

**Red Wing Port Authority Board
Workshop Meeting Minutes
City Council Chambers
March 2, 2026**

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

Members Absent: Jim Ross

Others Present: Kyle Klatt, Community Development Director / Port Authority Executive Director; Shari Chorney, Business Development Manager / Staff Liaison; Chris Heineman, Council Administrator

1. Call to Order

Port Authority Board President Paul Reding called the meeting to order at 7:30 a.m.

2. Roll Call

Roll call was conducted. President Reding and Commissioners Kliwer, Beise, Wilson, Flattum, and Drazkowski were in attendance. Jim Ross was not present.

Director Klatt reviewed the purpose of the meeting and added that no more than twenty minutes should be spent on each of the updates.

3. Workshop Items

A. Port Development (PDIP and PADP) Projects Update.

Director Klatt stated that there are two projects that have received grant funding.

Manager Chorney stated that the first project is the replacement of the mooring clusters adjacent to Red Wing Grain's loading dock. The second project is The Little River Bulkhead Reconstruction. Both facilities are close to seventy years old.

Manager Chorney stated that it is her understanding that the Red Wing Port Authority consultants are planning to present to the Maritime Association the Environmental Assessments for both projects. Red Wing Grain applied for the same grants that the Red Wing Port Authority applied for.

Manager Chorney reiterated that the projects cannot move forward until the federal Environmental Review requirement is completed.

Manager Chorney stated that a meeting took place last week with Harbor Advisory Committee to bring them up to date on what would be presented to the Port Authority Board on Tuesday.

Manager Chorney stated that when the applications were submitted to the State, they were under the name of the Port Authority. The Port Authority does not own the mooring clusters. Manager Chorney was advised by the Minnesota Management and Budget Board that the Port Authority must obtain bondable ownership in the property to be awarded the grant.

Additional discussion ensued regarding the possibility of a thirty-seven-year lease.

Manager Chorney stated that the Little Bulkhead is currently at about 30% design. The bulkhead is currently 300 feet long, and consideration is given towards shortening the length to about eighty feet, which would be like the operation in Winona, MN. The soil study came back and indicated that the soil at the Little River Bulkhead area is poor. Because pilings were used seventy-five years ago, the soil was obviously bad then, too.

Manager Chorney stated that the Port Authority purchased the Little River Bulkhead in 1991. Director Klatt projected a balance sheet for the Members to view. This Meeting was an audio recording only.

Member Drazkowski asked why the Port Authority leases land from Xcel Energy. Manager Chorney stated that the Port Authority stores commodities on the leased land from Xcel.

Member Drazkowski asked if there is a positive cash flow from the land that is leased from Xcel. Director Klatt stated that the amount of positive cash flow ranges between \$120,000 and \$170,000 per year.

Manager Chorney stated that the entire catalyst for purchasing the Little River Bulkhead was to eliminate trucks serving the bulkhead from having to travel through Downtown Red Wing. It promoted safety and saved our roadways from a lot of wear and tear.

Member Ross asked if there would be any recurring maintenance costs over and above the cost of construction for the Little River Bulkhead project. Manager Chorney stated that more should have been done in retrospect.

B. Jefferson School Update.

Director Klatt stated that the Purchase Agreement has been executed with the School District, giving the City until June to decide whether to move forward with the purchase of the building. He added that the city has engaged with New History to conduct a Historic Analysis, which will determine whether the building qualifies for inclusion in the National Registry of Historic Places. Director Klatt noted that if the building qualifies, it will open additional opportunities for assistance through historic tax credits.

Director Klatt stated that Staff is currently reviewing the report from New History. The recommendation is that the two older portions of the building be included, but not the most recent addition, completed in 1960. He added that the Planning Commission is considering the Jefferson School Building as a possible re-zoning site to allow for higher density.

President Reding asked if New History would designate certain parts of the building. Director Klatt responded that it will likely receive a partial designation by separating the scope of work within the project.

Member Beise noted that the neighborhood wants a playground.

