

Cook County-Grand Marais Economic Development Authority
September 12, 2017 – Grand Marais City Hall

Present: Board members Howard Hedstrom, Heidi Doo-Kirk, Scott Harrison, Anton Moody, Hal Greenwood, Carol Mork; EDA Director Mary Somnis; Mike Larson, Phil Larson, Bruce Block, Rhonda Silence.

Absent: Bev Green

Meeting called to order at 4:15 p.m. by EDA President Howard Hedstrom.

Public Comment

No public comment.

Agenda and minutes of August 8, 2017 meeting reviewed. *Motion by Heidi Doo-Kirk, second by Carol Mork to approve agenda and minutes. Motion carried, all ayes.*

New business

Consider Business Subsidy Policy

The board discussed the draft Business Subsidy Policy for the EDA presented last month. Scott Harrison had a few suggestions/other things to consider. The matter was tabled until Pat Campanaro of the Small Business Development Center (SBDC) who helped put the policy together could be at the meeting.

Consider resolution in support of legislation regarding international workforce

The board discussed the difficulties local businesses are facing due to changes in immigration policies regarding international workers coming to the community on J-1 or H-2B visas. Director Mary Somnis shared a draft resolution to be sent to legislators to ask for their help to protect these visa programs and to increase the number of workers allowed to enter the country.

Motion by Hal Greenwood, second by Anton Moody to pass Resolution 2017-09 in support of J-1 work-travel and H-2B visa programs and to send it to Senator Amy Klobuchar, Senator Al Franken and Representative Rick Nolan. Motion carried, all ayes.

Consider budget request for mountain bike trails administrative position

Mike Larson and Phil Larson of the Superior Cycling Association came before the board with a request for financial support in hiring an administrator to assist with mountain bike trail development and maintenance and event coordination. The SCA has put together a budget of \$74, 225 for hiring a director, for office space, phones, internet, trail equipment, etc. They requested support of \$25,000 from the EDA. The remainder of the budget comes from a grant from the Lloyd K. Johnson Foundation and an in-kind donation of office space.

Mike Larson explained that the establishment of this position is economic development because it brings people to the community. He shared statistics of the number of participants in the Lutsen 99er, LeGrand DuNord, Norpine Fat Bike Winter Classic and the Sawtooth Mountain Challenge. He pointed out that these events take place in the “shoulder seasons,” bringing needed business to the community. He also shared information on the miles of trails recently constructed or planned, which will also bring visitors to the community. Mike Larson also pointed out that this is not a weather-dependent activity—fat tire biking in winter is growing and mountain bikers will ride rain or shine.

Heidi Doo-Kirk asked how the SCA would sustain the position. She pointed out that Lloyd K. Johnson Foundation would not give ongoing operational grants. Mike Larson said that would be part of the job of the person hired, to secure funds outside of the organizations helping with the start up.

Howard Hedstrom said the EDA could support the request and put \$25,000 in their budget, but what they receive ultimately depends on the county’s budget approval.

Motion by Anton Moody, second by Carol Mork, to add \$25,000 to the EDA’s budget in support of the Superior Cycling Association’s proposal to hire an operations director, contingent on the county’s approval of the EDA budget. Motion carried, all ayes.

Small Cities Development Program Commercial Rehab Funds – Bruce Block

Director Mary Somnis said the EDA assisted Bruce Block with a grant application to IRRRB for demolition of old cabins and trailers at the GoFer Cabins/Village North site. Block provided an overview of the work planned for the site and asked if he could apply for the commercial rehab funds that the EDA had from the Minnesota Small Cities Development Program. The money had gone to the Mangy Moose Motel, in the form a rehab loan that was to be forgiven if the property owners retained the motel for 10 years. The motel owners sold the motel and therefore had to pay back the remaining balance to the EDA, which then had the authority to loan it to someone else. Somnis said there is specific criteria to be eligible for the loan. She said Block's project, with its goal to be low-income housing is the perfect fit for the SCDP funds.

The board asked Block what he considered a low-income rent. He said depending on costs of building, he hoped to charge between \$550 to \$600 per unit. Scott Harrison asked Block if his business plan, with those rents, is sustainable. Block said he believed so. He said the rents can be less because of increased density and economies of scale.

