

Cook County-Grand Marais Economic Development Authority
April 6, 2021 – meeting conducted via Zoom

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

Others present: Executive Director Mary Somnis, Small Business Development Center Representative Pat Campanaro, County Administrator James Joerke, Dennis Rysdahl and Joe Swanson of Bluefin Bay Resorts; Sam Hedstrom and Kate Keeble of The Fisherman’s Daughter; Brian Sherburne of Grand Portage Band of Lake Superior Chippewa Enterprises; and minute taker Rhonda Silence

Absent: Anton Moody

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

Public Comment – none

Agenda & Minutes

Agenda reviewed and discussion of Cedar Grove Business Park lots for Josh Tolkan and Sheriff Pat Eliassen was added. *Motion by Scott Harrison, second by Carol Mork to approve the agenda with those additions. Motion carried, all ayes.*

Minutes of March 9, 2021 meeting reviewed. *Motion by Bev Green, second by Ann Sullivan to approve March 9, 2021 minutes. Motion carried, all ayes.*

NEW BUSINESS

Bluefin Bay Resorts development project

Director Mary Somnis introduced Joe Swanson, co-owner of Bluefin Bay Resorts, who with Dennis Rysdahl, semi-retired former owner, was at the meeting to share information about a proposed housing project on two lots owned by the company to the east of the AmericInn. The lots were previously zoned as a planned unit development, but Bluefin would like to expand the number of housing units and add commercial space to the project. They shared a drawing of the proposed two-story building which would include two one-bedroom apartments; eight two-bedroom apartments; and two three-bedroom apartments. The proposed building would also include seven commercial rental spaces of 1,350-square feet.

The Bluefin representatives talked about the sources of capital for the project, which includes their own equity in the property and financing through their bank. Calculating revenue from rent leaves them with a shortfall of \$153,715. They have applied for funding from the Minnesota Housing Finance Agency and researched assistance from the Iron Range Resources, but competition is high for any type of housing project. The duo said the project could possibly proceed if tax increment financing or tax abatements were available from the county. Swanson

said it seems that tax abatements would be easier and would provide the same financial assistance.

Rysdahl said he and Swanson would be sharing this information with the county at an upcoming committee of the whole. He asked if the EDA would give its support for the project.

Board member Ann Sullivan said this type of project aligns with the EDA's mission. The board agreed they need more information, but they would like to see Bluefin continue its efforts.

Consider Finance Committee recommendations for Taconite Area Business Relief Loans

Small Business Development Center Consultant Pat Campanaro gave a report on the distribution of the Taconite Area Business Relief Loan Program. She said more funding requests were received than available funding. There were 34 applications totaling over \$425,000 for the \$215,000 in funds.

The committee agreed that all of the applications had merit, but ultimately selected 18 businesses to receive loans. Loan recipients were:

Cascade Vacation Rentals

Lutsen Mountainside Lodge

Sivertson's Gallery

Fika

North House Folk School

Lutsen Reflections

Hedstrom Lumber

JNS Custom Jewelers

The Fisherman's Daughter

Voyageur Canoe Outfitters

GunFlint Mercantile

Joy Enterprises

Well Spring Therapy

Grand Marais Art Colony

Mueller Studio

Basecamp Bungalows

Voyageur Brewing Company

Coldwater Foundation

Campanaro said none of the businesses received 100% of their request and they must meet the criteria to receive the loans.

Motion by Scott Harrison, second by Carol Mork, to approve the Taconite Area Business Relief Loans as presented. Motion carried, all ayes.

Consider requests for Business Development Funds

Request from The Fisherman's Daughter

Sam Hedstrom and Kate Keeble, two of the four co-owners of The Fisherman's Daughter were at the meeting with to answer questions about their application for \$15,000 for cooler upgrades for the fish market/deli/restaurant. Sam Hedstrom spoke about their start-up a year ago, just before the start of the pandemic and how the business operation had to change. He and Kate Keeble then talked about changes at the business and how the coolers would be used. They would contain "grab and go" food items. Keeble explained that it would allow customers to be served quickly and would help with flow through the market.

EDA Director Mary Somnis told the EDA board that the new coolers are not the only investment being made in The Fisherman's Daughter. She said significant electrical wiring is being done among other things.

Motion by Ann Sullivan, second by Scott Harrison to grant the business subsidy request from The Fisherman's Daughter for \$15,000 to be paid from the EDA Business and Housing Development Fund. Motion carried, all ayes.

