

EDA
Minutes
April 21, 2021

The Owatonna Economic Development Authority met in regular session at 4:00 PM at the City Council Chambers with Vice President Voss presiding. Commissioners Present: Corey Mensink, Jeff Okerberg, Tom Peterson, and Doug Voss. Also present were Troy Klecker, Bill Owens, Brad Meier, Karen Pehrson, Shirley Schultz, Dave Beaver, and Kristen Kopp.

Approval of Minutes. Commissioner Okerberg moved approval of the minutes of the March 17, 2021 meeting with second by Commissioner Peterson. All Commissioners voting Aye, the motion passed.

Treasurer's Report. Troy Klecker presented the revenue and expense reports for March. He said that there was one payment made for consulting services. Everything else is pretty standard.

Loan Report. Bill Owens presented the Loan Report for March. He said that one loan was not paid current but is supposed to be by the end of this week. He said he has a request for a Tier 1 and a Tier 2 loan from Grant Vesterby for his building on the corner of Cedar and Broadway. His plans are to put a furnace and central AC on the second floor, which would allow him to get rid of the window units. He wants to put in new windows on the second floor and to do some cornice work. He's asking for a Tier 1 and Tier 2 loan. Owens said he didn't see a downside to it. Voss asked if they had this in any of the other loans. Klecker said that Tier 1 and Tier 2 loans have been for a variety of reasons. There is a lot of loan money available, and this would be good. Klecker recommended approving it as a board. A motion was made by Commissioner Okerberg and seconded by Commissioner Peterson to approve Tier 1 and Tier 2 loans, subject to approval by the Loan Committee. All Commissioners voting Aye, the motion passed.

Owens gave an update on the forgivable loan program. Klecker said that there were a couple outstanding forgivable loans that they talked about six months ago. Al Martin had a couple. He is making progress on them but has run into some problems. The other one is the Johnson loan for 204 North Oak. No work was done on that one last fall. Owens said that the stipulation last fall was that she had to have a contract for the sprinkler system. Ken saw some incomplete plans last fall and sent them back. They'll have to figure out the parking before they do anything. They would have to come up with an agreement with the neighbor or get a variance. He said that he had been working with Dennis and he passed away last spring. Susan thought the work had been done, but it hadn't. Klecker said that they submitted plans for review but are running into some issues with the parking for the apartments above. Owens said that the forgivable loan programs didn't specify a drop-dead date for funding. Al is doing everything he can. Okerberg said that he is more apt to forgive someone if work is being done. No work is being done on the 204 North Oak Avenue. He said the Johnsons are doing work on other properties, other than that building. His standpoint is that they should give her maybe four weeks. Klecker said that they're finding difficulty in meeting the parking requirements. A motion was made by Commissioners Okerberg and seconded by Commissioner Mensink to give Susan Johnson until the next EDA meeting on May 19, 2021 to have a signed contract for the sprinkler system. All Commissioners voting Aye, the motion passed.

OACCT Report. Chamber Director Brad Meier presented the OACCT Report for March. He said a survey is going out to graduating seniors. Workforce is back on top of the list for everybody right now. The SBA has the restaurant recovery fund and we're just waiting for the applications to open. They've seen more and more companies doing vaccine clinics on-site. They are coordinating marketing materials for the Streetscape. They hope to have a plan in place by May. Voss said that it's important for us to show our faces downtown fairly often during the project. Meier highlighted the annual report from OPED for 2020. It was a record-breaking year for Owatonna with all of the development. Voss asked where the high school fits into that. Klecker said that it's about an \$80 Million project. This project is actually permitted and inspected through the State, so it doesn't run through the City Building Inspection office, but it is new development in Owatonna city limits.

MainStreet Report. MainStreet Director Shirley Schultz presented the quarterly MainStreet Report. She showed a photo of Al Martin's building and Owatonna Shoe. She said that Owatonna Shoe has put up gooseneck lights as a result of the design program last year. She said that they were talking to the hotel developers the other day and told them that they had 36 new businesses come to the downtown in the past few years. One business moved to the south end of town and one barber shop closed because of Covid. There are six new businesses downtown already this year. She said she's had six or seven inquiries on facades, including Vesterby. Urban Loft is expanding into the former Kristi's space and they inquired about a loan for ADA doors. She said they've had a lot of comments on the Streetscape and Bubba's on Facebook.

Tourism Report. Tourism Director Karen Pehrson presented the quarterly Tourism Report. She said they have been working on a marketing umbrella branding project for the last four or five months. The end goal is to get more people to come, work, and live here. They talked to the City and OPED, and they got a go-ahead to get a consultant to come in. She gave an update on lodging tax. The last few months haven't been great, but they will see that coming up with construction and people getting their vaccines. They saw a check come in for \$13,000 for back taxes from 2019-2020. She also included average daily rate—the average rate at which a hotel room is selling in Owatonna. She said that she called six of the group tours that were booked for 2020 to see if they want to re-book for 2021. Some people are ready, and some aren't, but the group tour leaders don't find it feasible to fill a bus, because they have to social distance. People have been calling for the orphanage and bank for individual tours. The Orphanage Museum will be opening on May 1st. She said they had to cancel the farm show and Smoking in Steele. From now on, the normal events are a go, but we don't know exactly how they will look. She said she hopes to see more guidelines. They booked two new events: Rustic Mamas and the Linder Farm Network is doing a show. She said that she also got to talk to the hotel developers. They're excited about the branding and growth. They will be hiring their GM and sales manager soon. She talked to the owners at Graif. They're excited and happy with their space and want to get involved with the community. They just finished their visitor guide.

