

EDA
Minutes
July 15, 2020

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

Approval of Minutes. Commissioner Okerberg moved approval of the minutes of the June 17, 2020 meeting with second by Commissioner Voss. All Commissioners voting Aye, the motion passed.

Treasurer's Report. Troy Klecker presented the revenue and expense reports for June. He said that because OPED has not been able to do a number of events due to Covid-19, OPED will be giving back \$5,000 to the EDA, which is half of the EDA's contribution for the year. He will work with Finance to have that reflected in the Treasurer's Report.

Loan Report. Bill Owens presented the Loan Report for June. He said that all loans are current and being paid as agreed. Klecker presented four loan applications that have been reviewed and evaluated and are waiting for EDA approval. Owens said that the loans are for Dean Velzke to upgrade the front of his building at 120 N Cedar Avenue, Josey Perez to upgrade interior and exterior of the building at 206 West Rose Street, Costa's Candy to upgrade interior and exterior their building at 112 N Cedar Avenue, and Klecker's Kreationz to upgrade the exterior of their building at 302 N Cedar Avenue. Klecker said that he sent an email to people with existing forgivable loans. Covid-19 halted some projects and they have until the end of the year. These are reimbursement loans, so if they don't do the work, the money will never be given to them. Raney asked about the exterior upgrades and whether that is façade work. Owens said that it could be tuckpointing or painting under the auspices of MainStreet. He said Schultz has some photos. A motion was made by Commissioner Cowell and seconded by Commissioner Mensink to approve loans for four borrowers. All Commissioners voting Aye, the motion passed.

OACCT Report. Chamber Director Brad Meier presented the OACCT Report for June. He said that there are two more weeks until JumpStart Owatonna is officially done. All donors are listed on Owatonna.org. 38 small businesses received dollars, in-kind services, or both.

MainStreet Report. MainStreet Director Shirley Schultz presented the quarterly MainStreet Report. They are working on wayfinding and streetscaping. Tri M is doing the art for the signs. The 11@7 concert series has become 7@7 and there is a request to extend a week or two into August. Attendees have been distancing. Raney noted that the tables in the alleys look nice. As we continue to move forward with lighting the alleys, it could change people's perception of walkways downtown. Schultz said that she's gotten several good comments about the coffee shop.

Tourism Report. Tourism Director Karen Pehrson presented the quarterly Tourism Report. She said hotels are seeing above average occupancy in Owatonna due to location and the construction. They are promoting opening in a safe way. People are willing to travel around 100

miles, so they've elevated the Minne-Roadtrip along with Faribault and Northfield. They came up with a type of Chamber Bucks that can be used in any of the three cities. She said that Microtel will be a Quality Inn. There was some discussion about Corky's Tournament and the former Holiday Inn. Raney said that Tourism is extremely important and is taking a huge hit. Pehrson said that they don't want to go dark, but want to ensure that things are done safely. It will take a while. The Minne-Roadtrip is the best thing during this time. Cowell asked about the downtown hotel and Hampton Inn and whether those projects were shelved. Kruschke said that they aren't—it's a matter of being able to secure financing. Hampton Inn has been postponed until spring.

Airport Report. Airport Director Dave Beaver gave the quarterly Airport Report. He said that they are 40% down on jet volume. He said people are traveling on corporate aircraft to avoid MSP. There are a few maintenance projects—hangar painting and new lighting for the T-38 Aircraft Display. The T-Hangar project is scheduled for next year. All hangars are at full occupancy. The Airport will be receiving \$30,000 in assistance from the CARES Act. Events at the Airport, such as the movie night and fly-in breakfast, have been cancelled.

OABDC Report. OABDC Director Bill Owens presented the OABDC Report for June. He said that consulting numbers are low and occupancy is full. The roof should be completed by the end of August.