Request from Grand Portage Trading Post

Brian Sherburne was also at the meeting with a request for a new cooler for the Grand Portage Trading Post. Sherburne noted that the EDA is aware of the financial hardships faced by the Grand Portage community and businesses because of the extended closure of the U.S.-Canadian border due to the COVID-19 pandemic.

Sherburne said in the midst of the pandemic, the produce cooler at the Grand Portage Trading Post quit working. He said the trading post was able to "borrow" a cooler from the Casino, but it is hoped that casino business will increase in the summer, so the cooler will once again be needed. The Grand Portage Trading Post requested \$2,499.89.

Sherburne said that the cooler is critical to serve tourists visiting, but more importantly to many community members who rely on the trading post for groceries.

Motion by Bev Green, second by Ann Sullivan, to grant the business subsidy request from the Grand Portage Trading Post for \$2,499.89. Motion carried, all ayes.

Consider Resolution for Iron Range Resources demolition grant for Metis housing project

EDA Director Mary Somnis presented a resolution of support for a grant to the Iron Range Resources for demolition for a potential housing project. Sarafin Metis plans to demolish an old house trailer on a property she owns to construct two one-bedroom houses. Somnis said this is comparable to the demolition grant awarded to Bruce Block for the Village North project. Somnis said she is still working with the IRRR to determine whether this falls under commercial or residential demolition. For that reason, the ultimate resolution may look a bit different when that is worked out, but the purpose of the grant is the same.

Motion by Bev Green, second by Carol Mork, to adopt Resolution 2021-01 to make application to and accept funds from the IRRR Redevelopment Grant Program.

Director Somnis also presented a draft resolution for an IRRR application for the Cook County Historical Society to assist with costs of infrastructure for the archival building it is constructing in the Cedar Grove Business Park. Howard Hedstrom said this will likely be a large award, due

to the need for storm water management. Somnis said she had given the historical society contact information for Keith Anderson of Beaver River Consultants, who is working with Cook County Soil and Water on storm water management plans at the business park.

Motion by Carol Mork, second by Ann Sullivan, to adopt Resolution 2021-02 to make application to and accept funds from the IRRR infrastructure grant program. Motion carried, all ayes.

Consider 2021 budget for Superior National at Lutsen

Treasurer Scott Harrison presented the proposed 2021 budget for Superior National at Lutsen. He shared estimated revenue for a season with 12,000 or 14,000 rounds. Harrison said it is hoped that the course will reach that 14,000 rounds, as it will be open all year. It appears that the greens came through the winter in good condition.

Harrison shared information on expenses, such as equipment purchases and repair to some of the paved cart paths.

Harrison also reminded the EDA board that the EDA had committed \$20,000 toward marketing the golf course.

Motion by Virginia Palmer, second by Ann Sullivan to approve the 2021 budget for Superior National at Lutsen, including a \$20,000 contribution to marketing by the EDA. Motion carried, all ayes.

FINANCIALS

The EDA board reviewed the Superior National at Lutsen financials for March 2021. Treasurer Scott Harrison went over the balance and profit and loss sheets. Howard Hedstrom noted that there was a line designated credit cards. He asked what the credit card was used for. Director Somnis reminded the EDA that a credit card was acquired so the golf course could pay bills in a timely manner without having to wait for monthly EDA meetings. Somnis said what was paid for with the credit card would be allocated to the appropriate expense column next month.

After the review, Harrison said the bottom line is that the golf course is financially healthy at this time.

The EDA also reviewed the Cook County/Grand Marais Economic Development Authority financials (the balance sheet and profit and loss statement) for March 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 Bev Green, second by Scott Harrison to approve checks for the March 2021 invoices as presented. Motion carried, all ayes.

Old and Ongoing Business

Grand Marais Fire redevelopment

Howard Hedstrom said there is nothing to report at this time. He hopes to have more information next month.

Housing and Redevelopment Authority

Somnis said exploration of setting up an HRA continues, but there is nothing to report this month.

Assisted Living

Nothing to report this month.

Cook County Workforce Solutions

Nothing to report this month

Cedar Grove Business Park

Director Somnis said the EDA had received a request to purchase Lot 11, Block 5 for \$25,000, from Josh Tolken. Tolken is a canoe builder, doing an internship at North House Folk School. His internship at the folk school is ending soon and he hopes to stay here in Cook County. The lot he would like to purchase is the one right above Nordic Electric. Tolken asked if he could put down a deposit of \$1,000 to hold the lot while the EDA continues its efforts to change the covenants/zoning of the business park. If legislation is passed that allows the EDA to offer more lots as owner-occupied lots, he will proceed with his purchase. If the changes are not made in nine months, he asked if he could have his deposit returned. The sale would only work for him if he is allowed to live and have a boat shop on the same lot. He is aware of the need to have a storm water management plan.

