

COOK COUNTY/GRAND MARAIS EDA AGENDA

TUESDAY, JUNE 8, 2021, 4:00 PM

TO BE HELD ELECTRONICALLY VIA ZOOM, SEE ATTACHED LINK

The mission of the Cook County/Grand Marais EDA is to diversify the economy, create employment through retention and expansion of existing businesses, and development of new businesses, support the development of housing and increase the tax base.

- 4:00 PM **CALL TO ORDER**
Public Comments – if any received prior to the meeting
Adjustments to and approval of the Agenda (motion)
Approval of May 11, 2021 Minutes (motion)
- 4:10 PM **NEW BUSINESS –**
Consider offer on Cedar Grove lots – Hamilton Habitat
Consider request for Cedar Grove lot for animal shelter
Consider request for Business Development Funds
Consider requests for Fire Redevelopment Funds
Consider request for Workforce Development Funds – pending receipt of invoices
Personnel Committee Report
Consider offer on Cedar Grove lot – Harju (5:30 PM)
- 5:40 PM **FINANCIALS**
Superior National and EDA Financials (forward to audit)
EDA payments (motion)
- 5:55 PM **OLD AND ONGOING BUSINESS – UPDATES AS NEEDED**
HRA/TIF/Tax Abatement/Housing Work Group
GM Fire Redevelopment
Assisted Living/Senior Housing
Cook County Workforce Solutions
Cedar Grove Business Park
Creative Economy Collaborative
SBDC Director's Report
Executive Director's Report
- 6:00 PM Other as needed, next meeting July 13, 2021, WTIP interview
Discussion – meet in person on July 13?

Cook County-Grand Marais Economic Development Authority
May 11, 2021 – meeting conducted via Zoom

Present: Board members Howard Hedstrom, Scott Harrison, Bev Green, Carol Mork, Ann Sullivan, Virginia Palmer, Anton Moody

Others present: Executive Director Mary Somnis; Small Business Development Center Representative Pat Campanaro; County Administrator James Joerke; Cook County Chamber Director Jim Boyd; Brian Broomall; and minute taker Rhonda Silence

Meeting called to order by EDA President Howard Hedstrom at 4:00 p.m.

Public Comment – none

Agenda & Minutes

Agenda reviewed and follow-up on dog pound; request for Iron Range Resources Board support for a commercial laundry operation; and use of Fire Redevelopment Funds were added.

Minutes of April 6, 2021 meeting reviewed. *Motion by Scott Harrison, second by Carol Mork to approve the agenda as updated and the April 6, 2021 minutes. Motion carried, all ayes.*

NEW BUSINESS

Finance Committee recommendation for Taconite Area Business Relief Loans

The EDA Finance Committee reported that two businesses decided not to accept the Taconite Area Business Relief loans. That means \$20,250 is available to assist other businesses.

EDA Treasurer Scott Harrison recommended awarding the funds to Lutsen Recreation. Harrison reminded the board that the EDA had approved a loan of \$35,000 at 2 percent to Lutsen Recreation to help fund a substantial remodeling to allow the ski rental shop to function during the last season during COVID. Harrison said the committee agreed that the remaining funds could be granted to Lutsen Recreation to either use for continued capital improvements or to pay down that existing loan balance.

Motion to accept the Finance Committee recommendation and to award the remaining Taconite Area Business Relief funds totaling \$20,250 to Lutsen Recreation by Scott Harrison, second by Carol Mork. Motion carried, all ayes.

Continued discussion on sale of lot to Josh Tolkan

Executive Director Mary Somnis gave an update on the request from Josh Tolkan to purchase Lot 11, Block 5 in Cedar Grove Business Park (the lot right above Nordic Electric). Tolkan offered \$25,000. He hopes to operate his boat-building business and live there. He made the purchase offer contingent on the lot becoming available as an owner-occupied lot. He offered to put down a deposit of \$1,000 to hold the lot while the EDA continues its efforts to change the legislation and zoning of the business park to be able to sell the lot as owner-occupied.

