

**Red Wing Port Authority Board
Regular Meeting
City Council Chambers
May 5, 2026**

Members Present: Port Authority Board President Paul Reding; Commissioners Bethanie Flattum, Kim Beise, Jim Ross, Wylie Wilson, Thomas Drazkowski, and Donald Kliewer.

Members Absent: All members were in attendance.

Others Present: Kyle Klatt, Community Development Director / Port Authority Executive Director, and Chris Heineman, City Council Administrator.

1. Call to Order

Port Authority Board President Paul Reding called the meeting to order at 4:30 p.m.

2. Pledge of Allegiance

President Reding led the recitation of the Pledge of Allegiance.

3. Excusal of Members

President Reding stated that all Commissioners are in attendance.

4. Approval of Agenda

A motion was made by Commissioner Kliewer, seconded by Commissioner Flattum, to remove agenda items 8.B. and 8.C. with referral to the Finance Committee and approval of the agenda as corrected. A vote was conducted, and the motion carried unanimously by a vote of 6:0.

5. Approval of Minutes

A. Motion to Approve April 7, 2026, Port Authority Minutes.

A motion was made by Commissioner Flattum, seconded by Commissioner Ross, to approve the April 7, 2026, Port Authority meeting minutes. A vote was conducted, and the motion carried unanimously by a vote of 6:0.

6. Public Comment

No one wished to address the Board.

7. Public Hearing

There were no public hearings.

8. Motions & General Business

A. Motion to Approve the March 2026 Balance Sheets and Budget Report.

Director Klatt noted that, within the 2026 Budget, the marketing promotion line item for \$60,000 has only been spent in the range of \$10,000 to \$15,000. A request was submitted to City Council to encumber those funds from 2025 into

2026, with allocation to the Redevelopment Stimulus Fund to fund activities, including the Jefferson School project and other potential development projects in the community. The updated numbers will be provided to the Board once City Council approves the funding.

Commissioner Drazkowski stated that the Board voted and approved the motion to defer the principal payment, with interest accruing only until the capital improvement projects are completed. The balances reflect an increase from February to March, from \$633,000 to \$637,000, when the amount should have remained the same. Director Klatt confirmed that the amount will be reviewed and reported to the Board by the end of April, within the balance sheet.

President Reding requested clarification on unspent funding, resulting in potential carryover items for the Board to address. Director Klatt confirmed that no carryover items were present for the Port Authority's budget.

A Motion was made by Commissioner Flattum, seconded by Commissioner Drazkowski, to approve the March 2026 Balance Sheets and Budget Report, noting the accounting that Director Klatt reported. A vote was conducted, and the motion carried unanimously by a vote of 6:0.

B. Consider a Motion to Approve a Sign, Awning, and Facade Grant for Engberg Properties, in the Amount of \$5,000.

The agenda item was removed.

C. Consider Motion to Approve a Sign, Awning, and Facade Grant for Red Wing Framing in the Amount of \$922.00.

The agenda item was removed.

D. Consider Motion to Approve a Proposal from Unclouded Strategy to Complete a Branding and Strategy Initiative for the Port Authority at a Cost of \$24,000.

Director Klatt introduced the item from the Strategic Plan, detailing how to improve marketing strategies, and the project was split into two options:

1. Develop a brand marketing strategy for the Port Authority to focus on the economic development mission, and
2. To work with local economic development partners to develop a marketing plan to attract more visitors, new residents, and businesses to Red Wing, which is aligned with the brand marketing strategy.

Director Klatt stated that the staff reached out to consulting firms, and the Marketing Committee requested additional proposals for the project. The three firms that provided a proposal for the branding initiative include:

1. Unclouded Strategy
2. Development Counsellors International (DCI)
3. Golden Shovel Agency

Director Klatt confirmed that the staff developed selection criteria to evaluate the proposals. Staff then ranked the proposals and identified Unclouded Strategies as the highest-ranked firm for the project. A memorandum was provided to the Board with a recommendation for Unclouded Strategies, as the proposal offered the lowest cost. The budgeted amount for marketing was \$60,000 to \$75,000. Over the last several years, marketing spending has been limited. If the proposal is approved, the budget provides a remaining amount of \$100,000 with a time frame of about six to eight weeks to complete. The staff and the Marketing Committee both recommended awarding the project to the Unclouded Strategy proposal.

Commissioner Drazkowski stated that, within the proposal from Unclouded Strategies, the number of stakeholders to be contacted was detailed as between five and ten, who would be affected by economic development in the Red Wing community. If the proposal is approved, Commissioner Drazkowski recommended increasing the number of stakeholders to at least 10. The number of stakeholders would be vital to a marketing study proposal, as it would enable greater feedback from the metropolitan area outside Red Wing. Commissioner Drazkowski added that the Marketing Committee agreed that the proposal was a good investment.

President Reding requested that stakeholder groups be present at the meetings instead of individual stakeholders.

Commissioner Ross asked whether the marketing effort involved reaching out to the Chamber of Commerce and the Downtown Main Street organization, and whether involvement with the City would be present. Director Klatt stated that it could be a possibility. The project is focused on the Port Authority community, and the entire Red Wing community should not be the main focus of marketing, and Commissioner Ross agreed.