Howard Hedstrom said the price offered seems low and suggested a counteroffer of \$28,000, which is more in range with previous lots sold in the \$28,000-\$30,000 range. Scott Harrison agreed and added that the buyer should pay closing costs. Somnis said in the past the closing costs have been shared by the EDA and the buyer.

Motion by Scott Harrison, second by Carol Mork, to approve the sale of the lot for a price of \$28,000 with the distribution of closing costs in keeping with previous lot sales. Motion carried, all ayes.

Virginia Palmer asked why there are not set prices for the lots. She said it is unusual to ask a buyer approach the seller with the price they were willing to pay. She also noted that real estate prices have gone up significantly in the past year. Palmer asked if the EDA should consider fixed prices, with an increase.

Somnis said when she became director in 2016, lot sales were so slow that the EDA agreed to take any reasonable offer. She said she was concerned that with the expense of developing a storm water construction plan and building, increasing lot prices would put them out of reach of potential buyers. Somnis added that the EDA board could establish whatever price structure it wanted, but they need to let her know so she knows what to tell potential buyers.

Somnis said Cook County Sheriff Pat Eliassen contacted her to ask if the city could purchase the lot above Como Oil & Propane, Lot 7, block 4 for \$1 as had been requested about a year ago. At that time, the city was considering using the lot for a solar array and to use to relocate the dog

pound on the Grand Marais waterfront. The animal shelter must be moved as the Minnesota Department of Natural Resources makes improvements to the boat launch. However, the solar project may not happen or if it does happen, it probably won't be at the business park.

Howard Hedstrom said that is a fairly large lot to be used for a small building. He asked if the sheriff would consider another lot. Somnis said the lot that Brad Shannon was considering on which to build a youth center is smaller (Lot 3, block 4).

Hedstrom also said he would like to know if the city/county considered another location. He said there seems to be space by the county highway department garage where an animal shelter could be built.

EDA Board Member Bev Green said she serves on the Arrowhead Animal Rescue board, which is working with Sheriff Eliassen on this. She said Arrowhead Animal Rescue is putting up a third of the money to build a new shelter. For now, stray animals will be kept in the garage at the law enforcement center.

She said it is the sheriff's responsibility to find a location for the pound as he is the county animal control officer. But she said the shelter likely does not need that large a lot. Green said the sheriff probably asked for the larger lot because that was what was discussed previously.

The board asked Director Somnis to ask the sheriff if he wants a different lot, or if he could find a completely different location. The board agreed to wait to discuss further at the next EDA meeting after hearing from the sheriff.

Motion by Carol Mork, second by Ann Sullivan to table any decision on the request until next month. Motion carried, all ayes.

Creative Economy Collaborative

Director Somnis attended the city council meeting (via Zoom) with other CEC members regarding a grant application for a public art project.

Succession Planning – Personnel Committee

Small Business Development Center Consultant Campanaro is working with the EDA personnel committee on succession planning. She said the committee is working on the employment ad and the explanation of what the EDA wants of its director. She said they hope to have the job announcement out by April 13 and to have a candidate for the board to consider by the June EDA meeting.

Campanaro said when the job description is complete, it will be shared with the full EDA board, as well as with Somnis for feedback.

Campanaro said the committee is working hard to replace Mary who is irreplaceable.

Small Business Development Center Report

In addition to her report on the Taconite Area Business Relief loans, Small Business Development Center Consultant Pat Campanaro shared a written report for activities in March.

She reported that she had 50.25 hours on COVID-related counseling and 45 hours in business consulting in 139 different client sessions, via Zoom, phone or email. She is involved in securing financing for three new business starts and is working with two clients on business plans.

She pointed out one item on her report, 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.

EDA Executive Director Report

In addition to the agenda items already discussed, Somnis provided a few highlights of various committee, board, and community meetings she had attended or facilitated, such as the Chamber of Commerce legislative update with Senator Bakk and Representative Ecklund; the golf course superintendent interviews; worked with WA Fisher on the transfer of the EDA website; closed on the sale of the lot at Cedar Grove with the Cook County Historical Society; and attended the initial meeting of the Housing Work Group, a subcommittee of the Joint Powers/Community Leaders group.

OTHER BUSINESS

The next EDA meeting will be May 11 at 4 p.m.

Mary Somnis will be available for an interview on WTIP on April 8.

Meeting adjourned

Respectfully submitted by
Rhonda Silence
Minutes & More