

Cook County-Grand Marais Economic Development Authority
August 13, 2019 – Grand Marais City Hall

Present: Scott Harrison, Carol Mork, Bev Green, Heidi Doo-Kirk, Anton Moody

Absent: Hal Greenwood, Howard Hedstrom

Others present: Jim Boyd, Riki McManus, Pat Campanaro, Hanna Crosby, Rhonda Silence

Open Public Hearing for Proposed Sale of Lot 5, Block 5

The EDA board convened a public hearing on the proposed sale of Lot 5, Block 5 in Cedar Grove Business Park to Jeremy and Johanna Larson.

Jeremy Larson was present to answer questions. He is a contractor and will use the lot for storage of equipment and materials, initially with a storage container and eventually a building. The proposed purchase price is \$28,000. There were no public comments.

The public hearing was closed, and the regular EDA meeting called to order. Public Comment – none

Agenda & Minutes

Agenda and minutes of July 9, 2019 meeting reviewed. *Motion by Green, second by Mork to approve the agenda and July 9, 2019 minutes. Motion carried, all ayes.*

NEW BUSINESS

Consider sale of Cedar Grove Business Park Lot 5, Block 5

The EDA agreed to sell Cedar Grove Business Park Lot 5, Block 5 to Jeremy and Johanna Larson for \$28,000.

Motion by Green, second by Doo-Kirk, to sell Cedar Grove Business Park Lot 5, Block 5 to Jeremy and Johanna Larson for \$28,000. Motion carried, all ayes.

Consider request for Business Development Funds from Hana Crosby

The board reviewed a request for business development funds from Hana Crosby of Crosby Bakery. She requested \$7,000 to double the oven capacity and to replace a failed refrigeration system. Crosby explained how those changes along with reconfiguration of the bakery space would allow her to bring an employee on board part-time, with the goal of having that worker be full-time.

Hana has provided baked goods for several businesses for over 10 years and has sold at the Farm and Craft Market. She described her purchase of the former Elfvin Bakery and shared her business plan.

The business development committee (Hedstrom, Doo-Kirk and Mork) recommended approval.

Motion by Doo-Kirk, second by Green to approve the request of \$7,000 from the Business Development Fund for Crosby Bakery. Motion carried, all ayes.

Consider request for Business Development Funds from Catalyst

Riki McManus of the Upper Minnesota Film Office was at the meeting to answer questions about a request of \$5,000 from Catalyst. McManus is part of the team that is working on an upcoming Catalyst Content Festival, which brings television productions for companies like Hulu, Netflix and others, together. The event will showcase the northland as possible locations for productions and present a directory of service providers that a film company would need.

St. Louis County contributed \$150,000, IRRRB contributed \$50,000, the City of Superior \$15,000 and Two Harbors, \$10,000.

Somnis said a small production company brings 30-40 people, spends hundreds of thousands of dollars and can be a huge economic boon.

Doo-Kirk said this is an exciting opportunity, but the business development committee didn't feel it fit the criteria for the business development fund. Doo-Kirk said it does seem to be a good fit for marketing, as it

would promote Cook County at this estimated to bring 12,000–15,000 to Duluth. She said the committee recommends contributing \$2,500 from the EDA marketing budget. Somnis said the budget has \$8,307 for marketing, spent approximately \$1,400 so has a balance of about \$6,000.

Motion by Doo-Kirk, second by Green, to contribute \$2,500 to the Catalyst event and directory from the EDA's marketing budget. Motion carried, all ayes.

Consider request for Housing Development Funds from One Roof Community Housing

Somnis and Doo-Kirk presented another request from the Business and Housing Development Fund, from One Roof Community Housing for \$40,000 for the Nordic Star development.

The EDA discussed the work being done in Grand Marais by One Roof – 10 new single-family homes, for those at 80% of average median income and those at 115% of average median income.

Six of the eight completed homes have sold. The other two homes have been on the market for six months, and One Roof believes that is because the sale price is out of reach of potential buyers at the 115% of median income level.

If the housing development funds were granted, One Roof would use the funds to reduce the price of these last two homes to \$192,500 and \$200,000.

The final two homes in the Nordic Star development are nearing completion. They are allocated for homeowners in the 80% of average median income.

Harrison noted that building in Cook County has been challenging for One Roof and he appreciates their work. He said One Roof is doing a feasibility study on constructing a 16-unit complex at Nordic Star. Doo-Kirk said the committee agreed to grant the \$40,000 to One Roof but added that this would be *up to* \$20,000. She said if other funds became available those should be used, or if the homes sold at the current level, One Roof would not use the funds.

