

EDA
Minutes
January 17, 2024

The Owatonna Economic Development Authority met in regular session at 4:00 PM in the Charles S. Crandall Center – Meeting Room at City Hall Building with President Raney presiding. Commissioners present: Andrew Cowell, Brenda DeVinny, Pat McDermott, Corey Mensink, Kevin Raney, and Doug Voss. Commissioners absent: Dan Boeke. Also present were Troy Klecker, Brad Meier, Lisa Cochran, Glenda Smith, Sean Williams, Dave Beaver, and Kristen Kopp.

Approval of Minutes. Commissioner DeVinny moved approval of the minutes of the December 20, 2023 meeting with second by Commissioner Cowell. All Commissioners voting Aye, the motion passed.

Klecker said that Tom Peterson resigned from EDA and the Mayor appointed Pat McDermott to take his place. McDermott said he's the director of manufacturing operations at Climate by Design. He was born and raised in Owatonna and served on a number of boards.

Treasurer's Report. Troy Klecker presented the revenue and expense reports for December. He said this is not a final report as invoices are trickling in yet. It will be close, though. The good things are, lodging tax revenue is up this year—more than what we budgeted. That's a good sign. We had an oddity, a grant that was funneled through our budget that kind of throws things off a bit. There were some consulting fees and we were under budget on that, as well. In the end, we'll be under budget, it's just a matter of by how much. Our activity is pretty consistent year after year. There isn't a lot of deviation. The most deviation is consulting fees. We've budgeted for about three projects every year. There are usually 12-15 projects going on at a time. Those are either incentives or EDA Land projects. He said all of the public parking lots are City owned, except for one. The parking lot by Curly Girls is rented from Brian Stendel and has been for many years. There has been some discussion on whether we should own that. He hasn't been in the position taxwise to sell it. The lease will end the end of April. The fund balance is pretty good, and we've got the ability to do some things. Cowell said he still thinks there is opportunity for the south corridor. He said that he believes the vet clinic is moving their operations out of that area. It would be an idea of where to begin, to kind of get the ball rolling. He said that corridor and where the Budget Inn is next to Perkins, would be interesting projects. Klecker said he's had many discussions with developers about that. It has the highest potential for development. To be along and interstate at an interchange next to a Walmart. Raney said that utilities earmarks \$100,000 a year for beautification of corridors. Would that be an opportunity to do that? Klecker said they did adopt that for a five-year period and we're beyond that. They're doing some burying of lines by Ascend. If there is another area, that would be a separate conversation. OPU has always been very good at working with us on projects. Raney said he agrees with Cowell, right off the interstate along old 14 would be intriguing. He said we should expect a pretty good return on investment should we acquire that. Klecker said that is one small piece of property. (The hotel) He said that is best suited for a developer as it is probably too large for us. Cowell asked if there was a Phase 2 environmental study on the building across from the Chamber office. Klecker said we did complete that. There is some vapor concerns that could be

fixed with the flooring (sealing it). The tank sits in the right of way of the street, toward the Chamber, which adds a little twist to it all. There are some soils corrections that will have to be done. There has been much discussion on that. There are some possibilities with a developer. We're working with a local business as a possible tenant. His hope is we can get a project without having to acquire anything. That is the role of the EDA—to throw out development ideas and figure out if it's something we should do or not. Mensink asked if we are still in the process of acquiring the US Bank parking lot. Klecker said the City Attorney is working on presenting a counter purchase agreement back. The goal is to get that purchase agreement together, have them agree on it, and go to bid by the end of February and do a construction project this summer. The layout is figured out. It will be two parking lots separated by a drive going to US Bank's property. One lot will be short-term and the other long-term. We'd also be acquiring the green space next to US Bank and we'd create a walkway there. Raney asked about the property owner north of Perkins. Klecker said we have a ton of I-35 frontage available for commercial development. Conceptually there is a lot of potential. The owner wants to sell a bigger chunk to a developer who has key businesses that will help make the rest of his property more valuable. Maybe a mall with three or four tenants. Mensink asked if there was an update on Scooters. Klecker said it's a different franchisee and they will pursue the store just as it was approved. There is still the odd piece of property that may end up sitting there. That will be a summer 2024 project.

