

Harmony EDA Minutes

June 3, 2021
7:30 AM

Community Center
Council Room

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

Also Present: Josh Bergey, Kelsey Bergey, Melissa Vander Plas, Devin Swanberg, 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 May 6, 2021 meeting. Motion by Sagen, second by Schieber to approve the minutes as presented. Motion carried unanimously.

Batstone entered the meeting at 7:32 AM.

Financial Reports & Claims

The board reviewed the loan portfolio. All loans were current. There were no claims for payment.

EDA Loan Request: Josh & Kelsey Bergey

An application from Josh and Kelsey Bergey for a loan was presented. The Bergey's requested a \$25,000 loan to purchase the Harmony Car Wash. Giesen reported that the total project cost was \$100,000. The loan would be repaid over a term of 10 years at a rate of 3.25% fixed APR and security would be a second mortgage and personal guarantees from the borrowers. The loan committee reviewed the particulars of the application and recommended approval. Motion by Sagen, second by Batstone to recommend that that city council approve the loan as requested. Motion carried 3-0. Kinglsey abstained.

Industrial Park Update

The board discussed several matters regarding the industrial park. Giesen reported that the plat of the 2nd Addition was moving forward and presented the proposed layout. The board agreed that the proposed layout made sense. Schieber suggested that the utility easement on the eastern side could be enlarged slightly to easily avoid issues getting around the large sinkhole that is present. Giesen said he would consult with the city engineer and move the proposed plat forward accordingly.

Giesen reported that he had confirmed with Randy Mayer that he has begun overseeing the maintenance of the industrial park property commonly referred to as "Phase III" which was recently purchased by the board. Mr. Mayer will proceed forward accordingly as approved by the board in prior discussions.

The board discussed the pricing schedule of the property at length. In an effort to price the property and recover costs of improvements, the board agreed that price increases were necessary. Consensus of the board was to continue the effort to break even on the land sales based on the costs of extending road, water, sewer, and other utilities so that further development can occur. Because of size and proximity to the highway, some lots were also discussed as being more valuable. It was agreed that the prices listed would in

effect be the “sticker price” – meaning that the listed price would reflect the actual value of the lot, but that assistance measures such as TIF, abatement, loans, grants, etc... could be applied to reduce that price if available and the project met the development goals of the city. It was stressed that even though the sticker price might reflect the cost to be recovered, the board would do everything in its power to reduce that price via tools like TIF, abatement, etc... as much as they could, based on the project presented - possibly even down to a \$0 out of pocket cost to the buyer. But, through assistance tools such as TIF, abatement, etc... the board would be able to then collect the full value of the property and reinvest in additional needed industrial park improvements. The example that was given was that if someone purchased a lot listed for \$100,000 and their project was qualified and created \$80,000 in TIF, the board could choose to apply the TIF toward the sale price and the buyer would then only need to pay \$20,000 for the property. The remaining \$80,000 would be paid to the city over time with interest via TIF.

The board discussed particular pricing on specific lots. It was agreed that the three unplatted but planned-for lots near the storm retention pond should remain at \$120,000 each, the two approximately 2.4 acre lots in the newly platted 2nd Addition should be increased to \$100,000 each, the small lot in the 2nd Addition adjacent to 9th Street should be \$75,000, and the three lots (which are currently under an option contract) should be increased to \$90,000 each. These prices would be inclusive of any public improvement costs and bring a total of \$905,000 once sold which would offset the approximate future improvement costs. Motion by Batstone, second by Schieber to adopt the individual lot pricing according to the board’s consensus, effective immediately. Motion carried unanimously.

It was noted that, of course, the board would honor the terms of and prices set in the existing option contract with Harmony Veterinary Clinic for three lots in Phase I.

Downtown Revitalization Program Concept

The board discussed the proposed downtown revitalization concept program again. Batstone suggested that the program stress a purpose of preserving the character of the city. That without preserving the unique buildings, the vibrancy and history of the community will be diminished. The board agreed. Giesen will take the comments given by the board and propose a program outline and application process for board consideration.

Co Working Center Project

Swanberg and Giesen gave a brief update on the status of the co working space project discussed at a prior meeting. They recommended conducting a community survey to determine need and gather information but that preliminary reception has been very positive.

Chamber of Commerce Report

Melissa Vander Plas was present to give the chamber report. She reported that they experienced pre-Covid visitor numbers in May. That in fact May 2021 was busier than May 2019. The chamber has been very busy planning for the 4th of July festivities which should be back to its pre-Covid normal. The visitor’s center is now open 6 days a week, 10-12 hours of which are staffed by volunteers. Visitor guides have been distributed, and a mailing will be sent to Fountain, Ostrander, and Lanesboro. The chamber is also going to hold “running with scissors” ribbon cutting marathon on July 2nd for several businesses that opened or changed hands during Covid and were not able to hold such an

event during that time because of pandemic restrictions. Vander Plas said the ribbon cuttings would be an excellent media opportunity, the board agreed.

Prospects/Community Update

Sagen and Swanberg reported that two electric vehicle charging stations were ordered and could likely be installed sometime this summer.

Giesen reported he is still coordinating with the school district in regards to the proposed June 15, 2021 joint board meeting. If held, it would start at 6 PM and be held in the council room at city hall.

Giesen reported that progress is being made on the trail project. The public hearing should be held later this summer and he and Schieber are working with the DNR to acquire short term construction leases for areas of the trail where grading is an issue. The board stressed the importance of the Iowa state line connection and that an effort should be made to impress its importance to the DNR; especially at the public hearing.

Giesen said that he started a conversation with the county engineer to formally recognize 1st Ave SW as the “in town connection” for the bike route. The county engineer made a recommendation to mark 1st Ave SW with MnDOT approved signs, but not pavement markings. Schieber suggested that in addition to the signage pavement markings would be ideal, the board concurred. Giesen will discuss the issue further with the county engineer. However, the board wanted to move the process forward and was otherwise agreeable to the county’s recommendations. Motion by Batstone, second by Sagen to recommend to the city council that the city fund, install, and maintain the county engineer’s recommended bike route signage along 1st Ave SW. Motion carried unanimously.

Hearing no objections, Kingsley adjourned the meeting. The meeting adjourned at 9:26 AM.

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