

COOK COUNTY/GRAND MARAIS EDA AGENDA

TUESDAY, MARCH 9, 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**
Welcome and introductions
Public Comments – if any received prior to the meeting
Adjustments to and approval of the Agenda (motion)
Approval of February 9, 2021 Minutes (motion)
Approval of February 23, 2021 Minutes (motion)
- 4:05 PM **NEW BUSINESS**
Consider rescheduling April 13 meeting
Consider request for Business Development Funds (pending)
Consider adding a board member to finance committee
- 4:45 PM **FINANCIALS**
Superior National and EDA financials (forward to audit)
EDA payments (motion to approve)
- 5:00 PM **OLD AND ONGOING BUSIENSS – UPDATES AS NEEDED**
GM Fire Redevelopment
Taconite Area Business Relief Loans
Housing and Redevelopment Authority
Assisted Living/Senior Housing
Cook County Workforce Solutions
Cedar Grove Business Park
Creative Economy Collaborative
SBDC Director’s Report
Executive Director’s Report
- 5:30 PM **OTHER BUSINESS**
Other as needed, next meeting date, WTIP interview

Topic: EDA Board Meeting

Time: Mar 9, 2021 04:00 PM

Join Zoom Meeting

<https://us02web.zoom.us/j/88255672569?pwd=RmtnNINSM21QdHkybmpwQlY5QWRFQT09>

Meeting ID: 882 5567 2569

Passcode: 895596

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Cook County-Grand Marais Economic Development Authority
February 9, 2021 – meeting conducted via Zoom

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

Absent: Anton Moody

Others present: Executive Director Mary Somnis, Small Business Development Center Representative Pat Campanaro, County Administrator James Joerke, and minute taker Rhonda Silence

Meeting called to order by EDA President Howard Hedstrom at 4:02 p.m.

Public Comment – none

The EDA board welcomed new member Virginia Palmer, the new city EDA representative.

Agenda & Minutes

Agenda reviewed. Executive Director Mary Somnis asked to add the election of EDA board officers and discussion of TIF and tax abatement funding to the agenda.

Motion by Carol Mork second by Bev Green to approve the agenda with those additions. Motion carried, all ayes.

Minutes of January 12, 2021 meeting reviewed. *Motion by Bev Green, second by Carol Mork to approve January 12, 2021 minutes. Motion carried, all ayes.*

NEW BUSINESS

SBDC Annual Report – Pat Campanaro

Small Business Development Center Representative Pat Campanaro gave a comprehensive report on SBDC activities in 2020. She began with an overview for the newer EDA board members, explaining that the SBDC is funded on a federal level by the Small Business Administration. She said the SBA believes small businesses are the heart of America. Campanaro said most SBDCs are operated by universities, which was the case for her office until last year, when the Northland Foundation became the SBDC sponsor. Campanaro's office is one of nine in the state.

She shared specific Cook County information. She said she assisted with eight new business starts. She assisted 186 clients and had 956 counseling hours. Through the efforts of the SBDC \$3,040,563 in capital funding came into the community.

EDA Treasurer Scott Harrison asked Campanaro to confirm that clients pay nothing for the SBDC counseling services. Harrison noted that the SBDC pays for Campanaro's time.

EDA Board Chair Howard Hedstrom said the community is very lucky to have the SBDC office and especially lucky to have Pat Campanaro.

Election of board members

The slate of officers was discussed. Howard Hedstrom agreed to continue as president. Anton Moody has been serving as vice-president and in his absence, Treasurer Scott Harrison suggested also having him continue in that role. Harrison said he was willing to serve as treasurer. New board member Virginia Palmer agreed to serve as secretary.

Motion by Bev Green, second by Scott Harrison, to approved the slate of officers as follows:

President - Howard Hedstrom

Vice-president - Anton Moody

Treasurer - Scott Harrison

Secretary – Virginia Palmer

Motion carried, all ayes

Consider vision and priorities for HRA

Director Somnis distributed a handout with questions to gather feedback from the EDA to help with deciding how to proceed with a possible Housing and Redevelopment Authority. She said this is the beginning of the process, no decisions are to be made at this point, but Somnis said answers will give direction as she continues to work with the Minnesota Housing Partnership. There were numerous vision/priority items such as:

Options for geographic area – It was agreed that an HRA would be for all of Cook County, including the Grand Portage Reservation.

