

Cook County-Grand Marais Economic Development Authority
August 14, 2018 – Grand Marais City Hall

Present: Board members Scott Harrison, Heidi Doo-Kirk, Howard Hedstrom, Anton Moody, Carol Mork, Hal Greenwood, Bev Green; EDA Executive Director Mary Somnis

Others present: Kjersti Vick of Visit Cook County, Bruce Block, Bryan Hansel, Eero Moody, Hiver Moody, Rhonda Silence

Meeting called to order by President Howard Hedstrom at 4 p.m. The Pledge of Allegiance was recited.

Public Comment - None

The EDA reviewed the minutes of the July 10 meeting. Mork noted that the minutes state that the Nordic Star development is nearly complete. It should state that phase 1 of the Nordic Star development is nearly complete. *Motion by Carol Mork, second by Bev Green to approve the July 10, 2018 minutes with that clarification. Motion carried, all ayes.*

NEW BUSINESS

Consider Resolution and apply for grant for waterline at Village North

Bruce Block, the developer of Village North in Grand Marais, returned to the EDA meeting with an updated summary of funding sources and uses. Somnis provided a draft resolution authorizing the EDA to make application for and to accept funds from the Iron Range Resources Board infrastructure grant program. The funds would help pay for a new waterline for the housing development. Howard Hedstrom and Bruce Block are going to the IRRRB meeting to answer questions about the project.

*Motion by Hal Greenwood, second by Bev Green, to proceed with **Resolution 2018-03** as presented to apply for and if received, accept funds for, the Village North housing project. Motion carried all ayes.*

Consider request from Building Blocks for EDA funds for Village North

At the last meeting Block requested funding from the EDA for the Village North housing project. He is working to make the former Gofer Cabins a nice and affordable place to live. Building Blocks had received a loan of \$75,000 from the county revolving loan fund and received \$50,000 for demolition and clean-up from the IRRRB. Their own investment to date was \$110,000. They are doing the majority of the work themselves.

There are a number of unexpected costs. Block said when the buildings being remodeled were moved from the Tomteboda site, plumbing and vent pipes were damaged. In addition, a new waterline is needed. The goal is to rent the Village North units for \$450 - \$700. Twelve units are fixed and occupied now. To keep the rents that low, Block asked for \$45,310 assistance from the EDA.

In July, Harrison said he would like to see more information before granting funds. The board asked Block to come back with more information on the source and use of funds. He worked with SBDC Representative Pat Campanaro and EDA Director Mary Somnis and returned with financial assumptions and source and use of funds information. Harrison asked if the projected costs were from bids or estimates. Block said the chart used estimates based on previous work done. Harrison asked if Block had a contingency plan if costs come in over. Doo-Kirk asked what would happen if they did not get the revolving loan fund money they applied for. Block said that is definitely something they didn't want to see happen, but they would make it work somehow.

Motion by Hal Greenwood, second by Bev Green to contribute \$45,310 to the Village North project, contingent on the project receiving its revolving loan fund request. Motion passed, with Harrison, Hedstrom, Greenwood, Moody, Green and Mork voting aye. Heidi Doo-Kirk voted nay.

Doo-Kirk explained that she voted against the motion, not because she doesn't support Block's work, but because the EDA has not yet developed its policy on when and how it contribute to projects.

Request for support of Dark Skies designation application

Bryan Hansel spoke about the benefits of a “Dark Skies” designation for some or all of the county. He shared statistics such as the fact that 80% of Americans live where they can’t see the Milky Way. He said the county could benefit economically from a Dark Skies designation as tourists would come visit for that reason. Hansel said Cook County is one of the darkest places east of North Dakota, so it wouldn’t be too difficult to achieve a Dark Skies designation. The challenges are an increased use of blue LED lights and unshielded light fixtures. If the county decided to seek Dark Skies designation, it would have to enact an ordinance establishing criteria for lighting.

Bev Green said she has concerns for older people and the disabled walking around in areas that are not well-lit. Hansel asked the EDA to do three things: give a statement of support for a Dark Skies designation; write a letter to the city and county asking for this designation; and authorizing Somnis to provide some administrative assistance. Heidi Doo-Kirk said the county has considered this in the past but it was determined that it would be difficult to meet the standards—to do the lighting measurements and make the necessary reporting. Hansel said there are private companies that can take care of the reporting.

