

Harmony EDA Minutes

August 8, 2020
7:30 AM

Community Center
Council Room

Present: Chris Skaalen, Steve Donney, Andy Batstone, Kerry Kingsley, and Steve Sagen

Also Present: Melissa Vander Plas, Devin Swanberg, and Chris Giesen

The regular meeting was called to order at 7:33 AM by Chris Skaalen

Minutes

The board reviewed the minutes of the July 2, 2020 meeting. Motion by Sagen, second by Kingsley to approve the minutes as presented. The motion carried unanimously.

Financial Reports & Claims

The board reviewed the loan portfolio. All loans were current. Motion by Batstone, second by Kingsley to approve the financial report as presented. Motion carried unanimously. The board briefly discussed the success of the loan payment holiday and agreed that if necessary it could be a useful tool in the future.

Land Maintenance for Trail

Giesen presented a memo outlining an issue with noxious weeds growing on some of the property recently purchased for the extension of the bike trail. There was an urgent concern that the weeds would go to seed if not dealt with quickly. He said that in working with the bike trail committee and a local farmer, Jack Hjelmeland, they were able to get the weeds removed for the time being at a cost of \$100. Giesen said that depending on if the weeds grow back there might be a need to spray or mow again at an additional cost. He recommended that the board authorize the initial expense of \$100 to Jack Hjelmeland and to utilize the bike trail committee in determining what, if any, future weed mitigation action was required. Motion by Skaalen, second by Batstone to approve the initial \$100 mowing expense to Jack Hjelmeland and in order to facilitate timely removal, to approve future mitigation as determined necessary by the bike trail committee. Motion carried unanimously.

Chamber of Commerce Report

Melissa Vander Plas was present to give the chamber report. She mentioned that July was a better month for visitor numbers over June, which was encouraging, and provided the following written report:

Harmony Area Chamber of Commerce Director's Report ~ August 2020

July Activities

~ Revised preparedness plan for visitor center office with new mask mandate in place.

~ Hosted promotions and marketing committee meetings. Fourth of July committee will resume meeting in August or September.

~ Developed several small ads for fall activities in Harmony – promoting outdoor activities such as Frisbee golf, musical interactive park, biking, historic walking tour, country roads/fall color drive

- Inspired Magazine

- City Pages
- Driftless Journal promotion of Harmony-Preston Valley Trail
 - ~ Worked on United in Harmony campaign, t-shirt design and fundraiser
 - ~ Worked with visitors and information for potential visitors when Annette and/or volunteer was not present

July visitor center activity

- ~ We had 329 visitors at the center. (49 in June)
- ~ We received 144 requests for visitor guides through Explore Minnesota (79 in June)
- ~ We had 14 requests for visitor guides through our website (19 in June)
- ~ 71 Visitor guides were taken from our hallway rack. (67 in June)
- ~ 539 estimated visitors through the building in July. (250 in June)

Goals going forward

- ~ Distribute disposal masks to local businesses (600 received from DEED on Tuesday).
- ~ Work with marketing and promotions committee for ideas to continue promoting businesses and community
- Customer appreciation night pushed back to October – still not 100 percent
- Evaluate other fall/winter events – Haunted Harmony and Fall Garage Sales in October, Holiday Fest in November
 - ~ Continue membership follow-ups with former members who have not yet renewed in 2020.
 - ~ Host Ribbon Cutting for Mindy Jones at Tin, Rust & Harmony
 - ~ Work on small mailer to send in lieu of Visitor Guide – we are down to about 200 guides at this point

2021 Funding Request

- ~ Considering our staff reduction to one assistant in 2020 and the addition of our crisis marketing grant, we do not anticipate requesting an increase to our yearly allotment from the EDA.
- ~ We are also committed to increased fundraising efforts through the Fourth of July celebration (now 126th celebration!) and our “United in Harmony” campaigns.

Contact me

As always, feel free to contact me in the office on Mondays, Tuesdays, and Thursdays, as well as additional hours on some Wednesdays and Fridays. My office number is 507-886-2469 and my cell is 507-450-5971.

Small Cities Block Grant Discussion

Giesen introduced a program that may benefit commercial and residential properties by providing forgivable loans for property renovations. Giesen introduced Allison Wagner of CEDA who joined by telephone to discuss the program in more detail. Wagner mentioned that the city could apply for a Small Cities Block Grant, which could be used to renovate commercial, rental, and residential properties. Income qualified home owners would get 100% forgivable loans for home renovations like roofs, windows, siding, heating and air, and the like. Owners of rental units could qualify for 70% in forgivable loans if 51% of their tenants are income qualified (no income restrictions for the owners themselves) for renovations similar to owner occupied properties but also for finishes like cabinets and flooring. Owners of commercial property could qualify for 80% forgivable loans for primarily exterior fixes like windows, roofs, siding, and even signage without any income limits for the owners. She stated that it would cost the EDA \$1,000 for the preliminary application, plus postage and some supplies for mailing surveys to city residents, and then another \$1,000 to complete the full application if the preliminary application is successful. There would be no additional cost to manage the multi-year grant if awarded. Management of the grant includes conducting inspections of

homes/projects, meetings with home/business owners, meeting with contractors, and coordinating projects for recipients. She also explained that due to application timing, the next available slot to apply would be in the fall of 2021 for projects in summer 2022. There is only one application round per year and applications take several months to receive approval from the state. It was also mentioned that applications are competitive due to high demand and relatively low funding being available, and that if the city provides a match the application generally receives a higher score.