The EDA made a counter offer on the lot price, agreeing to sell it at \$28,000.

Somnis said Tolkan had accepted the counter offer. Somnis asked the EDA board if they were willing to hold the lot with the \$1,000 earnest money. After some discussion, the board agreed to do so. A public hearing will be held once the legislation passes and zoning is changed.

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Motion by Ann Sullivan, second by Carol Mork to accept the \$1,000 earnest money and hold Lot 11, Block 5 in Cedar Grove Business Park for sale to Josh Tolban as an owner-occupied lot when that option is available. Motion carried, all ayes

Consider office relocation

Director Somnis shared information the possible relocation of the EDA office from city hall to the former Grand Marais Pharmacy building at the corner of Highway 61 and 5th Street. She reminded the EDA board that the city of Grand Marais will eventually be razing and rebuilding city hall. The EDA, Chamber, and Small Business Development Center will all need office space when that happens. Somnis said moving now would avoid a last-minute scramble to find space. Somnis said the rent in the new space is \$915 a month and with utilities the average is about \$1,200. The Chamber would split the monthly expenses evenly with the EDA, which has been approved by the Chamber executive committee. The office space lease would be for two years. Somnis said if the EDA board approves the move, she, Jim Boyd from the Chamber and Pat Campanaro of the Small Business Development Center will work out logistics in the space. Howard Hedstrom said he had looked at the space and said it should be sufficient for the EDA and others, with some renovation. He said it is more than what the EDA is paying at city hall, but pointed out that if city hall is remodeled, the rent there would likely go up as well. Chamber Director Jim Boyd said his concern is not space, but noise control. The walls and doors are very thin. He suggested the remodel include installation of sound barriers of some type. There was some discussion about parking and it was agreed the EDA and the other potential user of the space, Claire Smith of Edward Jones Financial would not have high-traffic volume. It was agreed that this would give the EDA and the other entities good visibility to the public downtown.

Motion by Ann Sullivan, second by Bev Green, to move ahead with the lease for the space for two years. Motion carried, all ayes.

Proposal for storm water planning and assistance at Cedar Grove Business Park

The EDA reviewed a proposal for storm water planning and assistance at the business park from Keith Anderson, owner of Beaver River Consulting. Cook County Soil & Water recommended Anderson. He helped the EDA complete an application for a Minnesota Department of Natural Resources Coastal Grant to update the Cedar Grove storm water management plan. The grant application was successful, but the funding will not be available until October. In order to start working on things now, Anderson proposed a fee of \$3,000 to start working on the Cedar Grove plans now.

For that amount he will review the existing plans and information completed to date. He will put together communications to prospective landowners regarding the storm water requirements and other documents.

Motion by Scott Harrison, second by Bev Green to accept the proposal for storm water general services for the Cedar Grove Business Park. Motion carried, all ayes.

Personnel Committee Recommendation

Small Business Development Center Consultant Pat Campanaro gave an update on the search for a new EDA executive director. Campanaro said the EDA has already received six applications, from the Twin Cities, Two Harbors, Oregon, and three from Grand Marais. The application deadline is May 14. Campanaro said the personnel committee hopes to have a schedule for

interviews soon. Howard Hedstrom said the personnel committee needs to develop the process it will use for interviews. Hedstrom, Virginia Palmer and Carol Mork are on the personnel committee.

There was discussion of how the transition will go and the board agreed that Executive Director Somnis should be part of that part of that process.

Dog Pound

Anton Moody gave a report on the discussion of replacing the dog pound, currently on the waterfront, at the city council. Moody said at the last city council meeting, Sheriff Pat Eliassen and representatives of Arrowhead Animal Rescue were there to ask the city for help in finding a place to build a shelter. Moody reminded the EDA board that it had questions about the city's request for a large lot in the Cedar Grove Business Park, but asked if there were another, smaller, less desirable lot that could be used. It was noted that Block 5, Lots 6 and 7 are not suitable for any large development because the back half of those lots is mainly wetland. One of those could be suitable for a small dog pound building.

