlement process and subdivision agreement were completed in early 2022 and site work began that spring. As of April 2024, 1,799 units were approved in the Amber Fields development. This included 615 single family homes (for sale and rentals), 506 townhomes, and 678 multifamily units.

Frana Expansion: Frana chose to expand upon its existing operation in Rosemount by building a new facility off Canda Court. The facility is comprised of a 56,220 sf factory and a 3,558 sf office component. The company closed on the land in September 2022, finalized plans, completed construction, took occupancy July 9, 2023, and started floor system production July 11, 2023 (9 months). Frana started truss production in August 2023 and has been ramping up production since. The building provided added capacity for floor assembly. Frana's wall plant facility had older processes and lacked production capacity to do all of Frana's jobs. With the enhancements of the new floor plant facility, Frana has more than enough capacity for current and future production looking out 5-10 years. Future plans include a possible utilization of a nearby rail spur.

OMNI Orchards Farm Winery and Taproom: A grand opening was held in early 2023 and the owners have reported strong business in the first half of the year. In 2023, staff began working with the owners on future phases.

CA Gear: CA Gear's plan for an expansion of the facility on Canada Circle was approved in December 2023. The facility would include virtual sport simulation devices and would add a tap room facility. Work is expected to occur throughout 2024.

Israelson property: In 2021, Mr. Israelson added a commercial development to the initial residential conceptual proposal approved by the council. Mr. Israelson completed infrastructure work on the site in preparation for the first phase of his development. The development was replatted in 2023. Two developments have broken ground so far, Suite Senior Living and New Horizons Childcare.

46/3: A 21 acre site south of the Rosemount Business Park had an initial plan for a light industrial facility approved in 2023. This project is not moving forward, but staff expects this site to develop as the Business Park expands.

Site Development

Throughout 2023 major steps were taken to market and attract development for larger industrial and commercial sites in Rosemount. Staff completed over 25 RFIs and inquires for commercial and industrial sites in 2023. The Department of Employment and Economic Development recently launched a new platform, Lasso, a property data collection application that provides corporate location decision makers the tools to streamline RFI responses. With DEED as a partner, staff was able submit multiple sites for future

prospects on Lasso.

Staff formed a strong partnership with Xcel Energy to certify sites in a Shovel Ready program. The following three sites were enrolled into their program and as of April 2023, all 3 sites have multiple parties (at various stages) of the pre-development process:

160 acres controlled by the OPUS Group adjacent to County Road 42. This site would be ideal for a large industrial user.

280 Acres in UMore Park was purchased by Meta. The construction of this project will allow the city to upgrade the infrastructure to the site and adjacent sites.

145 acres in the Rosemont Business Park of which 52 acres is designated DEED Shovel Ready. This site is suited for industrial, distribution, or office uses.

Additionally, staff is working with Great River Energy on marketing a new site in eastern Rosemont. GRE put 300 acres on the market in March of 2023 (adjacent to the Scannell/FedEx project) and the City has been working with interested parties.

Ames Industrial: Ames assembled a roughly 250-acre parcel directly north of the Meta site across County Road 42. The infrastructure extended to Meta will also be utilized by future users of the Ames site. An AUAR for the property was completed in Fall 2023 and staff continues to work with multiple prospective parties.

Redevelopment: As Rosemont grows infill and redevelopment projects will become more frequent. Staff has begun to identify and market sites that would be prime candidates for redevelopment/infill within the existing core of Rosemont.

Speedway: The property was placed in receivership with Lighthouse Management. Their role is to find care for the liability, assets and property etc. The underground storage tanks were removed in late 2022. The owner has contracted with an environmental consulting company, Carlson McCain, to conduct a Limited Site Investigation per requirements of the MPCA after their review of the initial excavation report. Once the LSI has been completed, the MPCA will provide direction on whether there will be additional remediation requirements to bring the site into permanent closure status. Carlson McCain will submit their LSI report to the MPCA for review within the next 4 weeks. The MPCA then reserves up to 180 days to review the file. Once this process is complete, redevelopment of the site can take place. Staff has been actively working with users to find a desirable use once the environmental remediation process is completed.

South Metro Auto: Staff identified this non-conforming use as an ideal area for redevelopment. It is near the Downtown but stationed away from the intersection at 145th and Highway 3. Staff has been working throughout 2023 with a potential developer for the site.

Legion: The Legion represents the largest site within the traditional Downtown. This site is not adjacent to any single family residential or is set off Highway 3, making this an appealing multifamily or mixed-use site. Staff began initial conversations with the Legion leadership on a potential redevelopment scenario.

Existing 42 Corridor: Several additional sites exist along the current main commercial corridor along 42. Additional acreage at Merchant's Bank, Fairview, and several parking lots could accommodate further infill.

Multifamily Housing: As Rosemont grows and the industrial base expands, life-cycle and multifamily housing has been identified as a priority. Staff has worked to recruit high-quality multifamily developers to the city. Projects that were given approvals and broke ground in 2023 include:

Schafer Richardson: The first of two buildings has begun construction directly north of the new Life Time facility. This initial building will have 164 units.

Roers: Roers is constructing a 212 unit building near the intersection of Akron and County Road 42.

Real Estate Equities: A 160-unit affordable multifamily project began work in the Amber Fields development area.