Commissioner Drazkowski stated that the marketing funds in the second phase of the project should focus on a dual role: developing economic businesses, generating tax-based revenue, and marketing social media content for the Port Authority properties.

A motion was made by Commissioner Kliewer, seconded by Commissioner Biese, to approve the proposal from Unclouded Strategy to complete a Branding and Strategy Initiative for the Port Authority at a cost of \$24,000. A vote was conducted, and the motion carried unanimously by a vote of 6:0.

President Reding added that he appreciated the support for the project and thanked the Board for approving the bylaw changes to expand the Marketing Committee to include two members who live outside of Red Wing.

E. Update on Jefferson School Due Diligence Work and Initial Developer Feedback and Consider Motion to Approve a Letter of Support to the Red Wing Advisory Planning Commission for Rezoning the Site.

Director Klatt provided an update on the Purchase Agreement between the Red Wing Port Authority (RWPA) and the Red Wing School District for the purchase of the former Jefferson School, which was executed on December 15, 2025. The Purchase Agreement allows the Board until June 30, 2026, to complete its due diligence items. A report was provided to the Board from staff on the due diligence items, which include:

1. Environmental Assessment: The RWPA staff engaged with an environmental consultant, Braun Intertec, to complete a Phase I Environmental Assessment and hazardous materials survey. The assessments have been completed with the following outcomes:
 - a. Phase I identified a Recognized Environmental Condition (REC) on the site: a former underground storage tank (UST) was removed, and an active 2,800-gallon fuel oil (heating oil) above-ground storage tank (AST) is currently located along the north side of the school building. No releases have been reported, but there is a potential for past unreported releases to have impacted soil, groundwater, and/or soil vapor at the site.
 - b. The hazardous materials survey identified asbestos-containing materials (ACM) and potential ACM. The confirmed ACM includes floor tile and adhesive, boiler parts, and vinyl baseboard. The estimated abatement cost is \$48,750. In addition, some assumed ACM materials are recommended for further testing, including the roof, gym floor underlayment, and window panels. The total potential cost of additional abatement is up to \$818,750.
2. Historic Significance: The RWPA engaged New History to complete a Part 1 historic tax credit application. The application has been reviewed by the State Historic Preservation Office (SHPO). The final review by the National Park Service (NPS) is expected in approximately 60 days.
3. Site Survey: The RWPA engaged a surveyor to complete an ALTA/NSP survey of the site. The final survey is expected to be delivered in the next 30 days, with a preliminary survey provided to the Board.
4. Developer Outreach: The RWPA worked with New History to complete potential real estate developer outreach. New History conducted outreach and interviews with housing developers located in Red Wing, Winona, and the Twin Cities area. Developers included small, mid, and large-scale local and regional housing developers and owners/operators with experience in market-rate, affordable, and for-sale housing. Feedback on the feasibility of the site's redevelopment was obtained from 16 developers through email and interviews. In summary, the site appears to be a good candidate for redevelopment, but may only attract a response if it is rezoned to support higher density.

Director Klatt added that the RWPA also intends to execute the following next steps:

1. **Additional Environmental Assessment:** The RWPA has obtained a proposal from Braun Intertec to complete soil testing and water monitoring in the area of the former UST. Braun will also complete additional testing to determine if hazardous materials are present in the roofing and window panels. This work can be executed in four to seven weeks following approval.
2. **Rezoning:** The Red Wing Advisory Planning Commission is beginning the City process to consider a higher-density residential zoning classification for the site. This would potentially allow for a multi-family housing project of greater density than the five to eight units per acre allowed under the present R-2 zoning to occur on the site. For reference, the site is 2.17 acres, so the maximum number of residential units allowed under the current zoning would be 17. The Planning Commission is planning to consider the proposed zoning amendment at the May 19, 2026, meeting; the Board will need to hold a public hearing as part of the review process.

Director Klatt stated that staff is requesting a letter of support to the Red Wing Planning Commission for rezoning to support the redevelopment before a Request For Proposal (RFP) is requested. The Port Authority is in full control of this property and the proposals submitted to determine what would be developed. The following is needed within the community: affordable housing, senior housing, general workforce housing, and housing with services. An update in May will be provided to the Board once additional discussions are held with the Red Wing School District, and time frames will be included.

Commissioner Kliever requested clarification regarding approval of only the former Jefferson School site, and Director Klatt confirmed that, yes, only the direction and recommendations on that site are requested at this time.

Director Klatt added that the additional environmental assessment costs will be \$17,800, with \$35,800 already incurred. The Board approved up to \$50,000. The Port Authority Board has the option to include conditions in the RFP regarding park or green space, parking standards, setbacks, daycares, community services, and density.

Commissioner Drazkowski asked for additional information on the site's acreage and density. Director Klatt stated the property is a little over two acres and allows up to 24 to 80 units per acre. The City's Comprehensive Plan for the Master Plan required additional park space for the community in the future, and the project has a strong interest in a public park at the current playground site.