President Reding asked what the next steps should be with the project. Director Klatt stated that the next steps will likely be provided at the April meeting.

Member Flattum added that at this time, there is nothing the city can offer beyond what the school already provides.

Administrator Heineman asked what would happen if there were no tax credit eligibility and the cost of renovation is too high. Director Klatt stated that the site could potentially be zoned for higher density housing and noted that single-family housing may be viable for this location.

C. Office of Energy Transition Grant Update-Financial and Land Feasibility Analysis.

Director Klatt stated that general updates on the Office of Energy Transition Grant have been provided throughout the process. He added that the city received a portion of the grant through the Department of Employment and Economic Development, totaling \$1,000,000, which is targeted for long-range economic plans and would help the City prepare for the potential loss of property tax revenue from the current power plant.

Director Klatt stated that there are four parts of the current Economic Plan. The first part is a long-range financial analysis, and a project consultant has been selected to provide it. He noted that the City is in the very early phases, including providing financial information and future projections. Director Klatt added that tied to the long-range financial analysis is the Land Use Plan for the City. The Comprehensive Plan, adopted in 2019, is currently in place and focused on development within current activity centers, but it is not forward-looking in determining future growth opportunities.

Director Klatt stated that the second component for the grant opportunity is a Land Feasibility Analysis, with the goal of determining where five or six large sites could be set aside for new development in the future. He pointed out that the City has hired consultants, including NEOO Partners, to prepare this

analysis, which emphasizes the private market in addition to long-range planning work.

Director Klatt shared the RFPs with the board and stated that there needs to be a much stronger focus on the waterfront. Manager Chorney added that there are recreational opportunities to consider regarding the waterfront, and Member Wilson emphasized that the recreational element is very important, noting that the number of pleasure crafts is significant when seeking government funding.

Director Klatt noted five sites that are being potentially reviewed for future development: the Downtown Riverfront; the area around the Highway 19 and 61 property; the area east of Red Wing High School; the area around Minnesota State Southeast; and the area near 4th Street by the golf course. Manager Chorney inquired about the possibility of the City taking part in the golf course for housing.

D. General Project Updates from Staff.

Director Klatt stated that there are several projects to update the Port Authority Board on. The first update is on the former (Central Research Site). The City went out for bid for the demolition project. A loan was secured prior to the end of last year, which paid for the cost of the demolition work. Half of the loan is forgivable, and the rates are very favorable for the City.

Director Klatt stated that the original estimate for demolition was \$180,000 plus another \$50,000 for environmental remediation. The City received very favorable bids. The low bid was \$163,000, which includes all the environmental work. Work should begin within two weeks.

Director Klatt stated that a lot of work has been done over the past year to form a Memorandum of Understanding with the Minnesota Department of Transportation. It is critical to understand how the right-of-way is going to look and to get the Minnesota Department of Transportation to work with the City on re-platting the property to realign the right-of-way. If it is desired to use Redevelopment TIF funds for the development of the site, there is a need to conduct a Building Condition Analysis and have it available prior to the demolition beginning on the property.

Administrator Heineman suggested that providing infrastructure right away might be helpful for drawing in potential developers.

Director Klatt had previously requested that the Port Authority have a joint meeting with the City Council to discuss next steps.

Director Klatt stated that quite a bit of work has been done with the Greater Red Wing Development Corporation, which was instrumental in keeping Central Research in Red Wing. Director Klatt stated that the Greater Red Wing

Development Corporation is an asset to the Red Wing Community. Manager Chorney stated that she would be happy to send out the information on the Greater Red Wing Development Corporation to the Port Authority Board Members via email.

Director Klatt offered a quick update on the Maltery Project.

This item was continued after F. BREAK.

E. Board and Commission Training-Video Presentation and Discussion.

This item was addressed after D. General Project Updates from Staff (cont.).

F. BREAK (15 Minutes).

The Port Authority Board had a brief break.