Loan Report. Sean Williams presented the loan report for December. He said there was an email outage in mid-December, which has been rectified. Klecker said they did approve HotWorx forgivable loan. Williams said there were a number of checks that were going to be cut at that City Council meeting. There is a permit for 206 W Rose that is waiting for approval. The PFHS at 301 N Cedar is waiting for materials to arrive. There is an entrepreneur at 605 N Cedar who is putting in an ADA compliant ramp on the building and has booked the contractor to start next week. Williams explained that he can't start work until the loan is approved by the EDA. There is no precedent with moving forward and he said he would rather wait and get the forgivable loan. He said his recommendation is to tell him to wait and follow the process. He said literally yesterday was the first time we've heard about it. Cochran said she talked to him as well and told him to get the application in as soon as possible. The Commissioners agreed that he should follow the process and apply for the loan. He said that they built out an online application, which was sent to the EDA members. Klecker said that has all of the information on the Forgivable Loan Program. He said he thought it was very well done. Klecker said that for the Cars N Credit EDA MIF Flood Recovery Loan still has a balance of one more payment. They thought they were done, and we thought they were done, but their payments started one month after the payment plan, and they have one more payment to make. We've made contact with them that there is one more payment and that should be coming in.

OACCT / OPED Report. Chamber Director Brad Meier presented the OACCT Report for December. He said they received a \$40,000 grant for work experience over the summer months. OPED conducted their strategic planning process. They'll bring more detail back to this group. He highlighted some business changes.

MainStreet. MainStreet Director Lisa Cochran presented the quarterly MainStreet Report. She said this quarter was not as happy as third quarter as there were some business closures. They're

excited the hardware store is going to Ace. She said new holiday banners will go up in 2024. She said she loves working with businesses and building owners. She excited to be working with Sean and having a full time position is good for the loan program. She said they ended the year with a successful holiday parade. She's really excited for 2024 and doing what they do even better. She thanked the EDA for their support.

Tourism. Tourism Director Glenda Smith presented the quarterly Tourism Report. She said lodging tax revenue is a little higher than budgeted. At the end of the year, they ended up with an average occupancy rate of (48.1%). The number of trips coming to Owatonna increased by 3.1%. Visitor days decreased by 11%. She said they want to find ways to continue to bring people into town. She spoke about branding and creating a seamless visitor process. They've been working on the new Visitor Guide. She said she went to the Chicago Travel Show. They are working with an organization called Bandwango. They've reached out to restaurants and retail for a challenge. She highlighted Play Easy, a free program that matches tournament planners to tournament venues. Raney said he likes that occupancy is up and asked what the average is. Smith said we're lower than the average, but not too far off. Klecker said the occupancy rate will go down when Home 2 Suites and Double Tree open. Smith said that construction was at least 20% of the occupancy at one point.

OABDC Report. Sean Williams presented the OABDC Report. He said that they had a strategic planning session. Consulting hours were down in December because we were limited in contract hours with the regional office. For this year, we've contracted for 150 hours of consulting. Hopefully we'll pass that 150. The SBDC is a federal program that funds half of their consulting hours. Last year they secured a grant through DEED for the other half. CDI moved out of the center today. What is reassuring about that is the new tenants have offset their revenue. They're working on a couple ideas to generate some activity out there. He connected with an individual who is interested in running the maker space. He said they're also converting an office to a drop-in office.

Airport Report. Airport Manager Dave Beaver presented the quarterly Airport Report. He said 2023 was a good year and they continue to see good numbers on fuel volumes. Activity has been good and the flight school has been busy. They're hopefully filling some of the hotels as their students are sometimes here for months. They are budgeting to be self-sufficient. Operational revenues are covering the expenses. They finished the T-hangar last year and it's fully occupied. The security fence is in process. The Airport Commission is interested in discussions on economic development and how the airport can support Ihlenfeld's property. They have a very long runway and that's driving their performance. They're interested in bringing corporations into town. There are only two airports in the Cities that have runways longer than us, and that's MSP and downtown St. Paul. Raney said he sees the airport as an economic driver in Owatonna. Is the Airport Commission working toward short-term and long-term economic goals. Beaver said that's a great question. They've discussed their next steps. They're looking at their master plan and talking about a mechanic school. He said he and Klecker have talked about that. Klecker said that they had a plan to fill the vacant hangar space and be self-sufficient. We've accomplished both of those goals. They're at a good point to reassess.

