

**EDA  
Minutes  
June 16, 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: Brenda DeVinny, Corey Mensink, Tom Peterson, Kevin Raney, Greg Schultz, and Doug Voss. Also present were Troy Klecker, Greg Kruschke, Bill Owens, Brad Meier, and Kristen Kopp.

President Raney said, as most are aware, Jeff Okerberg sadly passed away last month. He introduced Greg Schultz, who will be finishing out Jeff Okerberg's term through the end of the year.

**Approval of Minutes.** Commissioner DeVinny moved approval of the minutes of the May 19, 2021 meeting with second by Commissioner Mensink. All Commissioners voting Aye, the motion passed.

**Treasurer's Report.** Troy Klecker presented the revenue and expense reports for May. Klecker said that the budget doesn't vary much. He said that property taxes are approved through the City Levy every year. Lodging tax is an estimate of the revenue for the year through our lodging properties, which corresponds to Tourism Development. TIF Administrative fees are typically paid in the fall. Lease and rents covers a billboard near Fleet Farm. This year the lease ended and they renegotiated on a temporary basis for \$300 a month, which is reflected in the report. Personnel is part of his, Greg's, and Kristen's time. Kruschke said that consulting services could change as Ed Tschida retires. Klecker said that Mr. Tschida only works with Owatonna right now. When he retires, they will need to find a new consultant to contract with, which could amount to more per project. Ed charges \$8,500 per project. There is a \$50,000 contract with the OACCT and a \$20,000 contract for loan services with the OABDC. Downtown Enhancements covers things like the awning program. Small Business Development Center covers consulting with Bill Owens. Partners for Progress is funded by each entity that is involved. The Main Street Parking Lot is Brian Stendel's lot on West Main Street. The EDA contributes to Southern MN Initiative Foundation. Voss asked if they'd touch more on lodging when Brad talks. Raney said there are two big events coming up yet this year that didn't happen last year. Meier said that the lodging tax reporting is always delayed, too. Raney asked if everyone is current. Klecker said that he'd have to talk to Finance Director Rhonda Moen about that. Mensink wondered if there was a way to get trending information on what we've collected over the last 20 years. Meier said that the Chamber can pull that together.

**Loan Report.** Bill Owens presented the Loan Report for May. He said that one loan is not current. They've applied for assistance as they've been doing just take out due to Covid and plan to open next week. Klecker said they have had some issues with this loan in the past. Rhonda has spoken with them, as well as Bill. He said that they usually end up current.

**OACCT Report.** Chamber Director Brad Meier presented the OACCT Report for May. He said that the workforce survey results were a little disappointing as only 91 high school students took the survey. The school is hiring a career coordinator who will work with career pathways. Jasinski is saying that the PPP will conform, and that the funding to reopen the workforce center should be in the package. The Branding Initiative is moving forward with Phase 1. There has

been a lot of leadership changes with large employers. He thanked those who were able to attend the downtown groundbreaking on June 3<sup>rd</sup>. Mensink asked if they've seen any momentum with workforce. Meier said not really. He said that he feels like every other community in the state is dealing with this, as well as housing issues. Kruschke said that our housing issues may be a bit unique. We are building units, but don't have enough being built. Voss asked if Meier got feedback on the Thursday night event. Meier said MainStreet coordinates that event. Overall it went really well. Raney pointed out that the inquiry list is growing.

**OABDC Report.** OABDC Director Bill Owens presented the OABDC Report for May. He said occupancy remains full and he hasn't had any requests for manufacturing. Consulting is down, but he's meeting with three new clients this week. Mensink asked if there was a policy in place that would trigger action on delinquent loans. He said they'd want to be consistent. Voss asked if there are still people asking for forgivable loans. Klecker said that he spoke with a new building owner downtown asking about doing exterior and interior work. We have reallocated the \$30,000 for exterior and \$30,000 for interior starting on July 1. We'll get to see how quickly that is used up. Owens said it's a good program. Raney said that the Forgivable Loan Program has been very successful. Klecker said that there is interest out there. They've had loan programs forever, but the forgivable loan gets people going. It's been one of our most successful programs. He said that it used to be that those loan dollars went to industrial projects, but now that is not as much of an issue. The smaller businesses can utilize our support more than the big businesses. If we customize it for them, they will use it. Klecker said that they usually go far and above matching the loans. Kruschke said that the issue with some buildings is that repairs are significantly higher than \$10,000. Schultz said that these programs are very easy to participate in, and that goes a long way. Klecker said when you can make it a local program with local dollars, you can do what you want. Raney said that, for the last eight years, the City Council's goal has been to revitalize the downtown.