D. General Project Updates from Staff (cont.)

Director Klatt stated that the Associated Bank Project is now completed. There are twenty-seven apartments. One significant change that occurred after the initial approval was that a decision was made to open eight of the units for sale as condominiums. There are also two commercial spaces, both of which are now occupied. Manager Chorney pointed out that one of the condos has been sold.

Director Klatt stated that the Avanti Project has been completed. There are thirty-six apartments. The total cost of the entire project was about \$9,000,000. Director Klatt stated that the project is at about 90% occupancy.

Director Klatt stated that Hallstrom is five residential units along with the renovation of the commercial space. It has been a challenging project, but it is nearing completion.

Board member Jim Ross entered the meeting.

Director Klatt noted that the Boxrud Building has eleven residential units and a commercial space. The commercial space is occupied, and all the residential units are complete. All but one or two units are available in this project.

Director Klatt added that there are no residential units planned for the Chief Theater Building. The building will be used for children with disabilities to meet, gather, and play. There are also plans for a café in the building to provide employment opportunities for people with disabilities. Director Klatt stated that the project is nearing completion.

Director Klatt stated the Eagle House was originally slated for 20 units of workforce housing. The project is likely to be closer to 17 or 18 housing units.

Director Klatt stated that the Maltery Building Project requires demolition of the building and the erection of a new building that would contain 128 residential units, about 12,000 square feet of commercial space, and a parking garage. The original plan for the Maltery Building Project included two towers of apartments. Right now, consideration is being given to the possibility of one tower of apartments and one tower of condominiums. Director Klatt projected pictures of what the Maltery Building Project should look like when completed. The demolition should begin in the next month or so. Based on the current schedule, the current building will be down by the end of May.

Member Wilson asked what happens if the demolition can't get started in a timely fashion and whether the City can reapply for money. Director Klatt stated that the City would be back in the pool with other projects.

Member Drazkowski asked if there has been any discussion of completing the project in phases. Director Klatt responded that it is a single, complete project and there will be no phases.

Administrator Heineman noted that the TIF District is listed as twenty-six years, but the development period is only twenty years, with nineteen years remaining. He added that the longer it takes to obtain a Certificate of Occupancy, the less can be recouped through the district, and suggested that any larger riverfront area should likely be a separate conversation and a future project.

Member Ross asked how much land the railroad requires for their tracks. Director Klatt could not answer the question. Member Ross added that another project failed to account for noise from railroad whistles. Director Klatt stated that the "Quiet Zone" should be in place by the spring of this year.

Director Klatt also stated that while working on the "Quiet Zone," he learned that the pedestrian crossing is not ideal. He noted that the City Council is putting together a study to determine what a pedestrian crossing should look like at Broad Street.

Director Klatt stated that he wanted to talk about the former Bauer Built property and the City's work with the Prairie Island Indian Community. Not much has been accomplished because the PIIC only recently executed a compact with the State. Director Klatt stated that the City Council's ad hoc committee is seeking to put together and execute a lease to open a cannabis dispensary. The City Council approved one registration for a cannabis dispensary license located south of Hwy 61.

Director Klatt stated that the other general update is that the Marketing Committee directed Staff to solicit proposals to complete a Branding Study for the Port Authority. The proposals are in. Director Klatt and Manager Chorney are

currently evaluating the proposals, and recommendations will be presented to the Marketing Committee later this month.

E. Board and Commission Training-Video Presentation and Discussion.

Director Klatt was unable to share the training videos with the Port Authority Board. Director Klatt stated that he would email the Port Authority Board Members the individual links to view the training videos on their own.

G. Review and Discuss Housing Initiatives.

Director Klatt stated that the Planning Commission took some action to update the Zoning Districts with the intention of promoting more multi-family housing projects and to open more opportunities for housing in general throughout the Red Wing Community.