OABDC Report. OABDC Director Bill Owens presented the OABDC Report for March. He said that consulting hours have not picked up. They're bring on an independent contractor to help with social media. He said he included a rent roll for the Center in the agenda packet.

Airport Report. Dave Beaver presented the quarterly Airport Report. He said activity has been good. Jet fuel sales have been good. Hangar occupancy is doing well, and the schools are going well. Civil Air Patrol is back in person now. There are a lot of people wanting to learn to fly. A

Flight Club might be a good idea. They opened bids for the T-Hangar in March. There's a high demand in the area. They're working with the FAA to see if they can award that contract. Business aviation is looking pretty strong. You can get to 5,400 locations for our airport, rather than the 500 for commercial flights. It's nice to see Costco and Revlon come in. Voss asked what the status is on the shared aircraft they talked about a few years ago. Beaver said that Accelerated Aviation is interested in charter flights. He said they'd love to see a business aircraft based there.

EDA Projects. Community Development Director Troy Klecker presented the EDA Projects for March. He said that Mac Hamilton is going to build The Pearl apartments. A variance and preliminary plat were approved at City Council last night. Construction would probably start in July. There has been some discussion on 147 West Pearl Street. He said that they are probably better off buying that corner and combining it with out lot. We have someone local interested in it. Family Dollar is looking to sell it and there is a local business looking at it that would be a good fit. Family Dollar is agreeable to selling it for \$75,000. It assesses at \$73,800. He recommended EDA purchase the lot. Peterson asked if the properties were the same size. Klecker said ours is bigger; ours is 77' wide and theirs is 55'. They own the actual corner, though. Mensink asked if the potential business would like the combined lot. Klecker said yes. Development is about eliminating the obstacles. Okerberg asked if there was anything that property would need as far as hazardous waste that the City would need to address in order to sell the property. Klecker said that more than likely a Phase 1 would be done before any sale of the property. He said that he thinks a house was located on the property previous so it shouldn't be problem. Voss said he thought it is better to control the development of that lot. A motion was made by Mensink and seconded by Peterson to approve purchasing that lot for up to \$75,000. All Commissioners voting Aye, the motion carried.

Klecker said that zoning approvals for the hotel were approved at the City Council meeting last night. He said that there is a roof drain that is leaking at 117 West Bridge Street. They'll get some numbers and schedule a time to look at the building. Voss said that they need to get a dehumidifier in there. Klecker said if anyone wants to see it, let him know. Peterson asked if there was any mold. Klecker said he didn't think there was any visible mold. A lot was taken out. Peterson said that he had a prototype he could test in the building. The Bosch Warehouse is done, and they are finishing off the second level at 202 West Bridge Street. Voss said they did a very nice job on that building. Okerberg asked about West Hills Lodge. Klecker said that he walked through it with Anna Lee last week. All they've done is painting, some plaster work—more cosmetic work and nothing structural. The use will be the same as before, so they don't have to do anything building code wise. She would like to get a similar use as before. They're intention is not to run the facility, but to meet a community need. They don't want to operate it, but just provide a space. He said they will give it about a year to find a user and then look at backup plans. She will be reaching out to talk to different housing groups. She wants revenue coming in to cover the costs of the facility. Okerberg asked about the lettering outside of the former Jerry's Restaurant. Someone approached him and was interested in those letters.

Old Business. Klecker gave an update on the improvements to Bubba's building. They had one bid for \$55,000 for the tuck-pointing and are working to get a second bid. The intention would be to recover that with the sale price. He said they want to eliminate obstacles. Mensink said that it will make it more marketable. Klecker said that they could recoup that through a TIF. He asked if they want to wait to get a second bid. A motion was made by Mensink and seconded by

Peterson to approve going ahead with the tuck-pointing with a maximum cost of \$55,000. All Commissioners voting Aye, the motion passed.

Klecker gave an update on the Streetscape project. Council approved to proceed with the project. There has been much debate over parallel vs. diagonal parking. The reality is that they need to narrow the roadway to add the amenities like the benches and planters. It was approved to go ahead. The majority of business owners want to see it done. Bids will be let the first meeting of May and awarded the first meeting in June. He said there will be one Downtown Thursday on Cedar in June as a kick-off, and then will be moved for July and August. Mensink asked about the timeline. Klecker said that ideally it will start in June with the 300 block and end with the 100 block in the end of October. They will make a call in September as to whether the 100 block will be done or delayed until 2022.

Other Business. Voss asked what's happening at The Blast. Klecker said that the whole exterior of The Blast will be painted, and they may be doing some interior work.

Schedule Next Meeting. The next EDA meeting is scheduled for **May 19, 2021** at 4:00 PM at the City Council Chambers.

Adjournment. There being no further business, a motion was made by Commissioner Mensink and seconded by Commissioner Peterson to adjourn the meeting at 5:33 pm. All Commissioners voting Aye, the motion passed.