Commissioner Wilson asked whether the contractors or developers had any interests in the specifics of the project before the rezoning. Director Klatt stated that if the rezoning is approved within the RM3 District, the specifications provide

more flexibility and also require a public hearing for this site. Developers need some certainties regarding the rezoning process, and opportunities will be provided to receive community feedback.

Commissioner Drazkowski requested that the property be rezoned into the RM2 District instead and asked if the level of safety for the conditional use permit would be required. President Reding agreed with Commissioner Drazkowski on easy, clear specifications for doing business in Red Wing.

City Council Administrator Heineman confirmed that the three proposed properties are within the RM3 District and that the specifications fit all of the sites. If the Board is considering the RM2 District for the Jefferson School site, the Port Authority Board is the owner and the driver in facilitating the site. About 40% of the total project cost could be eligible for a tax credit for the Jefferson School site.

Director Klatt confirmed that the RM3 District allows multi-use housing, and the Planning Commission sought to remove barriers to avoid an extensive review process.

A Motion was made by Commissioner Wilson, seconded by Commissioner Flattum, to approve a Letter of Support to the Red Wing Advisory Planning Commission for rezoning the Jefferson School site. A vote was conducted, and the motion carried by a vote of 5:1, with Commissioner Kliewer dissenting.

9. Communication Items

A. Executive Director's Report.

Director Klatt highlighted several items from the report:

- Director Klatt stated that for the Fleischmann Maltery Redevelopment, staff met with the City's financial consultant, Baker Tilly, to review the status of the Maltery Project and to provide direction for completion of a Tax Increment Financing (TIF) Agreement for the site. Discussions on the project were held with the developer, and updated financials are pending receipt. The City received an extension to the project's start date from the Minnesota Department of Employment and Economic Development (DEED) as it relates to the City's redevelopment grant for the project. The agreement was approved with specific project milestones as follows:
 1. Evidence that the City Council has adopted the TIF Agreement by May 15, 2026.
 2. Evidence that full demolition financing has been achieved by June 5, 2026.
 3. Evidence that demolition has started and is submitted to DEED no later than June 30, 2026.
 4. A pay request with eligible demolition costs is to be submitted to DEED no later than July 15, 2026.
 5. Depending on when financial information is submitted, staff may ask to establish a special meeting of the Port Authority in May to review the

plan, with a possible special meeting to be held on Monday, June 8, 2026.

- Director Klatt stated that demolition of all above-ground structures has been completed for the Central Research Property, and the developer will soon begin removing the footings and performing at-grade improvements. Most of the material has been designated as waste and has been removed from the site. The concrete will be crushed on the site and removed as part of the next phase of demolition work. The City has completed the first pay request to the contractor and will submit the first reimbursement request to DEED soon.
- Director Klatt provided an update on the Little River Bulkhead and Mooring Cluster project. Staff was notified on April 30, 2026, that the draft Environmental Assessment (NEPA) for the Little River Bulkhead, Mooring Cluster Replacement, and the Red Wing Grains projects has been sent to the U.S. Department of Transportation Maritime Administration (MARAD) for review. The NEPA policy requires the federal government to use all practicable means to create and maintain conditions under which man and nature can exist in productive harmony. Specifically, all federal agencies are to prepare detailed statements assessing the environmental impact of and alternatives to major federal actions significantly affecting the environment. The Red Wing's Environmental Assessment is a 604-page document, which took a significant effort by AMI Consulting to put together.
- Director Klatt stated that for the fiscal year 2025 PIDP Awards, the Red Wing Grain's \$14,000,000 project was not awarded, and a debrief of the application occurred on April 30, 2026. During the debrief, it was clear that Red Wing Grain had a strong application and was one of the 97 applications deemed suitable and successfully passed through the review filters to be considered for Secretarial consideration. The Red Wing Grain will reapply for the fiscal year 2026 PIDP.
- Director Klatt stated that for the Land Feasibility Analysis, the consulting team is working on the project and has been developing utility cost information for each potential development site by incorporating those inputs into the site readiness analysis. A draft report will be provided for review by May 7, 2026. The City will also complete a water supply plan in conjunction with the land analysis and has received confirmation from DEED that this additional work can be completed under the current grant agreement. The water supply plan will help the City better understand the limitations associated with expanding water services to new users in the future and the improvements necessary to provide services to existing and future users.
- Director Klatt stated that staff has drafted the RFP to prepare a Port Waterway Plan. The RFP is planned to be posted within the next week to complete planning by the end of the year. The Port Authority and the Harbor Committee will review this plan. President Reding added that the plan is good information for the community.
- Director Klatt added that the next regular meeting for the Port Authority is scheduled for June 9, 2026, at 8:00 a.m.

B. Committee Reports: Marketing Committee – 04/01/26 and 4/20/26.

Commissioner Drazkowski confirmed the items from the Marketing Committee have been addressed.

C. Discussion Items.


There were no additional discussion items.

10. Adjournment

A motion was made by Commissioner Kliewer, seconded by Commissioner Wilson, to adjourn the meeting. A vote was conducted, and the motion carried unanimously by a vote of 6:0.

President Reding adjourned the meeting at 5:55 p.m.

ATTEST:



Shari Chorney, Secretary