Director Klatt stated that a big part of the work was to create a new Zoning District, named RM3. Red Wing already had two multi-family housing Zoning Districts, named RM1 and RM2. The maximum density in the highest density area is about twenty units per acre, which is relatively lower when comparing the bigger projects. Director Klatt stated that the new RM3 Zoning District will allow up to eighty units per acre.

Director Klatt stated that the Planning Commission is going to try to identify and target sites that can be rezoned for multi-family development. The intent is to set up the situation so that people coming into the Red Wing Community will know that certain sites will be set up for multi-family housing without extensive rezoning work being necessary.

Director Klatt projected the sites that the Planning Commission is evaluating for rezoning purposes. Director Klatt stated that he and Chris Heineman have been more engaged with a local round table group that includes local businesses that have been tied to moving the needle when it comes to projects that address housing issues that they are seeing.

There was some brief discussion about the relationship between retention of businesses and housing within the Red Wing Community.

Director Klatt stated that affordable housing is the key area that is significantly underbuilt right now. The City of Red Wing needs a lot more affordable housing. Affordable housing and senior housing will soon have a tremendous amount of demand. Member Drazkowski stated that single-family starter homes have tremendous demand right now.

Administrator Heineman stated that the reality of actual construction costs makes \$250,000 to \$300,000 homes basically nonexistent. Even entry-level townhomes cost between \$325,000 and \$375,000. Entry-level single-family homes are going to range from \$350,000 and above.

Member Drazkowski stated that the price per square foot in Red Wing is about 20% higher than in other towns that were studied. For some reason, it is more expensive to build in Red Wing than in the other areas around us. President Reding stated that it is a combination of things that causes prices to be higher in one area than another.

Director Klatt stated that the City Council has done some work with their planning for next year. Housing is one of their primary focuses.

H. Review and Discuss 2026 Strategic Plan: 2025 Accomplishments and Updated Actions for 2026 and Beyond.

Director Klatt stated that he put together a status report for the current Work Plan that includes all the work from the previous Work Plan. He reviewed the color-code system that was projected for the Port Authority Board to view and noted that many items were completed in 2025, with a few others on the cusp of completion. Director Klatt added that the Port Authority Board has traditionally adopted a Five-Year Strategic Plan, but the Work Plan itself typically covers one to two years.

Director Klatt mentioned the Highway 19/61 Property and stated that discussions about it will continue into next year. He also stated that it is anticipated that a TIF Agreement will be brought forward in 2026 for the Port Authority and recommended rating it as one of the higher priorities. Director Klatt also recommended that securing the TIF Agreement for the Maltery Project be another priority.

Director Klatt stated that, regarding business support, the Downtown Revolving Home Fund is in place as of this year. He added that Business Retention Visits are continuing, noting that in 2025, there were at least two such visits each month. Director Klatt stated that the results of those visits should be reported to the Port Authority Board through the Director's Report at the monthly meetings.

Director Klatt stated that the Technical Assistance Grant has not yet been worked on in 2026 and that Staff recommends continuing to discuss this grant opportunity. He added that when working with property owners, the necessary studies for the property are often expensive, and the Technical Assistance Grant could provide potential assistance.

Director Klatt reported that the Housing Summit was held in 2025. He stated that Three Rivers is looking for a site but does not intend to move forward in Red Wing until zoning is in place that supports their project. Director Klatt added that the Port has a role in addressing housing challenges, citing the Port's purchase of the Jefferson School Building as an example.

Director Klatt stated that Red Wing Grain is moving forward with its work. He added that considerable work was dedicated to the Strategic Plan and that this work has now been completed. Director Klatt also noted that Staff contracted two different firms to help manage the workload.

Director Klatt stated that the whistle-free railroad crossing is now in place. He also reported that the Parking Study has been completed and a Parking Policy has been adopted, and that the City is currently working with a consultant to address parking facilities in the downtown area.

Director Klatt stated that the Port Authority decided not to move forward with the Public Relations Grant. He added that some changes were made to the Sign and Awning Grant. Staff's recommendations for items to include in the Work Plan, stating that the most important item is the Jefferson School Building. He added that working through the requirements for TIF items should be another item on the Work Plan.