Motion by Anton Moody, second by Carol Mork, to support the idea of Dark Skies designation by sending a letter to the city and county in support of the designation and authorizing use of Director Somnis’ time on a limited basis. *Motion passed with Harrison, Hedstrom, Greenwood, Moody, and Mork voting aye. Doo-Kirk and Green voted nay.*

Superior National at Lutsen marketing report

Kjersti Vick of Visit Cook County gave a marketing overview for April – July 2018, giving statistics on email promotions sent out and the open and response rates. She said the SNL Facebook page has 3,269 followers. Vick said SNL ads are running on Duluth television stations and KARE-11 did three live broadcasts from SNL. Vick recommended a change to how Superior National course trends are recorded. She said it is difficult to judge the number of rounds versus advertising, to see how effective the marketing is.

Vick also noted that over 100 people had just attended the U of M mobile observatory visit to Birch Grove the night before the EDA meeting. Other observatory visits were set up at Voyageur Brewing and in Grand Portage. She said this is a true draw for tourism to Cook County.

Consider Resolution to support grant for mountain bike trail from Britton Peak to Lutsen Mtns.

Somnis provided a draft resolution in support of a grant request of \$450,000 to the IRRRB for a 17-mile mountain bike connector trail from Britton Peak in Tofte to Lutsen Mountains. The money would come from the IRRRB’s regional trails fund. Tim Kennedy of the Superior Cycling Association told the EDA that it would lend some weight to the association’s request if the EDA supported it. Heidi Doo-Kirk asked if the EDA would be responsible for maintenance of the trails. Anton Moody said no, the association would be responsible for maintenance. Director Somnis said she would ensure that none of the documents said the EDA would be responsible for maintenance. She said basically, the EDA is the fiscal agent for the grant.

*Motion by Scott Harrison, second by Carol Mork to adopt **Resolution 2018-04** to make application to, and accept funds from, the IRRRB regional trails grant program for the mountain bike connection trail. Motion carried, all ayes.*

Consider 2019 budget recommendation

The budget subcommittee (Heidi Doo-Kirk, Howard Hedstrom, and Scott Harrison) gave its recommendation for the 2019 budget. Hedstrom and Harrison talked about some budget highlights. Hedstrom said the EDA wants to follow county board direction to keep any budget increase under 5 percent. He said the committee felt it was important to put \$100,000 in the budget for housing projects. The board discussed the business development program fund of \$70,000. The EDA is scheduled to appear before the county board on August 21. *Motion by Carol Mork, second by Scott Harrison to approve the budget for 2019 as proposed. Motion carried, all ayes.*

Creation of policy committees for access to housing and business development funds

The board talked about use of the housing and business development funds. Now that there are more projects, the EDA is getting more requests for funding. The board agreed it needs to have a policy on how funds are distributed.

A committee was established to work on these policies. Committee members are Heidi Doo-Kirk, Carol Mork, Anton Moody and Somnis. They hope to meet and have some ideas for the policies at the October meeting.

Consider funding request from One Roof for West End Quad Pod

The board discussed the workforce rental housing project, now named the Four Directions Dwellings. The EDA received a request from One Roof Housing for funding for the project, formerly known as the West End Quad Pod. One Roof Housing is requesting \$50,000 to help meet a project funding shortfall. Treasurer Scott Harrison asked that this be tabled for discussion with One Roof Housing in the housing subcommittee.

FINANCIALS

Treasurer Scott Harrison distributed financial reports for Superior National at Lutsen for July 2018. He said the net income is well above last year, at \$45,188.98 compared to \$-13,982.84 last year. He said Superior National was eight rounds below budget at the end of July and as of August 14, the course has been seeing 100 rounds a day. However, that may be 300 rounds short of the budgeted amount. *Motion to accept Superior National at Lutsen financials for July 2018 by Carol Mork, second by Heidi Doo-Kirk. Motion carried, all ayes.*

Harrison also shared financial reports for the EDA. He said the EDA has liquidity but reminded the board that much of the funding is assigned to housing projects. The board also received bills for payment. *Motion by Hal Greenwood, second by Bev Green to accept the July 2018 financial reports for the Cook County/Grand Marais Economic Development Authority and to authorize payment of the bills as presented. Motion carried, all ayes.*

OLD AND ONGOING BUSINESS

Cook County Workforce Solutions – Plan B

Somnis explained the “Plan B” for finding workers from Puerto Rico to fill the workforce gaps in Cook County. She, along with Brian Sherburne, enterprise manager of Grand Portage and Eric Witzig, human resources of Bluefin, are traveling to Puerto Rico, to learn about recruiting workers. They will be traveling to Puerto Rico with a group from Branson, in Taney County, Missouri that has had success finding workers for the Branson area. The Cook County team will attend job fairs hosted by the Branson people and will meet business and employment officials in Puerto Rico.

