

**EDA
Minutes
March 17, 2021**

The Owatonna Economic Development Authority met in regular session at 4:00 PM at the City Council Chambers with President Raney presiding. Commissioners Present: Andy Cowell, Brenda DeVinny, Corey Mensink, Jeff Okerberg, Tom Peterson, Kevin Raney, and Doug Voss. Also present were Troy Klecker, Bill Owens, Brad Meier, Greg Kruschke, and Kristen Kopp.

Community Development Director Troy Klecker read a statement to allow for the meeting to be conducted by telephonic or electronic means where all votes will be roll call votes.

Approval of Minutes. Commissioner Okerberg moved approval of the minutes of the February 17, 2021 meeting with second by Commissioner Cowell. Commissioners voting Aye: Cowell, DeVinny, Mensink, Okerberg, Peterson, Raney, Voss. 7-0, the motion passed.

Treasurer's Report. Troy Klecker presented the revenue and expense reports for February. He said that we've had one consultant invoice and paid the first half of the Chamber and OABDC contracts. Everything looks on par.

Loan Report. Bill Owens presented the Loan Report for February. All loans are paid as agreed.

OACCT Report. Chamber Director Brad Meier presented the OACCT Report for February. He said thank you for accommodating the virtual option today and thank you for continuing to partner with the Chamber. Workforce efforts continue to push forward. He said that, through the County grant program, they learned more about losses to Steele County businesses – upwards of \$20 Million. That leads to an ongoing push with State Government for PPP. We're also advocating to the Governor that he provide more of a plan for full reopen as businesses deserve to know. They're working with a group of service businesses that were more directly impacted. This will be more of a marketing campaign. Andy Michaletz has a new electronic billboard up by Revol Greens and he allowed OPED to have an ad on it. Raney asked if the Chamber has done much visiting with the downtown business owners and wondered if they are still on board in regards to streetscape. Meier said that they have been in contact with them, and he hasn't heard anything to the contrary.

OABDC Report. OABDC Director Bill Owens presented the OABDC Report for February. He said that there isn't a lot of demand for consulting, but more this month than last month. No one is interested in starting manufacturing right now—his consulting is mostly for people looking into the service industry. Occupancy is good. Peterson asked if Zumbro River Brand was still vacant. Klecker said that it has a different owner, Lawrence Lee, and they are making plans to utilize the building. Raney asked if Owens could break down the percentages in occupancy of the center—which are manufacturers and which are entrepreneurs. Bill said that they're not startup businesses, but they are businesses that are growing. Klecker asked if there was a way to get a listing of the occupancy at the center and how long they've been in business. Peterson said that CDI has some storage there. They've also teamed up with Daikin and are utilizing some space together at the incubator. Cowell asked how often they would want to see the rent roll of who's leasing space. Every six months? Raney said that the idea continues to be that it is an incubator. He wants to know how much is being used as warehouse space and how much as an incubator.

He said that Peterson's space fits the category of growth and expansion of a business. Voss said that the issues at the center are all good, in his opinion.

EDA Projects. Community Development Director Troy Klecker presented the EDA Projects for February. He said that the Pearl Street apartment project was approved by City Council last night. There will still be some zoning approvals needed before they can start construction. They're utilizing TIF. He said that Cemstone plans on doing some dirt and site work this summer, but won't start construction until next spring. There are no updates on the West Pearl site yet. There was discussion of purchasing that corner lot so they had one solid site. He said they've been getting more calls on the former Bubba's building knowing that the hotel is going across the street. The development agreement for the hotel was approved by City Council last night. The Minimizer facility is completed and they've occupied their space. It's a really good project in the industrial park. The roof of the 117 West Bridge Street building is nearly complete. There is some rotting on the second floor. He said that they could schedule a time for the EDA and City Council to go and take a look at it. It was not noticeable the first time, but once the demolition began, more rotting was revealed than was anticipated. They are finishing the inside of the Bosch warehouse. The Mound Street apartment is framed and going well. The 202 West Bridge Street project is also going well. Voss asked about Little Caesar's and whether anyone contacted them. Meier said that he did reach out, but hasn't gotten a reply yet. Okerberg said that Bushel Boy made a comment in the paper that they would like to invest in the downtown. Meier said that in a recent meeting with their ownership group they said that they wanted to invest in our community. Klecker said that they're seeing more businesses want to be a part of investment groups to have more stake in our community. It's a way that they can be invested in the community.

Old Business. Klecker said that the EDA had discussed being involved in the Sprinkler Line Hook-Up Assistance. The way the project is shaping up is that a lot of those mains to the buildings will be a part of the project. A better option than a loan is making it a part of the project. It could be assessed against the property. It functions in the same way, but they avoid the whole loan process.