Director Klatt stated that branding is another critical concern that should be included on the Work Plan. He also stated that Staff would like to see the Technical Assistance Grant program amended so that funds can be used for projects outside of the downtown and west end areas. Also, a consultant will be hired to assist in the development of a Port Waterway Development Plan.

I. Commission Discussion Items.

Member Flattum stated that it is good that some of the items have been on our radar for a while and agreed that the Jefferson School Building should be the highest priority. Commissioner Reding added that the development of Habitat for Humanity was missing from the earlier discussion and noted that the City is poised for some quick wins in housing. He also stated that the potential tax from the Jefferson School Building is a big win for the community and that the redevelopment of the hospital site by Habitat for Humanity addresses the important need for single-family housing, as there are currently no single-family homes being built in Red Wing.

A board member stated that the Maltery Project on the riverfront has a tremendous opportunity for some big wins for the community in terms of housing and expanding the tax base. Director Klatt responded that Habitat for Humanity did apply for some grant funding but was not successful, and he added that the City has not executed a Development Agreement with Habitat for Humanity.

Member Flattum stated that she doesn't see anything missing from the Work Plan and would hesitate to add anything additional because there is plenty to accomplish. Administrator Heineman stated that there will undoubtedly be some discussions in October regarding next steps for the Port Authority. Director Klatt added that there may be things within the Work Plan that will create opportunities for additional development.

Director Klatt stated that one of the goals of the Strategic Work Plan is to create measurable outcomes and that efforts are underway to track the impact of the Plan. For instance, if the goal is job creation, what is being done to report on new jobs? He suggested that some of these tracking measures should be added. Commissioner stated that it is important to count the cumulative effect because wins are not necessarily reported every year.

Director Klatt stated that the Greater Red Wing Development Corporation is a great example, noting that between 500 and 600 new jobs exist in the community because of work done by the Port Authority and the Corporation. A board member asked how to include these results in the Strategic Work Plan and how to move from discussion to implementation. Director Klatt suggested that creating a report could be the answer.

Member Drazkowski stated that the Housing Study contained data listing jobs and income. He noted that he has observed other communities within an hour to an hour and a half from Red Wing to see how they handle housing concerns and suggested that it might be prudent for Port Authority Board Members to visit some of these communities. Member Drazkowski also stated that Red Wing is fortunate to have a vibrant downtown because of traffic and emphasized the need to step up industrial job creation to drive single-family housing development. He added that Red Wing cannot continue to rely solely on the power plant, the casino, and Red Wing Shoe Company.

Member Flattum stated that it would be wiser to focus on metrics in the strategies column, with actions based on the accomplishments sought. Director Klatt stated that his plan is to bring an updated Strategic Work Plan to the Port Authority Board in April and added that the City Council is requesting updates on Board terms. He noted that in Minnesota, most Port Authority or Economic Development Authority Boards have six-year terms, which take a while to learn, and that by the end of a first three-year term, Members are just getting up to speed.

Commissioner stated that it takes two years to learn all the ongoing activities. Member Reding suggested having up to three three-year terms instead of six years, while Council Administrator Heineman noted that three three-year terms are challenging because statutory language mandates six years and Red Wing is the only jurisdiction in Minnesota with three-year terms.

Member Reding suggested that more attention needs to be paid to legislation across the river, as much of what can be done here is influenced by Wisconsin. He noted that, for some, Social Security income is not taxed in Minnesota. Member Reding stated that Wisconsin is advancing legislation to make all retirees aged 65 and older with a total income of \$150,000 or less completely tax-free and questioned how such a change would affect border communities between Minnesota and Wisconsin.

Director Klatt thanked the Port Authority Board for their time, stating that the additional discussion was helpful since the regular monthly meeting cannot support these topics due to time constraints.

4. Adjournment

Director Klatt adjourned the meeting at 11:34 a.m.

ATTEST:



Shari Chorney, Secretary