The goal is to come back to train and assist Cook County businesses in recruiting employees from Puerto Rico. Howard Hedstrom said the Cook County Chamber is paying for EDA Director Mary Somnis’ travel, but the EDA is allowing use of her time for this.

Somnis said the culinary arts school has gained accreditation and will start taking students in January 2019.

Cedar Grove Business Park

Somnis said she had hired McMillan Tree Service to cut brush that was blocking the business park sign.

Somnis shared a map put together by Mitch Travis of the Cook County Lands Office showing where the wetlands are in the business park. It shows what has been mitigated and what would need to be mitigated if someone purchased a lot to build on.

Changes in zoning at Business Park

Somnis said she had received seven inquiries about lots in the business park, however, they would not be allowed in the current zoning of the business park. Two inquiries are from Cook County residents who would sell their current homes to build studios, combining living and working spaces. One is from someone who would bring their business to Cook County to combine a work working shop/artspace with living space. Two requests are from current lot owners who would like to provide employee housing next to their business. One request came from a Grand Marais resident who wants to move a business out of her garage, but also be able to house employee/interns. And she received an inquiry from a community member whose family member would like to bring a business to Cook County but needs housing.

The board expressed concern about this trend, noting that the purpose of the business park was for commercial use and there may be conflicts with residential use. It was noted that this might be especially true if the residential space was for employees and not the property owners themselves. And it was also noted that there is no way to avoid a property owner turning the residential space into overnight lodging.

The board said the lot prices might be too low, if people are wanting to use lots in this manner. Board members said perhaps there could be a higher rate for a lot that allows residential space, as that is a lot with two purposes. The board agreed this needs to be discussed at length at a future meeting.

Nordic Star - Grand Marais housing

Somnis reviewed the timeline and financing process for the Grand Marais workforce housing project.

Assisted Living

There may be another site visit with another developer coming up.

Creative Economy Collaborative (CEC)

Somnis continues to attend the CEC meetings. The group is providing input on potential use of the current city hall and the former Tomteboda Lodge sites and amenities proposed for the Highway 61 project.

Small Business Development Center Report

Small Business Development Center Representative Pat Campanaro provided a written report. She had 56.25 hours in client contacts and 8.15 hours in professional development.

She attended training to become a trainer with the ASCEND program in Duluth. The training is an initiative of the Entrepreneur Fund and is meant to help business owners engage employees in the success of the business. Steve Surbaugh and Campanaro will be offering this program at Cook County Higher Education beginning October 23.

Campanaro is also working on two courses—one on starting a business in February and one on customer service in March. She is also working to bring Quick Books and Profit Mastery courses to the county as well.

EDA Executive Director Report

In addition to other matters already discussed, Executive Director Somnis said she attended the Grand Opening at the Grand Portage Lodge; explored options on moving forward with the Tofte housing project; hosted the groundbreaking celebration at Four Directions Dwellings; attended the open house at businesswoman Carolyn Dry's home; met with Chris O'Brian and Chris Hegg about a possible IRRRB Culture and Tourism Grant and took part in the closing on Lot 10, Block 5 at the Cedar Grove Business Park.

Somnis continues to work on the culinary school partnership with Hibbing Community College and Cook County Higher Ed. She said Cook County Higher Ed is applying for a \$50,000 workforce development grant from the IRRRB to help with the start-up. Somnis provided a letter of support for the grant from the EDA.

Somnis shared the full-color marketing piece for the Heart of the Continent Partnership. The EDA has an ad on the back cover that encourages people to contact the EDA to find out how to "live and work where you love to play."

OTHER BUSINESS

The next EDA meeting will be Tuesday, September 18 at 4 p.m. at Grand Marais City Hall.

Howard Hedstrom will be available for the WTIP interview on Wednesday, August 15 at 8:20 a.m.

Motion to adjourn by Hal Greenwood, second by Bev Green at 5:55 p.m. Motion carried, all ayes.

Respectfully submitted by

Rhonda Silence

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