

Harmony EDA Minutes

September 7, 2023
7:30 AM

Community Center
Council Room

Present: Kerry Kingsley, Steve Donney, Andy Batstone, Greg Schieber, and Michael Himlie

Also Present: Amy Bishop, Aaron Bishop, Erica Thilges, Allison Whalen, Lisa Miller, Janell Randa, Sam Grabau, and Chris Giesen

The regular meeting was called to order at 7:31 AM by Kerry Kingsley.

Minutes

The board reviewed the minutes of the August 3, 2023 meeting. Motion by Schieber, second by Himlie to approve the minutes as presented. Motion carried unanimously.

Financial Reports & Claims

The loan portfolio and new home rebate program schedule were reviewed. Giesen reported that the borrower mentioned at the last meeting with a late payment was now current; that the late payment was due to a simple oversight. There was one claim for payment in the amount of \$225 for a progress payment on the digital marketing assistance from Farm Charm/Becky Jones.

It was noted that all active development agreements were in compliance.

Motion by Donney, second by Kingsley to approve the financial report as presented, including the payment of claims. Motion carried unanimously.

2024 EDA Budget

Giesen reviewed a memo on the status of the 2024 EDA budget proposal discussion started at the previous meeting. He noted that the fundamental budget elements found in every year's budget remained at the same levels discussed at the last meeting and in similar fashion to past year funding levels. He reported that the city council's budget committee gave guidance that they would be supportive of an overall \$10,000 increase to the entire EDA budget, but would be open to recommendations on how such an increase might be allotted. With that guidance in mind and because alternative lower cost/one time funding sources were found, Giesen suggested removing line items from the EDA budget to fund the "Welcome" signage repairs and a new city website. With this, the only two undetermined line items were the possible creation of a revolving major project capital fund and the contribution to the chamber of commerce.

The board reviewed the proposed budget spreadsheet. The spreadsheet detailed \$129,110 in proposed expenditures for 2024, if level funding (\$28,000) was assumed for the chamber contribution. This was \$345 less than the current 2023 budget of \$129,455. With the budget committee's guidance on an increase, it was recommended that the overall 2024 request should not exceed \$139,110.

Giesen noted that if a major project fund was created, additional work would need to be done by the board and city council to define the goals and uses of such a fund. The general idea of the fund would be to put smaller amounts of funding aside each year

(similar to other capital funds the city has) for major development related projects, to fully/partially fund major projects such as development land purchases, infrastructure improvements, grant matches, etc... Such projects would be capital in nature, be strategic investments for the city, and prioritize opportunities to revolve the funds invested with profit to come back to the fund (similar to the revolving loan fund) for future major projects. Currently no sources of cash exist to fund some of the known outstanding projects like extending 1st and 2nd Ave NE or fixing the storm pond in the industrial park or taking ownership/paving 9th Street NE (gravel road near industrial park). It could possibly also be used for major infrastructure improvements, purchasing property for housing development, and other activities that would generate tax base or return the investment. It was noted that a start of such a fund may have been identified with the early pay off of the Hammell House development agreement, but further discussions would need to be held.

The board heard a presentation from Erica Thilges, president of the chamber of commerce. She gave an update on their budget request. She noted that based on several discussions with board and council members since the August meeting, the budget guidance given by the budget committee, and a special EDA meeting held a few days earlier (September 5, 2023) the chamber board is requesting a \$2,000 increase over their 2022 and 2023 allotments; this would bring their 2024 allotment to \$30,000. Thilges and other board members present noted that this would require cutbacks such as reducing hours to a part time level for the director and eliminate the part time help. Based on conversations to date they did not believe a request of more than \$2,000 would be approved and that even a \$10,000 request wouldn't necessarily allow them to keep a full time director, either. They noted that they would rely more heavily on volunteers, committee members, donations, members, and themselves as board members to carry out their projects and events. They wanted to present a reasonable budget request that would allow them to achieve their goals as best possible. The board discussed.

Motion by Himlie, second by Kingsley to recommend that city council approve the budget as presented by staff, adding \$2,000 to the current year's funding (\$30,000 total) for the chamber as requested with a condition that the chamber present monthly financial reports to the EDA, and \$8,000 for a to-be-created major project fund, for a total 2024 budget request of \$139,110. The board held a lengthy discussion.

Conversations about staffing the chamber, the statutory \$50,000 limit, and the chamber request were had. Batstone noted that he would be open to provide one-time funds to assist the chamber in keeping a full time director for this next year so that alternative long-term sources of funding could be secured. He noted that one-time funding would allow the chamber to have the time to fix current issues. Himlie asked about the budget process and requirements for the city and noted that perhaps the board could ask for a higher amount than the budget committee suggested knowing that the final levy set in December could always be lower, in case it is found to be affordable through the remaining budget process. Schieber asked if instead of requesting specific amounts for specific line items for the budget increase, could the EDA simply ask for an unallocated \$10,000 increase over 2023 and continue to work out the details of the chamber's needs. Donney wondered if the board should request an additional \$17,000 instead of \$10,000 with the thought that it would keep the chamber's allotment under the statutory \$50,000 cap when including a value for rents at the visitors center, and provide the best opportunity for the chamber to figure out how to increase additional revenue to afford a full time director. It was discussed that if for some reason the chamber could not make a full time director position work financial even with a larger EDA contribution, the EDA

would not have to actually give such additional funding to the chamber. Kingsley noted concern about the board requesting too much and possibly ruining relationships or trust with the council and public, on this or other projects and was in favor of the motion/the chamber's proposed \$2,000 increase.

Kingsley left the meeting at 9:00 AM. Donney assumed the gavel.

The chair called the question. The motion failed 0-4.

Motion by Donney, second by Schieber to recommend that the city council approve the budget as presented by staff with a \$17,000 increase to the chamber (\$45,000 total) with a condition that the board provide a full time director and monthly financial reports to the EDA, and no funding for a major project fund for a total 2024 budget request of \$146,110. Motion carried 4-0.

Industrial Park Maintenance

Giesen reported that he will be in touch with Randy Mayer to refresh the previous discussion to plant prairie grass on the approximately 8 acres of land in the industrial park being farmed. The plan currently approved by the EDA was to plant prairie grass at a cost of about \$95/acre for seed plus planting costs. The total cost was estimated between \$2,500 - \$5,000, to be paid out of the industrial park fund. Consensus of the board was that this was still a desirable action. It was noted that planting would occur after fall harvest and would require mowing for 2-3 years to knock down early weeds.

Housing Project Committee

Giesen reported that he had spoken to several volunteers interested in meeting to discuss housing; current issues, opportunities, and discuss the potential to spearhead a specific project. Schieber mentioned he would be interested in participating. Giesen plans to get the volunteer group together later in September or in October and envisions several conversations to develop a project that could be achievable for Harmony.

Chamber of Commerce Report

There was no additional chamber report.

Prospects/Community Update

Giesen discussed prospects. He noted that there were a couple of prospects looking at opportunities but nothing that was ready to be discussed yet. He reported that no additional news was received from the DNR in regards to the status of the new bike trail construction. It was noted that perhaps the DNR should trim the trees along the current trail to allow for emergency vehicle access as it has become overgrown. Giesen noted that the small cities block grant work had begun and that property owners have begun to be contacted but that it still might take time to get through to all potentially eligible owners given the complexity of the program.

There was no other business.

Hearing no objections, Donney adjourned the meeting. The meeting adjourned at 9:25 AM.

The next regular meeting is scheduled for October 5, 2023 at 7:30 AM at the Community Center.