**EDA Projects.** Community Development Director Troy Klecker presented the EDA Projects for May. He went through the list of projects: the former Hardees/Budget Mart site, The Pearl Apartments, Cemstone land swap, 147 West Pearl Street (Klecker said he's working with a local business on this site), Bubba's building (he has a term sheet signed on that right now), the downtown hotel project (plat is fully recorded), 117 West Bridge Street roof, 148 West Main Street, Bosch Warehouse, the 36-unit apartment on Mound Street, and 202 West Bridge Street.

**Old Business.** Kruschke said that construction on the streetscape will start with the Rose Street intersection next Monday. They're planning on being done by November 14<sup>th</sup>. The landscaping and alleyways will happen next spring and summer. There will be a lot of workers downtown. Schultz asked if there has been talk of closing Pearl Street. Kruschke said that they may for a bit, but they are trying to get by without closing it. Klecker said it would just be the middle part of that block. Kruschke said that they have offered other City owned properties in the vicinity as staging areas.

**New Business.** Klecker said that there has been a lot of focus on redevelopment downtown, such as the old theater, the houses on Pearl, the Arnold House which is now Ace Hardware, and 147 West Pearl Street. We're always looking for ways to improve the downtown. 216 North Oak, the Centro Campesino building stands out as one that could have potential for redevelopment. He said he's talked to Ernesto of Centro Campesino. In order to really change how properties are cared for, you have to change ownership. He said he's also talked to the bank who has a loan on

it. They are agreeable to selling the property for \$75,000. He said it would run through the EDA, very similar to projects in the past. We'd buy it and demolish it. He said he's looking for EDA approval to purchase the property for \$75,000. There is a lot of momentum right now and they have to keep the ball rolling. DeVinny asked if anyone has expressed interest in that property. He said there is a developer that is interested in developing much of the riverfront. When we own a property and the buildings are out of the way, that helps. Mensink asked about the Freedom gas station and wondered about environmental issues. Klecker said that the Freedom site has gone through the environmental process. He said that we are in the best position to solve those issues. He said he sort of welcomes the properties that have environmental issues because most people run away from it. We can put the deal together. The Northgate apartments on Rose Street had over \$200,000 of cleanup that had to be done, as well as Eastgate apartments. We have access to funds to clean it up. Without us being involved, a private party would see those environmental issues and walk away. He said the Freedom site has had issues and he thinks it's complete, but if not, we are in a position to clean it up. Voss asked if they could sell the wood out of the old house. Kruschke said that they have done it once, but it wasn't worth the time and process. The demo contractors see that, and might come in with lower bids. Raney asked what the lot size is. Klecker said it's not much bigger than the building. He said he's proposing that taxes are covered as part of the \$75,000. There are maybe \$8,000 of unpaid taxes. The most important thing is to get a new owner, and that is well worth \$8,000. We'd get it all returned back through the TIF process. If it goes into tax forfeiture, we won't control the property. That sort of a building attracts problems. Raney asked if it was our intent in the long run to purchase the remaining properties on that lot. Klecker said no, but if we own one buildable lot, we could work with someone. It could also be a standalone project. Raney asked what the assessed value is. Klecker said around \$90,000. A motion was made by Voss and seconded by DeVinny to approve the purchase of 216 North Oak Avenue. All Commissioners voting Aye, the motion passed.

A motion was made by DeVinny and seconded by Peterson to nominate Kevin Raney as President, Doug Voss as Vice President, and Corey Mensink as Secretary. All Commissioners voting Aye, the motion passed.

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

**Adjournment.** There being no further business, a motion was made by Commissioner Schultz and seconded by Commissioner Mensink to adjourn the meeting at 5:14 pm. All Commissioners voting Aye, the motion passed.