

Harmony EDA Minutes

March 4, 2021
7:30 AM

Community Center
Council Room

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

Also Present: Julie Lange, Becky Hoff, Devin Swanberg, and Chris Giesen

The regular meeting was called to order at 7:30 AM by Kerry Kingsley.

Minutes

The board reviewed the minutes of the February 4, 2021 meeting. Motion by Donney, second by Sagen to approve the minutes as presented. Motion carried unanimously.

Financial Reports & Claims

The board reviewed the loan portfolio. Giesen noted that the Oak Meadow Meats loan was paid in full as of the first of the month. There were no claims for payment.

Loan Request: Bee Balm

Giesen presented a request from Becky Hoff, owner of Bee Balm for an EDA loan. Hoff is requesting \$25,000 to assist with the purchase of the former “D&D Building” downtown. In addition to expanding her business, she will be renovating the building and there are also several units in the building for other tenants. The term request is 10 years at a rate of 3.25% fixed. Hoff was present to discuss her project and answer questions. The loan committee reviewed the particulars of the request and recommend approval. Motion by Donney, second by Schieber to recommend that city council approve the loan as requested. Motion carried unanimously.

Dairyland Harmony Outpost Project

Giesen outlined the status of the Dairyland project. He said that the details of the assistance package have been worked out and are agreeable to staff and Dairyland and that the new project site has been deemed suitable by Dairyland.

Swanberg and Giesen outlined the project for the board. Giesen said that in order for the project and assistance package to move forward the city council will need to approve two agreements after two public hearings; a business subsidy agreement because the assistance provided is greater than \$150,000 and a development agreement which details all of the project aspects between the city and developer. Giesen said that in order to make the site developable, water and sewer needs to be extended to the site. This will cost about \$630,000. He had secured a \$285,000 grant from the State of Minnesota to assist with this cost, which was the maximum allowable grant for this particular project. Under the deal, the developer agrees to pay for \$315,000 of the water and sewer project.

In addition, a TIF district would be created to assist with site development costs. TIF would total about \$315,000 and would be structured as a “cost swap” with the developer for water and sewer costs as the water and sewer were not specifically TIF-eligible in this project. The city would agree to pay \$315,000 amount to the developer once the building is completed and immediately after the developer pays \$315,000 for the sewer and water extension. The net effect, Giesen said, would honor the original agreement with the developer to provide the site with water and sewer service at no charge to the developer.

Giesen said that the city would be exposed to a \$30,000 expense to cover the difference of what TIF and the grant would not fund but noted that project costs may come in lower and TIF revenue may be higher. He mentioned that the developers agree to a minimum property assessment of \$2,000,000 but that the county estimates a final taxable value of about \$2,400,000.

The board reviewed the proposed business subsidy agreement and development agreement; discussing at length. Consensus of the board was that the project would be very positive for the community and that they were happy to see it move forward.

Motion by Batstone, second by Sagen to recommend that the city council approve the business subsidy agreement with Dairyland Power Cooperative as proposed. Motion carried unanimously.

Motion by Donney, second by Batstone to recommend that the city council approve the development agreement with Dairyland Power Cooperative as proposed. Motion carried unanimously.

Industrial Park Prospect

Giesen discussed a potential industrial park prospect that was interested in purchasing what is referenced in planning documents as “Lot C”, which is the lot in Phase II north of the Antique Mall. Julie Lange was present to discuss her prospective micro hotel idea with the board. She would like to purchase Lot C to build a 9 room hotel facility but in order to do so, the board would have to extend public infrastructure to the site. Giesen noted that in 2020 the city engineer estimated construction costs of about \$365,000 to extend infrastructure to this particular site, plus engineering costs.

The board was supportive of Lange’s project and requested that staff work with the city engineer to look at costs and options. In addition, the board asked to look at costs and options for the other unfinished elements of the industrial park as well given the favorable interest rate climate and need to complete certain infrastructure projects in the industrial park.

2021 Goals and Objectives

Kingsley asked the board to discuss potential goals and objectives; continuing the discussion from the prior meeting. Schieber suggested that perhaps commercial rehabilitation could be a priority as many buildings were in need of expensive repairs. The board agreed with his suggestions. It was noted that the small cities block grant application could help with some of the issues discussed, but that other resources and opportunities should also be explored. Suggested opportunities to assist with commercial rehabilitation included a rebate program similar to the new home rebate program, continuing the existing loan programs, and potentially focusing on redeveloping or fixing specific buildings that are in most need.

Giesen suggested a long term priority might be to set a population goal for the 2030 census. He said that in 2010 Harmony’s population was 1,020 and that while we’re still waiting for the 2020 census results, it might be a worthwhile exercise to set a population/growth goal to guide our next ten years.

Donney suggested that the board look at opportunities to diversify the age demographics of the community.

Kingsley asked to keep this discussion going for the next meeting and to have staff develop ideas and next steps for such a discussion.

Chamber of Commerce Report

There was no chamber report.

2021 Joint Board Meeting

Giesen said that he had spoke with the superintendent and that he suggested a joint board meeting in either June or July. Giesen will move forward to coordinate the meeting.

Prospects/Community Update

Giesen reported that he was working with several prospects over the last month. He also reported that he was notified by the DNR that the preliminary trail design had been completed. This was welcomed news as it was thought that the delay to finalize the DNR trail plan might cause delays in the design process. Giesen and Schieber will be working with the DNR to secure temporary construction easements in a few locations along the corridor where the trail is particularly narrow.

Sagen reported that he had followed up on the electric vehicle charging station discussion and received a quote for installing a dual vehicle 80 amp station. He said that he had spoken with the neighboring property owner at the visitor center location that was discussed at the last meeting. In this discussion, Sagen learned that the location discussed at the last meeting was in fact not on city property. Sagen spoke with Morem Electric and through that conversation it was suggested that perhaps along the alley behind the bank might be a better and more economical location as installation would be much easier with a nearby transformer. The board concurred with Sagen's suggestion. Sagen reported that the cost of installing a 200 amp electric service, a connection point for one charger, a cement pad, and protective bollard would be \$4,250. To install a second connection point, the cost would increase by \$1,950. Sagen said that the 200 amp service can handle two charging stations, which would charge four cars simultaneously without throttling the charge when multiple cars are charging. With the 200 amp service the city could install only one charger at this time and easily add on in the future, if it wished. The board discussed. No action was taken, Sagen said he would continue to move this project forward and work with staff and the public utility committee.

Swanberg reported that he had received information from Waste Management on the proposed trash and treasure day event. He said that it was something that could be done and that he would work with the chamber and council to solidify the logistics of the event. The board thanked Swanberg for following up.

Other Business

There was no other business.

Hearing no objections, Kingsley adjourned the meeting. The meeting adjourned at 9:42 AM.

The next regular meeting is scheduled for April 1, 2021 at 7:30 AM at the Community Center.