

Cook County-Grand Marais Economic Development Authority
December 10, 2019 – Grand Marais City Hall

Present: Howard Hedstrom, Scott Harrison, Carol Mork, Bev Green

Others present: Mary Somnis, SBDC Representative Pat Campanaro, Grand Marais City Administrator Mike Roth, Chamber Director Jim Boyd, Golf Course Pro Heath Ekstrom, Golf Course Grounds Superintendent Mike Davies, Mike Larson, Tyler and Jessica Dean, Rhonda Silence

Absent: Heidi Doo-Kirk, Anton Moody, Hal Greenwood,

Meeting called to order by Hedstrom at 4:00 p.m. No Public Comment.

Agenda reviewed. Somnis said there are two items to add: a discussion of short-term rentals and a solar project in Grand Marais. *Motion by Green, second by Mork to approve the agenda with those additions. Motion carried, all ayes.*

Minutes of November 12, 2019 meeting reviewed. *Motion by Green, second by Mork to approve November 12, 2019 minutes. Motion carried, all ayes.*

NEW BUSINESS

Consider request for Business Subsidy Funds from Tyler and Jessica Dean

Tyler and Jessica Dean were at the EDA meeting to answer questions regarding their application for EDA Business Subsidy funding for their purchase of White Pine North in Grand Marais.

Mork, a member of the Business Subsidy Fund Committee said the committee had a wonderful discussion with the Deans and felt the business plan was good. She said the committee recommends a \$15,000 grant to the Deans.

Harrison asked some questions about source and use of funds. Tyler Dean explained that they are leasing with an option to buy, with a down payment of \$50,000.

Bev Green asked what would be left in the Business and Housing Subsidy Fund if the grant was made. Director Somnis said there is \$20,000 remaining for 2019.

Motion by Mork, second by Green to approve a grant of \$15,000 to Tyler and Jessica Dean from the Cook County-Grand Marais Economic Development Authority to be used as down payment assistance for the purchase of White Pine North. Motion carried, all ayes.

Superior National at Lutsen Golf Course – review & look ahead

Ekstrom and Davies gave an update on the last season.

Davies said came through the winter well. Many courses in the region suffered die off from the rough winter. Davies gave information on new grounds keeping equipment and expressed appreciation to Harrison for his work negotiating savings. He said golf course users have appreciated the improvements last year to the club house. He said people are staying and enjoying sitting out on the deck.

He said some repairs were needed—and made—to the pumphouse. Some water diversion was completed at the entrance road, which required MNDOT approval. Some clearing was also completed at the entrance, which makes the course more visible.

Davies went through the planned capital improvements for 2020.

He said staffing has been good and that they have an awesome mechanic and a solid crew of grounds workers who take pride in their work. They could use more staffers. They have been working with international workers, but it is frustrating to train someone and then they leave.

Green asked if weather slowed play and Davies said yes, October was particularly bad. Hedstrom noted that the course is snow-covered now and asked how that will impact the course. Davies said the crew aerified the course, so any rain received should not pool on the greens.

Ekstrom expressed appreciation to Davies and the grounds crew. He said all 27 holes at Superior National are in the best shape they have been for a long time. He has received a lot of positive feedback from customers on the greens.

The stove hood needed repairs and it looked like it was going to be expensive, but Davies was able to fix it at a great savings. Ekstrom said updates are needed for new tables and chairs to make the clubhouse more welcoming, to get people to stay longer and spend more money. Repair work needs to be done to the east block wall of the clubhouse.

There will be a Senior event at Superior National on July 20-21. Some golf course raters for Golf Digest will be visiting.

Ekstrom will be attending the Minnesota Golf Show.

Heath and his brother took part in the Folds of Honor fundraiser. They played from 6 a.m. to dusk on September 8 and raised \$7,800 for the benefit of veterans and their families.

Ekstrom gave an update on Foot Golf. He said at some time Superior National might sponsor a Foot Golf Tournament. Campanaro said she had visited the course for Foot Golf and the staff was very helpful and it was a lot of fun.

Sommis said she, Harrison, Davies, and Ekstrom were meeting with Visit Cook County to discuss rates and packages for 2020.

Short-term vacation rentals

Mike Larson and Jim Boyd shared their concerns about the impending change in tax classification of short-term rentals. The matter arose after an advisory issued by the Minnesota Department of Revenue in May 2019 which directs county assessors to change the classification of such properties.

Boyd shared a fact sheet from the Chamber detailing possible impacts to the county, such as: decreased real estate values, potential loss of property sales with a potential \$32 million loss in related businesses and services. According to the Chamber, the change could lead to the loss of up to 400 jobs in majority.

Hedstrom said he felt the bottom line is that this could end up being a burden on all taxpayers. Larson and Boyd said the groups they represent would like to at least see a moratorium on this change, to give the state and counties more time to work out details on this. Larson said these short-term rentals have been happening for 30 years, he did not see a rush to make a change now.