Somnis noted that in the past the EDA had shared efforts on housing programs with Lake County, with consultant Nancy Grabko. The EDA board agreed that the EDA should just focus on Cook County.

Options for structure – The board agreed that the EDA should be a joint city/county entity if both are agreeable. It was also agreed that the HRA should be added to the EDA, with the same board, but possibly with a subcommittee as advisory committee for the HRA, instead of forming an entirely new board. Howard Hedstrom said it is sometimes hard to find people to serve on a board, so it would be better to have the HRA as part of the EDA. Virginia Palmer also noted that taxpayers may be more supportive if it was part of the EDA, instead of forming a new board. Bev Green said she agreed it should be part of the EDA, but added concern about the workload for Director Somnis. It was ultimately agreed that an HRA should be part of the EDA.

Options for staffing – Director Somnis asked the board to consider how an HRA could be staffed. She reminded the board that there has been discussion of her eventually retiring and succession planning which will also effect staffing. Options such as adding HRA duties to the EDA director, but adding an administrative assistant or adding a staffer for the HRA, with both the EDA director and HRA representative performing their own administrative duties were discussed. Somnis also told the board that EDA bookkeeper Paul Goettl was probably stepping down in 2022, so another option would be to hire a bookkeeper/accountant and administrative support position for the EDA, Superior National at Lutsen and the HRA.

There was considerable discussion and the EDA board agreed another staff person would be needed, but just how it would work needs more thought. It will be discussed at a future meeting.

Options for funding – The board talked about the methods available for funding an HRA and how much it could levy. Somnis said other options are special assessments, and tax increment financing (TIF) and interest reduction for projects. The HRA would be able to apply for state and federal funds such as DEED Small Cities and HOME.

It was agreed more discussion was needed on funding sources.

Scope of Authority – The board considered what it wanted to focus on, such as planning and implementing housing and redevelopment programs; buying, selling, owning or leasing property; constructing or rehabbing properties, or redeveloping blighted areas. The board leaned toward working on new housing projects and not being building owners. Virginia Palmer agreed, but said she would like the EDA to not completely rule that out, as having an HRA own a property could be the only way to develop affordable housing. She said there is a great need for housing for people in the service industry. Harrison agreed that is a difficult task. He said One Roof Housing received substantial grants for the Four Directions Dwellings apartments and rents are still perceived as being high.

Somnis said the Minnesota Housing Partnership representatives will attend the next joint meeting of the city, school, county and Grand Portage on Thursday, February 18 to answer questions.

Consideration of TIF and tax abatement financing

Somnis said that a number of potential project developers have asked if the EDA could offer tax-increment financing (TIF) or some sort of tax abatements. She said although Cook County had a negative experience with TIF in the past, it seems that it would be a good tool if used properly. She reached out to Bruce Kimmel of Ehlers Associates, the financial advisor/bond counselor for the city and county for more information. He suggested talking to the city and county to see if they would consider helping get projects going by offering these incentives.

Somnis explained that under the TIF program, the taxes to be paid because of the increased value of a property are instead used by the developer to pay on loans used for the development. Somnis said it means the county does not get those property taxes right away, but it brings something to the community that is needed, such as affordable housing or assisted living.

Scott Harrison added that sometimes a project doesn't get 100 percent of the TIF and would still pay some property taxes.

Howard Hedstrom said he would like to explore these options, as without them some worthwhile project may not happen.

Ann Sullivan asked about the issues with TIF in the past. Harrison said then-County Auditor Carol Gresczyk was opposed to it because it had a negative effect on state aid coming to the county. Hedstrom said that is the sort of thing that needs to be researched.

The EDA board reached consensus to authorize Director Somnis to learn more about how TIF works and to return with that information.

FINANCIALS

The EDA board reviewed the Superior National at Lutsen financials. Treasurer Scott Harrison told the board that the golf course does not break out its budget month-by-month, as it is a seasonal operation. He said at this time the golf course balance sheet looks good, mainly because no capital expenditures were made last season because of the uncertainties around COVID-19. He said the balance will be impacted when delayed capital expenditures are made.

Harrison also reminded the board that the Grounds Superintendent Mike Davies is retiring. He will be difficult to replace, but advertisements for the job are going out now.

The EDA also reviewed the Cook County/Grand Marais Economic Development Authority financials for January 2021. The 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. Somnis pointed out that a number of the checks are going through the EDA from the State of MN Business Relief Grants.