EDA Projects. Community Development Director Troy Klecker presented the EDA Projects for December. He said that he took CDI off the list because they are in the building now. This is typically our slowest time of year. We'll have an update from Oscar at the next meeting.

New Business: Approve the 2024 Forgivable Loan Program. Klecker said they sent out what Sean had put together. We've had discussions at the last couple meetings. We'd be looking at \$100,000 for 2024. Criteria would be much the same. Looking to get rid of application fee. There is the question if someone has already used the program and is looking to do another project, would they be eligible? There has been some discussion on second floors. Williams said that 12 month deadline was in the application the whole time, but not enforced. Klecker said we're at a point we can enforce that now. Raney asked if it meets expectations if someone comes in, can they go through the process in 12 months. Mensink said some of these projects got much more involved than anticipated. Raney said we do not have a fine. Klecker said they can ask for an extension. Raney said that Martin's is still not done. Mensink said on the flip side, if the catalyst wasn't there, it wouldn't get done. Cochran said she will be meeting with Al. Cowell said we're in a new environment than we were before. There aren't as many projects for architects. That has eased. Overall access to contractors has eased. A lot has to do with the interest rates. Cowell said a 12-month time frame is fine for 2024. Mensink said we might have to adjust on the fly if needed. Mensink said why not apply for a second one—our dollars are getting leveraged. He said this isn't a perpetual program. Klecker said the message is we have money set aside for this year and this year only. Voss said it seems more important to go by location. Mensink said this may not be something we continue. Klecker said there is a five-year period before it's forgiven. Some of the very first ones we did are at the five-year point. Technically you could owe some of that money should you leave. Mensink said you're leveraging your dollars over and over. He said he doesn't see a big issue. Raney asked if a first time applicant earn more points. Cochran said they don't usually come in at the same time. Mensink said if it's a competitive situation that could factor in. Cochran said that there is already \$20,000 for 605 N. Cedar. There are a few who will reapply. She said there is a potential to use all \$100,000. Mensink said there are other projects that could use it downtown. Raney asked if we should use language for a second time loan. Meier said we used to have to beg people to put a nickel in. You have erred on the side of generosity and it's been good. Cowell said the language in the loan indicates it's a one-time use. Klecker said if we want to allow it, we'd have to change the wording. Mensink said you could evaluate as needed. Cowell said there's always been more demand than supply. If that flips, we could change it. Mensink said he agreed with that. Maybe someone new will be slower to act. He suggested leaving it in and we can reevaluate and adjust. We can restrict it on the front end to encourage new applicants. Cochran said there can always be some sort of adjustment made. Mensink said we've pivoted almost every time. The idea is to get the money out. Cowell said he's all for the second story. Mensink said for sure if it's office space. He said he likes the idea of windows. Raney asked if it's maintenance or upgrading your apartment. Klecker said they could specify commercial use of second floor. He said that doesn't have to be tied into this. Do you have a commercial second floor contest? We did a retail challenge. Maybe this would be a separate program. Klecker said this is all to bring people downtown. Klecker said he likes keeping it separate. Meier said they can talk to other MainStreets and get some ideas. Raney said his suggestion is to put that under new business in February.

A motion was made by Mensink and seconded by DeVinny to approve the 2024 EDA Forgivable Loan Program for \$100,000 total, removing the application fee, and specifying new applicants. All Commissioners voting Aye, the motion carried.

Schedule Next Meeting. The next EDA meeting is scheduled for **February 21, 2024** at 4:00 PM in Charles S. Crandall Center – Meeting Room at City Hall.

Adjournment. There being no further business, a motion was made by Commissioner Mensink and seconded by Commissioner Cowell to adjourn the meeting at 5:29 pm. All Commissioners voting Aye, the motion passed.