

MINUTES
Eveleth City Council Workshop Meeting
11:30 a.m., February 21, 2024
Eveleth City Auditorium, 421 Jackson St., Eveleth, MN

Councilor Jim Perpich, Present
Councilor John Rauzi, Present
Councilor Brian Lillis, Present
Councilor Joseph Koivunen, Present
Mayor Robert Vlasisavljevich, Present

Also present: Deputy City Clerk Stephanie Friebe; Public Works Director Jerry Rosati; Police Chief Jesse Linde; Consultant Bob Streetar

Mayor Vlasisavljevich called the meeting to order at 11:30 a.m.

1. Development opportunities

408 Fayal Avenue

Consultant Bob Streetar informed the Council that Brian Zadnikar desires to open a meat market next to his current business property on Fayal Avenue. Zadnikar is interested in the City-owned property at 408 Fayal Avenue. Streetar indicated that when Zadnikar gets to the point he is ready for a business, the City will demolish the existing building and remediate the contamination. In order to pay for the demolition and remediation of the site, the City needs grant money, unless the city wants to pay for the costs with its own monies.

In order to be competitive in a grant application to DEED or the IRRRB, both require the application demonstrate the project has a high level of readiness, as evidence, at minimum by a development agreement and site plan. Consequently, in order to the City to apply for grant funds on by May 1, Zadnikar needs to provide (1) a business plan, (2) site plan, (3) evidence of financing, and (4) a construction timeline. The grant applications are due May 1. The City would know within 6 weeks, or by the end of June, after submitting the grant if the City will receive funds. If funding is received, it is estimated that demolition of the building would begin at the earliest in August/September of 2024. Streetar advised the Council that the City could also pay for the demolition without seeking funding. Streetar reported that the City has received an estimate from NTS in the amount of \$140,000 to demolish the building and remediate the site.

Brian Zadnikar said he watched the City gain control of the building over five years ago. Zadnikar had expressed interest in the property at that time. The building was offered to another tenant, but has since been vacated. Zadnikar claimed the City has waited for over two and a half years to clean up after the building has been vacated. Zadnikar said that he hired and paid for an inspector to look at the site in October of 2021. In February of 2023,

Zadnikar met with a contractor to see how much it would be to demolish the building and gave that estimate to the City. He will now need to hire an attorney to get things to progress which will cost him more money. Zadnikar said, “Stuff never got done” and that he has been looking at moving the business to another city.

Councilor Koivunen said he was frustrated and that the building should be down. Koivunen said he was not aware of a proposal (submitted to the City by Zadnikar) to demolish the building for \$30,000 and that the Council should know about this. He referred to the City losing out on a plumbing business opportunity which located to Gilbert. Koivunen said that Zadnikar is planning to put up a half million-dollar business. He said, “We need a new business in downtown. I don’t know what we are waiting for. The building has to come down.”

Mayor Vlasisavljevich asked about contamination after the building is demolished. Streetar said the response action plan has been prepared and may need some modification in light of the city desire to remove the building rather than leave it in place.

Streetar summarized the projected timeline for Zadnikar which proposed construction of a new building in the spring of 2025 with a new business opening date in the Fall of 2025. Zadnikar said he was hoping to have his business up and running by Fall of this year. He said he does not want to wait until October to build when the weather is cold. He also indicated that he has been waiting to order a smoker out of Wisconsin until he has an agreement with the City. Zadnikar said that an architect will not sign a construction agreement until he has a contract with the City. Streetar indicated he has been working with Zadnikar over six months, indicating what Zadnikar needed to do in order to move forward. The only task completed by Zadnikar to date is the business plan prepared by SBDC.

Councilor Perpich said that the proposed timeline is not what Zadnikar needs. Streetar said the City can have a development agreement ready for the Council to look at in 30 days, but in order to do so Zadnikar must provide (1) a business plan, (2) site plan, (3) evidence of financing, and (4) a construction timeline, because this is what will make the grant application competitive and ensure the city knows what it is getting. Councilor Perpich would like to see the agreement ready for the next Council Meeting. Councilor Koivunen requested that the agreement be ready for the March 19, 2024 Council Meeting.

Streetar described the modified timeline and what Zadnikar needs to provide. Zadnikar said he could meet the time line and provide what the city requires in order to submit a grant to DEED and the IRRRB by May 1.

Zadnikar said he would like have his building complete by this fall and be ready for business by November of this year.

School Special Area Plan

The City will be receiving an additional \$42,255 for a planning grant from the IRRRB. The first grant assistance from the IRRRB was in the amount of \$25,000. The total funding will be in the amount of \$67,255 towards planning for the site of the former Eveleth-Gilbert High School and Franklin School sites.

Jack Pine Business Park

The IRRRB will be contributing \$400,000 to cover the necessary site investigation (market study, site planning, environmental engineering, etc.) for Jack Pine Business Park. The City will not be required to match the funding.

Scenic Rivers

Scenic Rivers has expressed interest in constructing a new office Eveleth located in the downtown area.

The Council concurred that the property by the old Eveleth Hospital would be a good location for Scenic Rivers to open a new office.

Minnesota Power

Minnesota Power is looking for a new 15-acre site to construct a 122,000 square foot building. There may be potential in the Jack Pine Business Park. Consultant Streetar and City Clerk-Administrator Jackie Monahan-Junek will continue to check in with them.

IGA

Streetar reported that multiple attempts have been made to contact the new owners to see how the City could assist. The City has received minimal response.

Highway 37 & 53

Streetar reported that the title work, Phase 1 ESA and survey are complete. Kwik Trip did not express interest in the area. The next steps will be to market the site to other convenience stores in the area.

701 Hat Trick Avenue

Consultant Bob Streetar referred to an email City Clerk-Administrator had relayed to the Council with reasons as to why Viking Coke decided to locate in Mountain Iron rather than at the Eveleth location.

Councilor Lillis asked if the City is actively marketing this parcel. Streetar reported that the City is not actively marketing, but did have an inquiry of a potential interest in retail. This lead will be followed up on.

Industrial Park Drive (next to daycare)

The next steps for this area are to complete the title work, Phase 1 ESA and develop a marketing plan.

Councilor Koivunen said he would like to meet monthly. He said it's nice to know what is going on with each parcel. Koivunen said, "If someone wants a lot. I want to know."

2. State Bonding request update

Consultant Streetar provided a handout which was given to the City's hired lobbyist for the 2024 Bonding Bill Request.

3. IRRRB grant opportunities

Streetar outlined grant opportunities which will be provided through the IRRRB to fund a program which helps to restore tax forfeited properties.

Councilor Rauzi suggested there should be a list of places available for potential business owners.

4. 2024/25 Hipp rental rates for Youth Hockey

The Council is in favor of keeping the rental rate for youth hockey at \$10 per hour.

The meeting adjourned at 12:32 p.m.