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

Somnis and Treasurer Scott Harrison said they would like to amend the IRRRB COVID-19 business relief loan program as businesses are reluctant to take on loans at this still-uncertain time. They said there could be ways to get businesses to participate, such as lowering the interest rate, or making the loans forgivable if an established criteria is met. Harrison said criteria could be that the business adds employees or offers a \$15/hour wage. Harrison noted that if the funds are not distributed, they need to go back to the IRRRB and it would be better for it to go to the community in some manner.

SBDC Representative Pat Campanaro said she supported the idea, but said really strong parameters should be set for loan forgiveness.

It was agreed to establish a committee to consider this and to call a special meeting on February 23 at 4 p.m. to discuss as a full board. The committee will be Harrison, Hedstrom, Director Somnis and SBDC Representative Campanaro.

Old and Ongoing Business

Grand Marais Fire redevelopment

Howard Hedstrom said the redevelopment group has not met for a few months. He said local designer Richard Olson had come up with a possible design which will be shared at the next meeting of the group. Hedstrom said this is one project that could benefit from TIF financing.

Assisted Living

Somnis said the developers are considering putting a halt to their plans for a project in Cook County, but she has asked them for another meeting. North Shore Health Director Kimber Wraalstad will take part in that meeting.

Cook County Workforce Solutions – Puerto Rico and Pine Ridge

Efforts to recruit workers from Puerto Rico have slowed down, but workforce efforts continue from Pine Ridge, South Dakota. Local business owner Sarah Hamilton is working on recruiting workers from Pine Ridge. The EDA will work with her on this. Somnis said the Lloyd K. Johnson Foundation has approved using the funding previously granted for this effort.

Cedar Grove Business Park

The closing for the sale of Cedar Grove Business Park, Lot 5, Block 7 to the Cook County Historical Society will be taking place soon.

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Somnis said North Superior Fisheries, which wanted to purchase a lot next to the one where they currently operate the boat storage area, have decided not to proceed with the purchase right now. The reason is because of the excessive cost of developing a storm water plan.

Somnis said she is looking for a way to help them (and other businesses) meet these costs. She said there may be Great Lakes Restoration Program grants that could be used. Somnis will be meeting with Cook County Soil & Water for help on this. They may be aware of other programs to help individual businesses or the business park overall.

Creative Economy Collaborative

Somnis said the CEC continues to work on various projects. She attended their monthly meeting and a meeting about interpretive kiosks. She will give a more in-depth update at a future meeting.

Small Business Development Center Report

In addition to the annual report, Small Business Development Center Representative Pat Campanaro shared a written report for activities in January. She said she has worked on four new business starts.

Campanaro also said she worked with Director Somnis in developing a Success(ion) Planning workshop at Cook County Higher Ed to begin on Feb. 18.

EDA Executive Director Report

In addition to the agenda items already discussed, Somnis provided a list of the multiple committee, board, and community meetings she had attended or facilitated (see attached).

OTHER BUSINESS

The next EDA meeting will be the special meeting scheduled for February 23 at 4 p.m. The next regular meeting will be March 9 at 4 p.m.

Mary Somnis will be available for an interview on WTIP on February 10.

Meeting adjourned at 5:43 p.m.

Respectfully submitted by

Rhonda Silence

Minutes & More

COOK COUNTY/GRAND MARAIS ECONOMIC DEVELOPMENT AUTHORITY
MINUTES OF SPECIAL MEETING
TUESDAY, FEBRUARY 23, 2021

Present: Howard Hedstrom, Ann Sullivan, Virginia Palmer, Scott Harrison,
Carol Mork

Absent: Anton Moody, Bev Green

Also Present: Pat Campanaro, Mary Somnis

Hedstrom called the meeting to order at 4 PM.

No public comments were received.

The board discussed amendments to the guidelines for the Taconite Area Business Relief Loan Program, as prepared by Campanaro, Harrison and Somnis.

Upon a motion by Mork, second by Palmer and all ayes, the amendments to the guidelines were approved as presented. Motion carried.

Upon a motion by Mork and consensus of the group the meeting was adjourned.

**Cook County/Grand Marais EDA
Director's Report
March 9, 2021**

My activities and meetings are consistent with past monthly reports. Rather than list them all again here, I will provide status and updates on some topics.