Scott Harrison asked if the county property by the law enforcement center and county garage had been looked at. County Administrator James Joerke said that location may be used for a new salt/sand building for the highway department. In addition, he said it is a high-traffic area that would not be suitable for dog walking.

Moody said the other site considered, near the Grand Marais Public Utilities building is also not a good use of commercial property along Highway 61.

Ann Sullivan and Carol Mork both noted that noise from animals in the dog pound may disturb the people who are residing in owner-occupied business park lots. They said this is something to consider if the EDA opens more lots for that option.

Carol Mork asked if the city wants to purchase the lot for \$1. That led to discussion of what would happen with the special assessment fees that go to the city when lots are sold.

There was consensus that a Cedar Grove Business Park could possibly be used for the dog pound, but they wanted to learn more about the proposed building and how it would fit on a lot. They also asked Moody to find out what the city would do about the special assessment. Moody will take that information back to the city council.

Resolution for IRRRB to fund a commercial laundry operation

Director Somnis shared information about plans by a new business partnership to establish a commercial laundry in Lutsen. Two companies have provided this service to hotels and lodges, but one has stopped the service and the other plans to stop. Thom McAleer reached out to other lodging businesses and there is support for a local commercial laundry service. The partnership plans to convert a large storage building at a cost of \$760,000. They asked the EDA to support an application to the Iron Range Resources for an infrastructure grant to help with the project.

Somnis said if the EDA agrees to support the application, it will go before the IRRRB in June.

Motion by Carol Mork, second by Ann to pass Resolution No. 2021-03 Authorizing Cook County/Grand Marais Economic Development Authority to make application to and accept funds from IRRR development infrastructure grant program. Motion carried, all ayes.

Request for Northland Foundation Fire Development Funds

The EDA reviewed a request from Joel Saint John, owner of The Mayhew Inn and North Coast LLC, for use of funds in the Fire Redevelopment Fund. Saint John plans to purchase two lots, the

Joynes Department Store parking lot and the lot where Picnic and Pine was. He wrote that his plan is to add restaurant space, event space, lodging and potential retail space. Saint John said he was interested in the \$30,000 available.

Somnis talked with the Northland Fund and about the criteria for distributing the funds. Howard Hedstrom said the EDA Fire Redevelopment Committee had also received a request from the Crooked Spoon. Hedstrom said the EDA could wait until June to make any decision when more information is available.

Grand Marais Hotel Company news

Somnis said she heard from Mark Sandbo of Grand Marais Hotel Company. The owner of the company, Barney Peet, is willing to receive offers on the Aspen Inn for someone to convert it to worker housing. The county valuation of the property is \$888,000. It was noted that this has been done by others—Pete and Amy James converted their motel to apartments and Bruce Block converted the old Tomteboda Motel units to apartments.

Sandbo asked the EDA to share the opportunity with anyone board members might think is interested. Anyone who would like more information may contact Sandbo at 218-370-1023 or email marka@gmhotel.net.

FINANCIALS

The EDA board reviewed the Superior National at Lutsen financials for April 2021. Treasurer Scott Harrison went over the balance sheet and profit and loss statement. Payroll and capital expenditures were discussed. Harrison said the golf course cash balance is sufficient to get through opening, but he reminded the board that there are a lot of upfront costs in May.

The EDA also reviewed the Cook County/Grand Marais Economic Development Authority financials (the balance sheet and profit and loss statement) for April 2021.

The Superior National at Lutsen golf course and EDA financial reports will be filed for the annual EDA audit.

The board reviewed the checks to be written for the invoices for the month.

Motion by Carol Mork, second by Bev Green to approve checks for the April 2021 invoices as presented. Motion carried, all ayes.

Old and Ongoing Business

Housing and Redevelopment Authority/Tax abatement work group

Somnis said the next step in the exploration of an HRA is creating a start-up budget, proposed work plan and expected outcomes. She is working with County Administrator James Joerke, City Administrator Mike Roth and Minnesota Housing Partnership representatives on that. There should be a budget proposal to give to the county board in July.