EDA Projects. Community Development Director Troy Klecker presented the EDA Projects for June. He said that they're still working with a potential business at the former Bubba's and the hotel is progressing. Daikin, Minimizer, Costco, and Foremost Brewing are all progressing. They are working with ISG on the former Centro Campesino roof. City Council approved TIF for Bosch to construct a 266,000 square foot warehouse. They are set to close on the property on July 28th. City Council has approved a purchase agreement for Seykora Asphalt, who is constructing a 10,000 square foot building. Covid-19 has not hampered development projects. Mensink asked about the Pearl Street Apartments. Klecker said that Mac Hamilton is just finishing the South Pointe II Apartments and is focused on the hotel project now, but they are still on his radar. Construction could start next year. There was some discussion on Steele County's property on Hoffman Drive. Raney asked about the banners that went up on the building on Oak Avenue and Bridge Street West. Klecker said this is part of the Riverfront Redevelopment Phase 1. Not all of the property is acquired yet, but they are putting a plan together and gauging interest level.

New Business. The Commissioners discussed stimulus money. Klecker said that the State has allocated stimulus money to cities for expenses incurred due to Covid-19, such as unemployment for staff and PPE. The City got \$1.9 Million and will use some to reimburse expenses. These dollars are much different than JumpStart Owatonna, which was money generated by donations. Because these are Federal dollars, there are many restrictions and it has to run through the City. It is unclear what acceptable reimbursement items can be. If the items don't qualify, the City would be responsible for paying, so they want to be very careful. They've had some discussions internally and don't have the staff capacity to run the program. All dollars must be spent before November 15th. Klecker said that they could bring a consultant, who has done this in the past, in to run the program, as consultant fees are reimbursable through the program. The City can set the parameters such as size of business and maximum grant amount. Klecker said this looks like the most feasible way to do it, and he wants to have approval of the EDA and City Council. He

said that JumpStart Owatonna could be seen as Phase 1 and this is Phase 2. They could utilize JumpStart to get the word out about the program. He said they will have to react quickly. Mensink said that, given the timeframe, this sounds good—a consultant is the way to go. He asked what kind of dollar amount would be available. Klecker said up to \$200,000 and suggested opening it to businesses of 50 employees or less with grants up to \$10,000. Kruschke said that they've also talked to the County and suggested maybe being able to partner with them. Klecker said that they'd all have to be on the same page quickly. Voss asked what the basis is for applying. Klecker said that they would have to verify expenses—applicants can't double dip. Raney said he was concerned if the federal government comes in afterward and says that some of the expenses aren't eligible, it's on the City to cover. He said that need to make sure everything is good. Klecker said they need to bring in experts to make sure it's done right. Meier said that there is still a role for JumpStart Owatonna to play. Klecker agreed. Voss suggested capping it at businesses with under 20 employees, who missed out. Businesses with 20 and over that had staff to assist with funds. Klecker said that the program will probably fall more along those lines. Meier said that the timing is tight, but encouraged the Commissioners not to be afraid to pursue it. Raney agreed. Meier said that there are cities that are moving on it. Klecker said that there would only be a two or three week window for applications as they'll need time on the back end.

Other Business. Klecker said that there is a house at 140 Fremont Street East that is for sale, which is next to the lots the City has purchased for redevelopment. There is also one house, not for sale, that is still in between the lots the City owns, and that owner wants to eventually sell, but isn't ready just yet. The house that is for sale is listed at \$79,000 and Klecker thought the assessed value is around \$60,000. He said this is not in a desirable location for someone to own a home. If the EDA bought the house, it could be rented out to recoup costs. He asked the EDA if they wanted to pursue the purchase of the house or not for redevelopment. After some discussion, a motion was made by Commissioner Mensink and seconded by Commissioner Voss to authorize the purchase of the house at 140 Fremont Street East, beginning at the assessed value and negotiating up to the listing price, not to exceed \$79,000. All Commissioners voting Aye, the motion passed.

Schedule Next Meeting. The next EDA meeting is scheduled for **August 19, 2020** 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 Mensink to adjourn the meeting at 5:32 pm. All Commissioners voting Aye, the motion passed.