Motion by Green, second by Doo-Kirk, to contribute up to \$20,000 per house, for a total of \$40,000, if needed by One Roof Community Housing, with funds to come from the Business and Housing Development Fund. Motion carried, all ayes.

Somnis said that WTIP had done an hour-long “Community Conversation” on Nordic Star, speaking with Somnis, Julie Petrusha, Jeff Corey, Abby Tofte, and homeowners Erin Petz, Emily Kettleon, and Andre Robinson. It is moving to hear the home buyers talk about what it means to them to have a safe home for their families. To listen, visit WTIP.org, Community Conversations and scroll down to Nordic Star Neighborhood.

Consider master service agreement from Clifton Larson Allen LLP

Somnis provided a possible service agreement from Clifton Larson Allen LLP for assistance in finding a developer for an assisted living facility. The EDA recalled its previous efforts to develop such a facility and their work with Jon Monacelli of Spectrum. He did a lot of research and wanted to construct an assisted living facility here but ultimately decided not to, for a number of reasons.

Somnis said Monacelli believes a facility is needed in the county. He suggested that the EDA work with Clifton Larson Allen LLP to pursue the idea again.

Mork said she feels things have changed (the population is aging) and there is even more need for this now than when the EDA first considered the idea.

Motion by Mork, second by Green, to hire Clifton Larson Allen LLP to assist in finding a developer interested in constructing an assisted living facility in Cook County, at an amount not to exceed \$2,000. Motion carried, all ayes.

Somnis said the firm would provide a report, possibly at the end of December.

FINANCIALS

Harrison presented financials for Superior National for July 2019. Overall, things are going well, with current assets up \$90,000, but total income down \$14,000. Harrison said inventory is higher than

anticipated, but overall staff has been working hard and doing a good job at cost control. At the end of July, the course was down 415 rounds, primarily because of so much rain in May. Harrison said he said it hoped that will be made up in August and September.

The board reviewed the EDA financials for July 2019. Both reports will be filed for the annual audit.

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

Motion by Mork, second by Green to approve checks for July-August invoices as presented. Motion carried, all ayes.

OLD AND ONGOING BUSINESS

Cook County Workforce Solutions

Somnis continues to work with the workforce recruiting coordinator, Laura Muus.

Cedar Grove Business Park

Somnis negotiated on Block 5, Lot 5 and set up the public meeting referenced above.

Housing

Somnis planned and coordinated the Grand Opening at Four Directions Dwellings in Lutsen and continues to work with One Roof on local housing projects. Discussion also continues regarding short term rentals in the community.

Creative Economy Collaborative

Somnis reported that she is working with the Creative Economy Collaborative on a presentation for a Rural Arts and Culture Summit in October. She is also working on a grant for a public art project at the Community Connection, which will be installed near North House/Rec Park as part of the Highway 61 project.

Small Business Development Center Report

Campanaro had 58.5 hours business counseling in July. She had contact with 18 clients, including 5 new business starts. She assists those clients with business planning and financing.

Campanaro said changes are coming for the SBDC with the Northland Foundation as the new home for the agency. Campanaro said this just happened August 2, so she is not sure how this will impact the Cook County SBDC. Harrison expressed concern about how this would impact the SBDC budget. That office is an important factor in economic development in Cook County.

EDA Executive Director Report

Somnis reported that she had the 2020 budget and levy to Cook County. She has continued working with the marketing team on Superior National; on EZ Links, the software and website and talked with Explore MN regarding its Media One golf course co-op ad. She provided information to the auditor and sent a request to the city and county regarding an update to the Cook County Prosperity Agenda. She met with four individuals to discuss business opportunities they are exploring.

She represented the EDA at a number of meetings: Cook County Chamber of Commerce, the Grand Marais Business Coalition, the ARDC, and the MnDOT Highway 61 update. She also attended the Rob Ecklund town hall meeting and a meeting with Ida Rukavina. She met with Follmer Real Estate regarding a building for sale in "uptown" Grand Marais.

OTHER BUSINESS

The next EDA meeting will be Tuesday, September 10 at 4 p.m. Moody will do the WTIP interview on August 14. Meeting adjourned 5:21 p.m.

Respectfully submitted by *Rhonda Silence, Minutes & More*