Somnis said she attended the Cook County Commissioner's committee of the whole meeting which was focused on the Bluefin Bay Resorts development project, and another project in Tofte proposed by Rob Dieter. No decisions were made, but there was support for exploring tax abatement or TIF support for projects that include housing.

Neither the county or the EDA have any policy on the use of tax abatement or TIF. This will be worked on. Somnis pointed out that it would be in the community's best interest if the county and EDA's policies were aligned.

Somnis will set up a meeting with the representatives from Minnesota Housing Partnership and the Bluefin representatives and Rob Dieter.

Assisted Living

Nothing to report this month.

Cook County Workforce Solutions

Nothing to report this month

Creative Economy Collaborative

Director Somnis said the CEC had received a preliminary proposal from the ARDC to provide staffing support for the CEC. She said CEC members were receptive to the proposal, but still want the EDA to be involved.

Small Business Development Center Report

In addition to information on the Taconite Area Business Relief loans and the personnel committee work, Small Business Development Center Consultant Pat Campanaro shared a written report for activities in April.

She reported that she had 38.75 hours on COVID-related counseling and 40.25 hours in business consulting not related to COVID. Campanaro said she is fully vaccinated and seeing clients on site again at the city hall office.

She reminded the EDA board about the opportunity for restaurants to take part in the Restaurant Revitalization Fund program. Campanaro said any restaurant that lost revenue in the last year should apply for these funds. She asked EDA board members to help spread the word.

She said she assisted Christina Conroy of Bad Seed, LLC with the loan to purchase of a new food truck.

EDA Executive Director Report

Somnis said she attended the usual committee and board meetings throughout the month.

OTHER BUSINESS

The next EDA meeting will be June 8 at 4:00 p.m.

Howard Hedstrom will be available for an interview on WTIP on May 12.

Meeting adjourned

Respectfully submitted by
Rhonda Silence – Minutes & More

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FYI/STATUS OF LOT SALES TO DATE