The board discussed and agreed that the program sounded very beneficial. Giesen said that the program has been used several times in the past by Harmony. Wagner recommended that because of Harmony's size and new program rules, that the city apply on behalf of all properties in the community – assuming the owners are income qualified in the case of single family owner occupied properties. She also asked that if the city moves forward, if they could help create awareness of the opportunity by talking about the program at council meetings, with residents, business owners, gain media coverage, etc... She said that if the city moves forward the first step would be to complete a community survey to determine need and interest in the program. She would recommend starting the survey in late summer early fall 2021 and asked that the board help promote participation in the survey as the survey helps determine the size and scope of the total grant, if awarded. Motion by Skaalen, second by Donney to approve hiring CEDA to conduct the preliminary application for the Small Cities Block Grant in the fall of 2021 for a cost of \$1,000 and to hire CEDA to conduct the full application if the preliminary application is successful for an additional cost of \$1,000, and administer the program if awarded. Motion carried unanimously.

Residential Rehab Program Discussion

The board continued discussion of a possible modification of the new home rebate program to allow rebates for major renovation projects that increase the housing stock of the community. Giesen provided a draft outline of the proposed program indicating the proposed changes and modifications from the existing rebate program. The proposed changes included creating rebate categories for smaller increases in taxable value to accommodate renovation projects. The board discussed at length and agreed that in order to qualify for the new program, the minimum increase in taxable value should be \$50,000 which would generate a \$2,000 rebate award. Like the current new home rebate, the rebate amounts would be based on the city taxes projected to be paid over a 5 year period.

The board discussed at length. Batstone was concerned that if the threshold to qualify is too low, the original intent of the program would become diluted. The original intent of the program was to increase housing inventory in the city. He was opposed to providing assistance to potential applicants that were merely adding cosmetic or other improvements that didn't create new housing units. Consensus of the board was that the purpose of the program, to increase housing inventory in Harmony, should be clearly stated in the guidelines. The board further agreed that the program changes would be to fund whole home renovation type projects that bring dilapidated homes back to the market and become sellable, in addition to the construction of new homes – not to just improve a home owner's property for their personal enjoyment. The board asked Giesen to update the proposed guidelines with the items discussed and bring the proposal back to the next meeting for further discussion.

2021 EDA Budget

The board reviewed the proposed 2021 EDA budget worksheet. Vander Plas reported that the chamber was not asking for an increase over 2020 funding in 2021. Giesen

reported that the only proposed change would be an increase of \$936 in the CEDA contract rate (3% over 2020). The 2020 EDA budget is \$124,856 and the proposed 2021 budget is \$125,792. The board discussed. Motion by Kingsley, second by Batstone to recommend that the city council approve the 2021 EDA budget as proposed in the amount of \$125,792. Motion carried unanimously.

Industrial Park Pricing

Batstone left the meeting at 9:26 AM.

Giesen reviewed a memo in regards to pricing the property in the industrial park. He reviewed several options that considered various cost and pricing structures ranging from \$0.52/sq. ft. to \$2.22/sq. ft. He noted that in total there is about \$1 million of cost to cover between land costs to recoup and needed public infrastructure. The board discussed at length. The board agreed that future revenue from sales should be either set aside and dedicated for future park improvements and that lot sales prices should reflect the improvement costs, spreading those costs out over as many lots as possible to keep prices competitive. Giesen noted that even on the high end of \$2.22/sq. ft. it was still much lower than cities closer to Rochester, but that the city would still need to carry the improvement costs until the land sold and that such prices for properties in this market may make it difficult to sell lots quickly. He recommended that the board consider making the improvements in stages to minimize carrying costs unless there was a major project that could help cover those improvements through grants, low interest loans, TIF, etc... The board discussed that it may be beneficial to price some of the prime lots at a higher amount and some of the less prime lots at lower amounts. It was the consensus of the board that for the time being staff should advertise the lots in Phase 2 along 1st Ave NE as \$120,000 per lot (all inclusive of public utilities) and the lots in Phase 1 along 2nd NE as \$80,000 per lot (all inclusive of public utilities). It was also agreed that the two lots in Phase 1 along 2nd Ave NE should have their easterly lot lines extended through the recently purchased "Kiehne property" or Phase 3 area to maximize the layout of the park. The board agreed to discuss the pricing schedule on a regular basis as the park develops.

Kingsley left the meeting at 9:41 AM.

Prospects/Community Update

Giesen gave an update on prospects. Giesen mentioned that a business inquired about the EDA hosting a business gathering to discuss opportunities for businesses to work together given the pandemic situation and lower tourism numbers. The board discussed and suggested that this might be a better project for the chamber of commerce.

Other Business

There was no other business.

Hearing no objections, Skaalen adjourned the meeting at 9:50 AM.

The next regular meeting is scheduled for September 3, 2020 at 7:30 AM at the Community Center.