New Business. Raney asked about the history of Bubba's. Klecker said the EDA acquired it when it went into tax forfeiture. It was run as Bubba's Bar for a long time. The roof was in terrible shape—there were multiple natural skylights. It was not the City's intent to do anything right away, but nobody bought it. It became a big problem because one building downtown has a big impact on the surrounding buildings. The EDA purchased it for the taxes that were owed on it—around \$8,000—and that put us in the position of fixing it up and trying to sell it. There was a massive clean-up and we actually sold a number of things at auction, so we recouped some dollars. What is prompting this agenda item is, with the streetscape project, there will be a lot of work going on downtown. ISG, the consultant on the project, did a walkthrough. There are a handful of buildings that are suspect. When tuck-pointing isn't done on a regular basis, bricks can fall off. We are working with some other properties. For the most part, they've had cooperation. He said that because they own a building downtown, he feels that they should be an example and lead the way. The Fire Department is going to be doing inspections on all the buildings before the construction starts. Tuck-pointing needs to be done around the entire building at the top and the base of the building. We got a bid for about \$55,000 to do the tuck-pointing and will get another bid to see if that's in the ballpark. We'd also like to take a peek behind the metal that covers the front to see what that looks like as well. He said that they'd

rather be the example. Hopefully the metal has kept everything in shape. We have stuck a chunk of money into that building and the plan is to recoup it through a TIF. He said that he's looking for the EDA's opinion on this project. As part of the improvements that are happening downtown, it will be at least \$55,000. Voss said that Klecker is absolutely right about the metal. He wondered if it's something the City crews can just do? That would be a big step to help sell the building. That building has some cool stuff on the side with the painting. Klecker said that the building itself is historic, but there is nothing that prevents them from making changes. Some other cities have addressed ghost signs, similar to the one on the side of the building. It wouldn't be considered a business sign, but there are ways to encourage people to preserve those old signs. We'd want the tuck-pointing done first. Voss asked if the front is possible to do ourselves. Klecker said that they are able to do that. They'd want to take a peek at it first. Raney asked about the upstairs. He wondered if they thought the front wall was in good shape. Kruschke said that they can't tell. Raney said that originally that building had a corner door on it in the past. He wondered if they should look at it. Kruschke said that they have had people look at it. Handicap accessibility becomes a concern. Cowell asked if this building needs sprinkler access. Kruschke said that they will be doing that as part of this project. Raney asked if that would be included in TIF as well. Klecker said that any dollars they spend on the building they would plan on recouping through a TIF. Kruschke said they could also sell it for the cost they have into it and not have to do TIF. Raney said they've had this property for quite a while. To spend another \$55,000 to make it more marketable and a safer building, he'd like to see the EDA go forward with the tuck-pointing. Peterson said that he would support the tuck-pointing. He would have the same question on the 117 West Bridge Street building. He likes the idea that we would take the lead and be the example of what could be done. He asked what the market value is on the building and if we'd be willing to take a cut, wait to sell, or sell them at the current market price. Klecker said that the reality is that the value of those buildings is generating more interest with the hotel going up. He's getting more phone calls. We're in a position where we can get more for those properties. That's where the TIF gives them some buffer. He said he thinks we're in a really good position. The 117 West Bridge Street building has a little less wiggle room as we'll have more into it. The one on West Main Street is the conundrum. We had an engineer look at it, and it would be over \$200,000. That one will take more work and imagination. One neighboring business has some interest in it. Mensink said he agreed. He thinks we could afford putting the money in the Bubba's building and we do need to lead the way. Every bit of work we do to that building will make it much more attractive to someone coming in. The timing is good and we absolutely should move forward on it so it can be marketed as the hotel begins construction. Raney said that at this point they don't need a motion. Klecker said that they will go ahead and take the metal off and will have something more formal at the next meeting.

Kruschke gave an update on the streetscape project. He said that they're working to go to bid in May with Council acting on June 1st. They're looking at preferred concepts right now. It has bump-outs at the crosswalks as well as pendant lighting over the midblock crosswalks and limiting vehicular traffic in the west alleys. They've had continued conversations with downtown business owners.

Meier said that he heard from Bushel Boy. They have not made an investment yet, but plan to in the future.

Raney asked about the City properties on Cedar and Rose and on 18th Street by Hy-Vee Gas. Kruschke said that the only response on the Cedar and Rose is a neighboring business who

wanted to use it as a parking lot. They are still pursuing a coffee business for the 18th Street site. Klecker said that the 18th Street site has some limitations to it, as does the downtown lot; they will take a very specific user. Voss asked if there was any leverage at all to get rid of the tower. Klecker said that he doesn't know if the tower has any carriers on it, but they have had conversations about it. If there was a close enough location, the users would pay to be on there. There wasn't a real desire from the users to relocate.

Schedule Next Meeting. The next EDA meeting is scheduled for **April 21, 2021** at 4:00 PM at the City Council Chambers.

Adjournment. There being no further business, a motion was made by Commissioner Cowell and seconded by Commissioner Peterson to adjourn the meeting at 5:05 pm. Commissioners voting Aye: Cowell, DeVinny, Mensink, Okerberg, Peterson, Raney, Voss. 7-0, the motion passed.