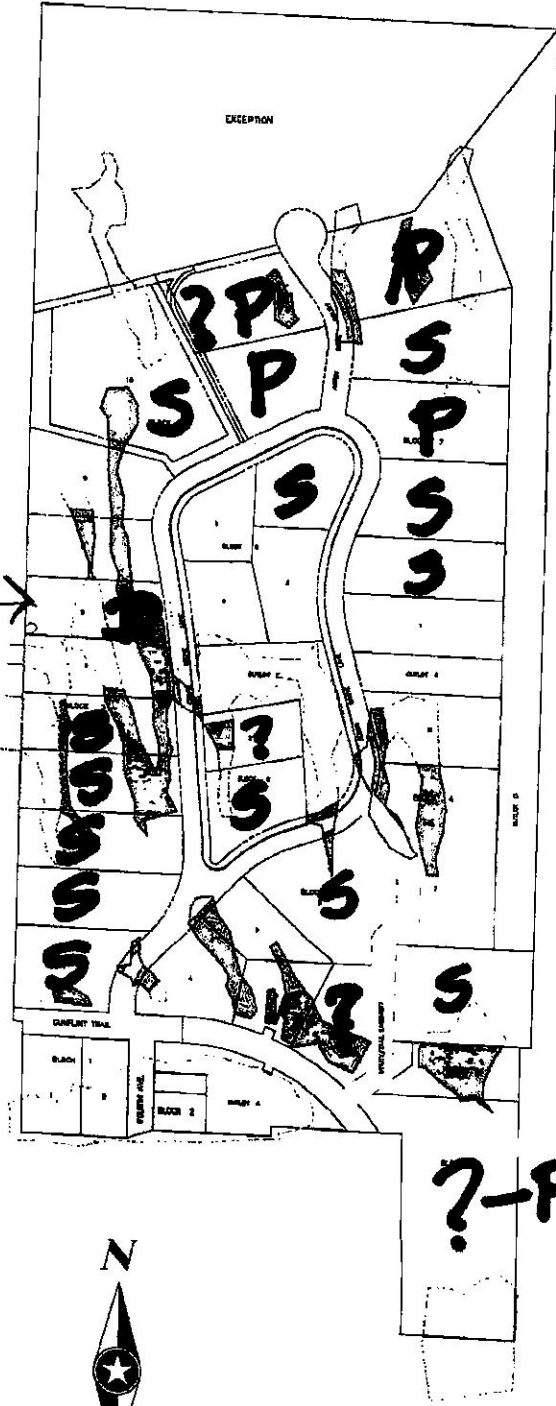
S - Sold
 P - Pending
 D - Dog Pound

? - I will give them a call No shore fishing Cook County towing

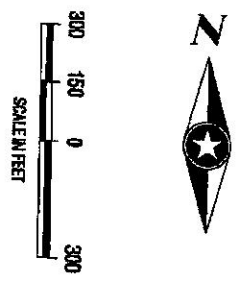
P w/?
 offers @
 June 8 mtg

PROPERTY COUNTY THAT THE CAN...
 HAS BEEN PREPARED BY AN...
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Dog Pound? →



LEGEND
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?-P



Mary Somnis <somnismary@gmail.com>

Letter of Intent to EDA

1 message

Anna Hamilton <annabananahamilton@gmail.com>
To: Mary Somnis <somnismary@gmail.com>

Sat, May 29, 2021 at 9:30 AM

Dear members of the EDA board,
On behalf of Hamilton Habitat Inc. I am informing you of our interest on parcels owned by the EDA with the intentions of building "affordable housing" on the parcels.

Lots 1 & 2 Blk 3 of the Cedar Grove business park.
Due to the drainage ditch which fronts Lot 2 Blk 3, we are including the request for easement to get into Lot 2 Blk 3 for driveway access and utility access. This easement would be via Outlot B which lies to the north and is adjacent to lot 2 Blk 3.

Hamilton Habitat is offering \$10,000.00 per lot and will assume special assessments per parcel.

The homes will not be rentals but owner occupied.

Thank you for your consideration and we will anxiously await your response.

Anna & Sarah Hamilton

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City of Grand Marais

TO: Mary Somnis
Cook County Grand Marais EDA

FROM: Mike Roth, City Administrator

DATE: June 1, 2021

SUBJECT: Proposal for Animal Pound Site

Please consider transferring ownership of Lot 7, Block 5 to the City/County for the purpose of developing an animal pound. This lot is more suited to public development as the west half includes significant unmitigated wetlands. Attached is a concept site plan with building site and parking area. The building site size is based on a preliminary design prepared by Mark Pedersen at the Sheriff's request.

We request that you provide the lot at no or nominal cost. The City and County will be responsible for the special assessment. If you are willing to consider this request, the City and County will move forward with completing a storm water management plan for the site.

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Animal Pound Layout

LOT 7 BLOCK 5 small box/shelter large box/parking



Business and Housing Subsidy Application:

Business Name: North Shore Laundry Service
Name of applicant: Thomas McAleer
Address: 3719 W. Hwy 61 Lutsen, MN 55612
Phone: 218-370-2128

1) Describe your business, including such information as products and services provided, general market area served, experience or qualifications you have for operating this business, and any other information you feel may be appropriate:

Opening new business to serve Resorts and Lodges in Cook County to clean and deliver linen and terry.
Thom McAleer, Cascade Lodge and Steve Surbaugh, Cascade Vacation Rentals are majority partners. Thom has previously operated a commercial laundry.

2) Please check which criteria best describes your request:

Redevelopment

Projects that remove, prevent or reduce blight or other adverse conditions of property thereby protecting the City's and County's property values and the general public health, safety and welfare.

Attraction of New Business

Projects that attract or retain competitive and financially strong commercial and industrial companies, which offer the potential for significant growth in employment and tax base.

