

**EDA
Minutes
August 18, 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: Andrew Cowell, 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.

Approval of Minutes. Commissioner DeVinny moved approval of the minutes of the July 21, 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 July. He said that we're sitting pretty good a little over halfway through the year. He said that the lodging tax typically lags behind. We budget lodging tax numbers based on a good year. The revenues and expenses are down because of the lodging has been down. Schultz asked if the lodging tax is current. Klecker said that, no, they aren't always—Rhonda has to contact some properties if they're falling behind.

Loan Report. Bill Owens presented the Loan Report for July. There is one noncurrent loan, which is still noncurrent. He said that he's spoken with them and they said they will make it current today. He handed out loan packets. Vesterby was approved with a Tier 1 and Tier 2 Loan, but they would like to take advantage of the forgivable loan first. Klecker said that they fell into the window after forgivable loans were used and before the next phase was approved. He would want approval from the EDA Board for a forgivable loan. Voss asked if he applied for an interior loan. Owens said no, he didn't. He will be getting rid of the window units, which will improve the look of the building. A motion was made by Mensink and seconded by DeVinny to approve a forgivable loan for Vesterby. All Commissioners voting Aye, the motion passed. Owens said that Matt Kern is looking for some money to work on 113 North Cedar Avenue. Klecker said that there are \$30,000 of interior dollars and \$30,000 exterior. Schultz asked if they care whether it's interior or exterior if improvements are being done. Klecker said that the interior / exterior was meant so that someone that does both could get up to \$20,000. Peterson asked if there could be an option to add to it. Cowell said he'd be in favor of adding dollars instead of changing what has been approved. Klecker said that would require a motion by the EDA to do so. He said there is a small amount of money tied to specific requirements, but the bulk of it is local dollars that can be used how we want. It's entirely up to the EDA. Voss said, per his conversation from the meeting last night, he's bothered by the fact that so many aren't doing the sprinkler system as part of the downtown streetscape project. Kruschke said that they are putting lines up to the building, but it takes another cost to bore it into the building. That's a step that a lot of them aren't willing to take because it's significant cash out of pocket. Most who see a need for it are doing it. Schultz said that there is a \$4,000 assessment, and asked where that gets the pipe to. Kruschke said that gets it up to the outside of the building. Klecker asked if it's an improvement if you connect the line, but don't put the sprinkler system in? He said getting it sprinkled is the improvement. Kruschke said that for Nick's to be required a sprinkler, he'd need to put a party room in upstairs. Unless there is a major upgrade in use, there isn't a need to do it. He said they're not too concerned. Mensink asked what the timeframe is for Streetscape. Kruschke said completion date in the contract is mid-June next year. Mensink asked if they're

better off waiting until the Streetscape is completed as that could be a catalyst. Klecker said that one fear he has is that we lose the impact of taking advantage of it now, or if people will think that there will always be money. Kruschke said that they are discovering issues with some of the buildings that need to be addressed, but the property owners don't have the means for it. Raney said that his concern is all of the projects that are ready to advance, but can't get contractors. If we open it up to more, will we be creating challenges? DeVinny asked if we have any risks if we change the criteria for interior or exterior. Klecker said that it's all based on a first come, first served basis. Schultz asked if we'd be able to look at projects on a one-by-one basis. Klecker said that would be a special request, and would probably be presented to the EDA as such. DeVinny asked if that would be the same as Vesterby, so that they know there are options out there. Klecker said that if those situations pop up, that's what the program is for. Peterson said if he were a downtown business, he'd want to do the work now while the street is under construction. A motion was made by Mensink and seconded by Schultz to reallocate the dollars to interior or exterior. All Commissioners voting Aye, the motion passed. Owens said that there is a request by Matt Kern for exterior upgrades to Central Park Coffee at 113 N Cedar Avenue. A motion was made by Cowell and seconded by Peterson to approve a forgivable loan for \$5,000 for Matt Kern for 113 N Cedar Avenue. All Commissioners voting Aye, motion passed.

OACCT Report. Chamber Director Brad Meier presented the OACCT Report for July. He said that the Workforce Center has been busy. Looks like they will locate in the United Way space and will have a presence with signage. Anisha's replacement as the Workforce Coordinator will be Megan Horton. Made in Owatonna Days are coming up and will be in person. There is a grant project through DEED that ties in with Covid. The State will go through foundations, so they're working with SMIF. DeVinny asked about Viracon. With the news of shutting down two facilities, are they seeing an impact? Meier said it will be good for Owatonna, but there have been cuts here, too. Corey Mensink, Greg Schultz, and Kevin Raney met to discuss MainStreet, and the MN Director came down. Voss asked where Brian Coleman fits in to all of this. Meier said Brian's focus will be within the schools. The Workforce Coordinator is reaching out to businesses. The model from the start was to have two people, but they've never had two people. He said they think Brian will only help those efforts.

OABDC Report. OABDC Director Bill Owens presented the OABDC Report for July. Owens said that June was slow for consulting, but it was slow for everyone. They're just ahead of last year at this time. He said that he also put together an EDA Space Utilization list. There was some discussion about established businesses located at the OABDC.

Raney asked about the office space regarding established businesses. He said he'd hate to lose out on a potential startup to a business that's been around 15 years. Klecker said that they're paying market rate. Owens said yes, they didn't get a discount. Raney said that there is office space in Owatonna. Owens said there is a board meeting coming up to discuss this. Klecker said the goal is to keep a certain percentage available for startups. Owens said there is flexibility if needed for startup. Voss said that, as a person on that board, it's a tough spot. Klecker asked how many in there right now are paying the discounted rate. Owens said that everyone is paying the market rate. He said that they have access to a bathroom, breakroom, parking lot. They share amenities. Klecker said that it comes down to what is a startup and how long they should be there. Raney said that there is no incentive for them to leave. Klecker said it's probably more of a space-by-space scenario. Some businesses may want to move out or build, but it's not feasible at this time. He said that he's sure there's a scenario for each of these. He said it's difficult. Schultz

said that those are good problems to have. Peterson said that CDI is on the list and that started when he saw there was some empty space. He said that he understands that he has options, so if Bill finds someone that needs the space, they will move out.

EDA Projects. Community Development Director Troy Klecker presented the EDA Projects for July. He said there aren't a lot of changes. The Pearl Apartments and hotel are under construction. There are couple of potential projects on the Dollar General lot and Bubba's. We are doing some repairs to the roof drain at 117 W Bridge Street. There have been a couple calls on 148 W Main Street. The Mound project and 202 West Bridge Street are under construction. There is a closing date of August 25th for the Centro Campesino property on North Oak.

Old Business. Krushke gave an update on the Streetscape project. The 300 block is 125 feet longer than the other blocks, plus there are complications with utilities in Rose Street. They will hopefully be into the 200 block late next week. We'll make a call mid- to late September on the 100 block. The goal is to get the street, curb, lights in this fall with the finishes in the spring. It's moving along.

Raney said that they met for MainStreet yesterday, and it was a good meeting. Cowell asked if the team will come back to the EDA with suggestions or approvals. Raney said yes. The EDA supplies \$20,000 for that program. Klecker said that representatives from EDA, Chamber Board, and MainStreet are in the group.

New Business. Kruschke said that our purchase agreement with United Properties is set to expire tomorrow and it was taken to City Council to extend it for two years. There have been a number of issues, water specifically. We continue to work through those difficulties and see what we get.

Schedule Next Meeting. The next EDA meeting is scheduled for **September 15, 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 Peterson to adjourn the meeting at 4:54 pm. All Commissioners voting Aye, the motion passed.