Two parcels directly east of Life Time are in various stages of concept development. These include the

DCTC site and Emerald Isle. Both sites are expected to develop as multifamily/mixed-use projects that would support the commercial aspirations of the Akron/42 corridor.

New Business Development:

Life Time
FedEx (forthcoming)
Spectro Alloys (expansion)
Frana (expansion/2nd location)
Emerald Roots Salon (expansion/new location)
Crossfit Snow Drift
Hypointe Childcare
Rosemount Pediatric Dentistry
Rosemount Floral (new ownership/expansion)
Conquer Ninja
Suite Senior Living
Tops Tavern (change of ownership)
J&J Sweets

Downtown Façade Grant: With staff recommendation, the Port Authority created a pilot grant program to assist business owners with façade and exterior improvements. The Port Authority approved the Downtown Façade Grant program in summer 2022. The pilot grant program was funded with an initial \$20,000. Business could qualify for matching projects costs up to \$5,000. At the end of 2022, 3 projects had been fully paid out. In 2023, the remaining \$5,000 for additional projects was issued. While the \$20,000 dollars has been expended, there remain several other prospects for grant awards if the Port chooses to continue with the program. Business owners outside of downtown have also indicated they would utilize a similar program.

City Sewer Availability Charge (SAC) Grant: The Port has emphasized a desire to attract more dining options in town, especially tap houses and restaurants that utilize patios and rooftops. Staff has been identifying barriers that restaurants face entering the market. Outside of available or desirable space, one of the biggest costs restaurants potentially face is Sewer Availability Charges (SAC). SAC fees are determined by the Met Council and businesses are charged both a Met Council and City SAC charge, which are currently \$2,485 and \$1,200 per SAC credit, respectively. In response to these realities, the Port Authority authorized a \$20,000 pilot program to offset a portion of these costs. The program covers up to 50% of City SAC fees when payment is submitted with the building permit. The program began on January 1, 2022. The program had strong positive feed back and continued into 2023. Willy McCoy's, the CA Gear Expansion, the future Akron coffee shop, and J & J Sweets are 2023 projects that will qualify for the SAC grants.

Unrestricted TIF Funds: In 2021, the Legislature enacted expanded, temporary authority to transfer unobligated tax increments for purposes of assisting private development consisting of the construction or substantial rehabilitation of buildings and ancillary facilities, if doing so will create or retain jobs in the state. The new law temporarily permits a development authority (Rosemount Port Authority) to elect, by resolution, to transfer unobligated increment for certain specified purposes provided the following criteria are met: It consists of the construction or substantial rehabilitation of buildings and ancillary facilities; It creates or retains jobs in the state, including construction jobs; and construction commences before December 31, 2025 and would not have commenced before that date without the assistance.

On November 1st, the City Council approved the TIF Spending Plan. This allowed the City to transfer approximately \$2.857 million from the Downtown Brockway TIF District to a separate account by December 31st, 2022. The funds must be allocated to projects by December 31st, 2025 or they will revert to the originating district. The Port Authority is the body that will approve (by resolution) the transfer of funds for specific projects. Upon the approval of the TIF Spending Plan, staff began drafting implementation criteria in anticipation of forthcoming projects. This allows the City to add another "tool" within our economic development toolbox. To best utilize these funds minimum project criteria will draw from existing City policies, goals, and strategic documents. In 2023, Willy McCoy's was awarded (\$500,000) the first grant utilizing TIF funds. Staff continues to work with prospective developers that would be a good fit for this

program.

Open to Business: The City renewed its partnership with Open to Business. The business advisor and staff work closely together on local issues. The long-term placement of the business advisor has been an incredibly positive development in terms of business engagement and resources for small businesses.

Greater MSP: 2023 was a strong year of partnership with Greater MSP. The organization played a key role in the Meta project and is deeply involved in several other prospective developments in Rosemount. Staff has joined regional endeavors spearheaded by Greater MSP, such as the Minnesota Med Tech 3.0 plan. Greater MSP continues to be a vital partner in attracting new and cutting-edge business to Rosemount.

Rosemount Expo: The revamped Rosemount Community Expo was a success. There were over 860 attendees this year, which is the highest number recorded for this event. Overall, the vendors and workshop organizers gave positive feedback. All the survey responses ranked the event as either "excellent" or "very good." Looking towards next year, staff would like to build upon this success and continue to transition the Business Expo to a Community Expo focused on local businesses, community groups and performances/classes.

Zoning Code Update: Staff contracted with HKGi to update the city's zoning code. Over the past year and half, staff and project consultants have worked to modernize the code with the input from elected officials and commissioners. The Zoning & Subdivision Code Update project is required to ensure consistency between the zoning/subdivision codes and the 2040 Comprehensive Plan. The City Council adopted the 2040 Comprehensive Plan Update in March 2020. This project is not making any changes to the 2040 Comprehensive Plan and the 2040 Future Land Use Map remains in place. The intent of this update is to address the aspects of the zoning/subdivision codes that are in conflict with the 2040 Comprehensive Plan or have not been updated to address the City's current development market trends/changes. The project's intent is also to create zoning and subdivision regulations that are modern, consistent, and user-friendly. While both the zoning and subdivision codes are part of this project, there are not major updates to the subdivision code since it was recently updated in 2020. A Planning Commission hearing was held in March 2024 and the Commission recommended City Council adopt the proposed updates.

RECOMMENDATION