Highest and Best Use of Land

The use of the Business and Housing Funding will encourage quality construction and promote the highest and best use of the land, consistent with the comprehensive plans of the City and the County.

Needed Services

Projects that provide a needed service in the community, including health care, convenience and social services.

Unmet Housing Needs

Projects that provide housing needs not currently available in the community.

Economic Feasibility

The applicant must demonstrate that they have the experience and financing necessary for the project and that the project can be completed in a timely manner.

Job Creation

Projects that create and/or retain jobs which pay at least the higher of the current Federal or State of Minnesota minimum wage, plus appropriate benefits.

3) Amount Requested: \$30,000. *

4) Describe the proposed project: Remodeling an existing structure and bring in all necessary utilities including large septic system.
Work with Cook County resorts to service all laundry needs.
Will pick up and deliver laundry as required. Sizing operation to be able to work 2 shifts per day as the business grows.

5) Please attach the project budget, including sources and uses of funds.

6) Anticipated Completion Date: TBD opening date prior to 1/1/22

7) How many jobs do you anticipate will be created or retained by this project?
Created: up to 12 Retained: _____ Total: 12

8) What is the proposed wage/salary of the jobs?
Hourly: 10 @ \$18-\$20/hr Salary: 2 @ \$50,000

*NOTE - I have confirmed, and Thom is aware, that the amount available is \$23,062.47. MS

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**North Shore Laundry
Start-up Budget Draft**

	Estimate	Quote	Contractor
Water-Well	25,000	94,227	McKeever
Septic	125,000	440,900	Terra Firma
Interior Electric	20,000	36,000	Granite
Arrowhead Electric Service	30,000	4,755	Arrowhead
Plumbing	40,000		County
LP install	5,000	769	Superior
Building build-out	100,000	54,671	Isak Hanson
Site Clearing	5,000	7,353	Cascade Maintance
Trenching for Utilities		7,484	Cascade Maintance
Spray Foam Insulation		9,700	Smith Construction
Concrete	25,000		TBD
Garage Doors		6,477	Overhead Door of Duluth
Heat/AC	25,000	29,699	MMT
Water Softener	20,000		County
			waiting on County
Infrastructure Start-up Subtotal	420,000	692,036	
BDS Equipment	215,000	212,335	BDS Laundry
Other equipment (carts, etc.)	10,000	15,000	Uline, etc.
Startup Chemicals	5,000	5,000	Minnesota Chemical
Building/Land Real Estate	150,000	150,000	Steve
Delivery Truck	45,000	41,076	Online
Equipment Start-up Sub-Total	425,000	423,411	
Total Project Start-up	845,000	1,115,447	

+ Acquisition 150,000
 + Contingency 10% 111,545

 \$ 1,376,992

NOTE - The Review Committee has seen the operating budget pro forma. Not included here. Request email if you want this.

Fire Redevelopment Funds

Recipients

~~Fire Redevelopment Funds~~

----- Forwarded message -----

From: Sara Hingos <saranate@boreal.org>
Date: Tue, Jun 1, 2021 at 9:40 AM
Subject: Re: Invoices?
To: Mary Somnis <somnismary@gmail.com>

Dear EDA Members,

Nathan and I would like to access \$5424.95 of the Northland Foundation Grant to help pay for expenses on our lot that went to rebuilding our new Food Truck busin. Although this isn't a typical rebuild, we feel that our business itself is being rebuilt. We are grateful for your time and consideration.

Many thanks,
Sara and Nathan Hingos

Sans Serif

Send

Company	Work/Item	Price
County Plumbing	water line	422.72
Schnobrich Woodwerk	tables	1160.9
Woodsmoke Building	tables	128
Chris Norman	tables	200
Home Depot	umbrellas	402.5
Granite Electric	electric	2557.79
Menards	metal planters	87.98
CC Home Center	metal planters	179.91
Sargents	plants/herbs	<u>285.15</u>
	TOTAL	5424.95

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Mary Somnis <somnismary@gmail.com>

Business Park lot, we're ready

1 message

Adam Harju <northshorebikeguy@gmail.com>
To: Mary Somnis <somnismary@gmail.com>

Thu, May 27, 2021 at 9:42 PM

Mary,

We would like to make a formal offer on lot 12 block 5 at the business park. The one we looked at with you up by the snowmobile trail on the west side of the cul de sac.