Motion by Mork, second by Harrison to support a legislative moratorium on changes in the tax classification of short-term rental properties and creation of a state Task Force to address the public policy issues that have been brought forward. The EDA stated that legislative changes are needed to provide unequivocal clarity and to remove subjective interpretation, which could be done by modifications to the language of existing property tax classifications or by creation of a new classification, to reflect the mixed residential and commercial use of these properties.

Motion carried, all ayes.

Solar Project in Cedar Grove Business Park

Mike Roth told the EDA that the Grand Marais Public Utilities Commission (PUC) was considering a 200kw solar installation on its power system. This is larger than the 60kw solar

installation at Arrowhead Electric in Lutsen. The installation of the 200kw project would require one acre of land.

Roth said the PUC is interested in land in the Cedar Grove Business Park, on lot 7, block 4, above Como Oil & Propane.

Roth said the solar installation would be developed by a private party using federal tax credits. The PUC, in keeping with its goal of diversifying its energy portfolio, would assist this developer by providing a site ready for construction and would purchase power from the site. Roth said to keep the cost down, the PUC would like to purchase part of the lot at no cost or a reduced price. He noted that the PUC solar installation would not take up the whole lot, so the remainder of the lot could be sold. Having a solar installation nearby could be attractive to some businesses.

Hedstrom said the price of the lot is \$30,000 and said since the PUC would be using 1/3rd of the lot, he asked if the PUC should pay a portion of the lot price. After discussion, the EDA board said it was comfortable making a motion of support for the concept of the project.

Mork asked about the timeline for construction of the project. Roth said if the city provides a letter of intent for the project, the developer can move ahead and possibly get things started by the end of the year.

Motion by Mork, second by Harrison, to support the concept of an 800kw solar project on Lot 7, Block 4 of the Cedar Grove Business Park, with the conveyance of a one-acre parcel at no cost, contingent on approval of the City of Grand Marais and Cook County. Motion carried, all ayes.

FINANCIALS

Harrison presented financial reports for Superior National. Harrison said the golf course had a decent year and was able to pay interest on the money it owes to Cook County.

The board also reviewed the EDA financials for November 2019. Harrison said relative to last year, the EDA had decent improvement in its working capital.

The golf course and EDA financial reports will be filed for the annual audit.

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

Motion by Green, second by Mork to approve checks for the Nov. 13 – Dec. 10 invoices as presented. Motion carried, all ayes.

OLD AND ONGOING BUSINESS

Assisted Living

Somnis shared some information from the Good Samaritan Group, a developer of assisted living facilities, which lists key criteria for a successful project; information on other Good Samaritan facilities; estimated development costs; and more. Somnis said she has a conference call scheduled with the organization in January and will include Kimber Wraalstad on the call.

Cook County Workforce Solutions

Somnis said the Workforce Recruitment group has made a connection with an organization called CLUES in the Twin Cities that helps Hispanic people find homes and jobs. There will be a meeting with this group here in Cook County to learn more.

Cedar Grove Business Park

Somnis said she has heard from two prospective buyers for lots in the business park.

Somnis said the Cook County Towing lot is still not in compliance with the covenants. She will reach out to the owner again with a reminder.

Housing

Somnis said One Roof continues to work to meet housing needs in the community. She said they are considering building a housing complex of 16 rental units. There are two homes still available in the Nordic Star development.

Somnis said she had met and had a good discussion with citizens in Lutsen about housing needs. She also reported that the first tenant has moved into the newly remodeled Village North units. Somnis shared a copy of the survey under way, asking the public what people need and to learn about expectations for housing. For example, she said One Roof Housing wants to know if it should consider one-two-or-three-bedroom units in its next project.

Creative Economy Collaborative

The CEC is working on a plan for the wood from the elm trees cut down in preparation for the Highway 61 project.

Small Business Development Center Report

Campanaro provided a written report. She had 50.25 consulting hours in 54 meetings with 17 clients and 7.5 hours in professional development. She reported that these meetings included two very large potential sales as well as three small business startups.

She will be out of the office from Dec. 20 through Jan. 1. She hopes to have her annual report for the EDA board at its January 14 meeting.

EDA Executive Director Report

In addition to the agenda items already discussed, Somnis reported that she had assisted the Grand Marais Art Colony with an application for an IRRRB demolition grant and the City of Grand Marais with a community infrastructure grant.

She attended the Iron Range Economic Alliance Board meeting at which there were several legislators. There was discussion of the workforce shortage in Minnesota. At that meeting she also learned about an initiative for open dialogue, respect and addressing a community with disparate opinions. She suggested a visit to respectminnesota.org to learn more.

She also attended a meeting of the Cook County Chamber Board, an ARDC board meeting and ribbon cutting at newly renovated offices, and a Minnesota Power/Taconite Harbor update.

She said she had also had contact with Northspan about updating the Prosperity Agenda.

OTHER BUSINESS

The next EDA meeting will be Tuesday, January 14, 2020 at 4 p.m. at Grand Marais City Hall.

Hedstrom will be available for the WTIP interview on EDA activities on Wednesday, Dec. 11.

Meeting adjourned.

Respectfully submitted by

Rhonda Silence

Minutes & More