Judy Erickson has been scheduling lots of meetings with State of MN legislators for us to provide information related to the Chamber's legislative agenda. Of interest to the EDA are amending the language for the Greater MN BDPI grant program. The grant received by the City of Grand Marais includes some restriction on use of the lots. The new language will remove the restrictions on lots remaining unsold ten years after the grant award. This will enable us to sell the lots to businesses that will meet the needs of our local community and economy. We are also supporting two bills related to housing – increased funding for the Greater MN Workforce Housing grants and enabling the State of MN to provide funds for Local Community Housing Trust Funds. The Chamber's legislative agenda is included with this report.

We have met with CADG regarding assisted living. They may still be interested in a project here if we can find financial support to make the costs of construction and operating balance with predicted revenues. I have forwarded a grant opportunity from the MN Dept of Health for Senior Housing. We are considering whether we can build Senior Housing, rather than Assisted Living. Residents could utilize Meals on Wheels, Arrowhead Transit, home health care, etc. The proximity of the location to the clinic and hospital could also be favorable to this type of development. This information has also been shared with One Roof.

Meetings continue with the city and the county staff, to prepare a way forward in presenting questions to the elected officials regarding TIF, tax abatement, tax forfeit lands, and the proposed HRA. It is essential to gain understanding of the political will to use these tools to further the development of housing and other business expansions.

Meeting with Ilena Hansel, Cook County Soil and Water Conservation District, and Mike Roth to find a way forward with storm water management at Cedar Grove.

They have introduced us to Keith Anderson, Beaver River Consulting, who worked with the City on their storm water project. Keith and I are preparing an application to MN DNR Coastal Grant Program for a STAR grant to help pay for the costs of creating this plan.

I am assisting Hamilton Habitat with applying for a HOME grant for their project next year. We introduced the concept at a meeting of the HOME Consortium, and they will provide guidance on what Hamilton Habitat needs to do to be eligible.

We received two applications for the superintendent position at Superior National. Interviews have been scheduled. We will provide updates as they become available.

I will be out of the office from Noon on ~~March~~ ^{April} 8 until ~~March~~ ^{April} 19. We should consider rescheduling the April EDA board meeting.

**Cook County Chamber of Commerce
2021 Legislative Agenda
February 2021**

The Cook County Chamber of Commerce was founded in March of 2013. Its mission is to be the representative voice for county for-profit and non-profit businesses in working to improve the county economy and to address pressing county socioeconomic issues. The Chamber's 2021 legislative priorities include:



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1. **Cook County Higher Education:** In 2019, CCHE was successful, with strong Chamber support in securing a \$100,000 per year increase in the CCHE annual state appropriation for base funding. This represented a 50% increase in CCHE's base budget from the state. Total funding from the state is \$300,000 per year. CCHE is unique in the state as it is the only higher education institution of its kind that receives line-item funding.

Cook County Chamber of Commerce Position: Advocate for and defend the line-item funding of \$300,000 that CCHE receives in the Higher Ed base budget to support trades education, workforce development and long-distance degree programs achieved primarily through Minnesota colleges and universities. Build key relationships with new members and leadership and educate them on the importance of the funding for the vitality of the region.

2. **Greater Minnesota BDPI, HF 426/SF 434:** In 2005/2006, the City of Grand Marais received a grant from DEED to construct infrastructure for Cedar Grove Business Park. The language in the grant agreement states that the property is to be used for manufacturing, industrial, and warehouse purposes. To date, approximately 1/3 of the lots have been sold. In the past five years, the city and the EDA have received inquiries from potential buyers that do not fit the purposes of the grant agreement. The inquiries include services, arts, retail, and owner-occupied businesses. Simply put, our local economic needs do not fit with the language in the grant agreement.

The City of Grand Marais and the EDA have recently updated the Purpose Statement for Cedar Grove Business Park. We would like to put these properties into good uses that meet the needs of the community, as well as generate property taxes.

Cook County Chamber of Commerce Position: Working with the Greater Minnesota Partnership, we are advocating for the Legislature to add language to the Greater MN BDPI grant program that after 10 years, for lots remaining unsold, the restrictions on use are removed. This will enable Minnesota communities to use the properties to best meet the needs of their local economies and put valuable infrastructure that has been developed to good use.