We would like to pay \$22,500 for this lot. This offer takes into account the fact that there is a 20' snowmobile trail easement along the north boundary, as well as a year round creek located between the road and any build sites, making utilities a more complex and expensive to install. Also both of these features limit the usable building space.

We would expect the EDA to provide a property line survey to correctly identify the lot lines.

As we are selling other property to buy this, this offer is contingent on a successful closing of said property, scheduled for July 14, 2021.

Although we really hope that the owner/occupied zoning changes in the near future, we are not making this offer contingent on that. As long as we would not be pre-empted from the changes in zoning.

We are excited for this opportunity to expand our business, Dirt Candy Designs LLC, to the Cedar Grove Business Park. We've lived in Grand Marais for the past 20 years and are proud to be contributing members of the community. We eagerly anticipate the growth that our company could benefit from by developing this lot to meet the needs of our thriving trail building endeavors.

Let us know any additional information or action steps needed to move this offer forward. If earnest money is required we are prepared to accommodate.

Thank you Mary for your help as we researched and investigated the available lots in the business park. We are excited to hear what the board has to say.



Adam and Mica Harju, Owners
www.dirtcandydesigns.com
218-370-1124

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June 1, 2021

Dear Board Members

I can't believe it's already June! I was out of county from April 30 – May 10 visiting my son and Grands for the first time in 16 months! Ashton turned 14!

May Hours:

30.75 Regular Consulting Hours
18.25 COVID related hours
39.00 Total

I am happy to report that some of our local restaurants have reported they have already received grants from the Restaurant Revitalization Program and I anticipate hearing more did.

You may be interested in this recent report from the SBA on how the economy is doing. <https://cdn.advocacy.sba.gov/wp-content/uploads/2021/05/18100623/Spring-Econ-Bulletin.pdf>

Interesting to me was the lack of bankruptcies during this downturn compared to the 2008 downturn. (Of course you can simply 'close' the business and not file bankruptcy)

Bureau of Labor Statistics data indicates that private-sector employment levels show that **about 40% of the total loss of jobs was regained by Feb 2021.** That tells me we have 60% to go, to reach prior levels.

I also conducted a workshop for the Cook County Higher Education board of directors on how to cold call businesses for donations. Other work includes supporting the EDA's personnel committee needs in seeking applicants for the Executive Director Position.

I will be out of county again June 19-26 to party with my Granddaughter for her 11th birthday!

Questions, let me know.

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Director's Report
June 8, 2021

Please see New Business on today's agenda. There you can see some of what has been happening in the EDA office this month. In addition, there is always more.

I assisted the film production company that was recently here. Did some coordination with locations, lodging, introductions, troubleshooting, etc. Also spent part of a day on set with them. They were happy with Cook County. The writer said he is already concepting the next project he will bring here.

The HRA work group is hosting an in-person and virtual gathering on June 4. You have all received an invitation. I will send more information after that event.

James Joerke has provided the County Board with a draft of a policy for TIF/Tax Abatement. The board took it up for discussion at the Committee of the Whole on May 18. James is collecting input from board members, local developers, me, and others. The completion of the policy has been given high priority.

The language to amend the BDPI grant requirements is in the bill that has moved through conference committee. Special session is expected June 14. The bill could be approved on that day, depending on how things are going in the overall legislative picture. If that is done, the Governor must sign it into law. Then, work can begin on the city ordinance to allow more types of uses at Cedar Grove.

There is a staffing change at WA Fisher. Kat, our account rep, is moving on to an exciting new opportunity. John Kohlhase, one of the owners and a long-time friend and colleague will be taking over our account. This is all good.

As always, lots and lots of meetings with individuals and groups.