3. **Gitche Gami State Trail, HF 468/SF 480:** In the 2021 Legislative Session, the Gitche Gami Trail Association is advocating for \$3.5 million in bonding for the Gitche Gami State Trail. This will pay for the acquisition and development of 4 priority segments of the trail:
 - \$1.5 million to match existing funds extending and connecting the existing trail from Ski Hill Road to the commercial center in Lutsen. In addition to providing safe walking and biking for residents of Lutsen, this segment will also provide key connections to Tofte, Schroeder, and Temperance River State Park.
 - \$1 million for Segment 1 of the Tofte Segment extending the trail from the Tofte Ranger Station to approximately the area near Sawtooth Outfitters/Bluefin Bay, and for design/engineering for Segment 2.

- \$500,000 to conduct design and engineering work for a 7-mile segment to connect Silver Bay to Tettegouche State Park.
- \$500,000 to conduct design and engineering work, acquire right of way, and assist with wetland mitigation for a \$1.5 million segment of trail to connect the city of Two Harbors near the RJ Houle Visitor Center to the popular Flood Bay Wayside Rest.

Cook County Chamber of Commerce Position: Support the GGTA bill for \$3.5 million in bonding for continued development of the Gitchi Gami Trail.

4. **Workforce Housing, HF 619/SF 752:** Like much of Greater Minnesota, Cook County has a significant lack of affordable workforce housing. This is a major barrier to recruiting and retaining employees to live and work here. In Governor Walz's 2022-2023 state budget recommendations, Minnesota Housing Finance Authority (MHFA) has \$2 million budgeted for the Greater Minnesota Workforce Housing Development program. With the workforce housing needs across the state including in Cook County, \$2 million is insufficient.

Cook County Chamber of Commerce Position: Support HF 619/SF 752, a bill that raises MHFA's Greater Minnesota Workforce Housing Development Program to \$3 million per year for this biennium. Our support will allow us to continuously highlight the workforce housing needs in Greater Minnesota, particularly in Cook County.

We also support HF 528, which makes a one-time appropriation of \$10 million to MHFA to be used as matching funds for local investments into a local housing trust fund. The Cook County/Grand Marais EDA is working to establish an HRA, and this bill would enable that HRA to leverage funds and apply for other grants.

5. **Payroll Protection Program (PPP) Federal Conformity, HF 501/SF 263:** Currently, PPP loans that are forgiven by the federal government are tax exempt from federal income taxes but not Minnesota income taxes. Minnesota has not passed legislation conforming Minnesota tax law with federal law. As a consequence, Minnesota state government will claim for itself almost half a billion dollars in federal aid provided to Minnesota businesses.

Cook County Chamber of Commerce Position: Advocate for legislation conforming state tax treatment of forgiven PPP loans with federal tax treatment.

6. **Grand Portage Tourism, HF1195:** The Grand Portage Band of Lake Superior Chippewa reservation is located at the tip of Minnesota's Arrowhead and is a place of enduring tradition, vibrant culture and home to one of the earliest Ojibwe settlements in Minnesota. Much of the band's income derives from operation of a casino and resort, for whom the large majority of clients are Canadian residents of Ontario. Total closure of the international border as a consequence of the COVID-19 pandemic has caused the Grand Portage people, who already endure a high level of poverty, to suffer inordinate economic losses.

Cook County Chamber of Commerce Position: Strongly support HF 1195, which appropriates \$1 million to Explore Minnesota Tourism for a grant to the Grand Portage Band to enhance its efforts to attract tourists.



March 1, 2021

Dear Board Members

Ahh Spring!

February work was a combination of COVID opportunities involving new SBA loan products as well as my involvement as part of the team that developed and disbursed the Minnesota Business Relief Grant Program. I am also working with clients in obtaining loans for two new startups.

I anticipate this level of activity to continue into March when the Biden administration passes another stimulus package.

February Hours:

35.25 Regular Consulting Hours

61 COVID related hours

96.25 Total

Our Success(ion) Planning workshop is off and running with 7 businesses actively participating. We are currently on week 3 when each owner works with me one on one to insure the planning process fits their individual needs. I wish to thank both the EDA and Cook County Higher Education for helping to subsidize this workshop.

Working with Scott Harrison and Mary Somnis we have re-formatted and launched the EDA's Taconite Business Relief Loan Program to bet ft the needs of our business community. The program is now active and closes on March 15. I will manage the program and work with the EDA's financial committee to evaluate applications. More soon!

Questions, let me know.

Be Safe and Mask Up!

Pat

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