Doo-Kirk asked Block to please come back to the EDA in a year to give an update on the project.

Motion by Hal Greenwood, second by Heidi Doo-Kirk to approve distribution of the Small Cities Development Program funds to Bruce Block for the Village North housing project. Motion carried, all ayes.

Financials

EDA Treasurer Scott Harrison distributed financial reports for August 2017 for Superior National at Lutsen. Harrison said the golf course was short 800 rounds from its goal of 10,500 rounds. He said April came close to the expected number of rounds. In May, golf rounds were on budget. June was difficult because of weather. In July the course just barely exceeded the estimate for rounds. August was down a bit. Harrison said he was comfortable that the course would make budget in September though.

Harrison reviewed expenses and said some costs were high because of the new holes. He said Grounds Supervisor Mike Davies is caring for, and investing in 27 holes, but only 18 are open for golfing. Some of that will be made up when the new holes are opened for a brief period in September.

Motion by Heidi Doo-Kirk, second by Carol Mork to accept the Superior National at Lutsen financial reports for August 2017. Motion carried, all ayes.

The EDA board reviewed the financial reports for the Cook County/Grand Marais Economic Development Authority (EDA) for August 2017.

Harrison also presented the list of invoices to be paid for September.

Motion to accept the Cook County/Grand Marais Economic Development Authority (EDA) financials for August 2017 and to approve payment of invoices by Heidi Doo-Kirk, second by Carol Mork. Motion carried all ayes.

Somnis said the audit is complete. Harrison said there was one finding. The cash balance in the EDA account exceeds FDIC standards. He said that is because the Lutsen housing project is on hold.

Somnis told the board that the EDA's proposed budget for 2018 had been submitted to the Cook County Board of Commissioners. She said the county must adopt its preliminary budget, setting the maximum that it can be set at, by September 19. She said the EDA needs to be at that meeting to answer questions about its budget. She will post that there may be a quorum of EDA members at that meeting.

The board reviewed the budget. Somnis said she was changing one thing, the line item for \$100,000 for signage at the golf course entrance to signage and marketing. She said she would also add the \$25,000 for the bike association proposal.

Old & Ongoing business

Visioning/Strategic Planning

Somnis distributed a summary of discussion to date during strategic planning.

Superior National at Lutsen update

Howard Hedstrom said he stopped at the golf course and Grounds Supervisor Mike Davies gave him a tour. He said Davies is a great advocate for the golf course, he is proud of what has been done. He said the success of the golf course is in large part because of Davies' hard work. Hedstrom said he talked to some golfers on the new holes. One golfer was posting pictures online. He said the course is impressive and if it doesn't make its financial goals this year, it certainly will in the future.

Grand Marais housing

Somnis said One Roof Housing did not want to schedule contractors for the Nordic Star development until all the permits and the storm water management plan were approved. They didn't want to tie up a contractor if the permits took longer than expected. So once things were approved, there was a delay because all the cement masons were booked. Somnis was pleased to let the EDA know that a cement contractor had been found. One Roof is hiring Darrell Carpenter. She said he should be starting in about a week. Edwin E. Thoreson Construction is doing the clearing and excavating. The work on the homes has begun. She said a challenge now will be finding a large open space to store the houses before they are put on foundations at the site. There will be a groundbreaking event when things get under way.

Lutsen Housing

Pre-construction work continues on the Lutsen housing project. Somnis said One Roof Housing is working with an alternate vendor to see if the price can be reduced to closer to what was budgeted.

Tofte housing

The Tofte housing project near Birch Grove Community Center is still on hold for now

Assisted Living

Somnis said there is nothing to report on this Spectrum Assisted Living project.

Creative Economy Collaborative

ArtSpace will be coming to Cook County November 28-30 as part of its feasibility study work. Somnis said the CEC is planning for that visit. She said the CEC also approved the contract with minimal language changes.

Small Business Development Center report

Small Business Development Center Representative Pat Campanaro provided a written report. Campanaro logged 42.5 hours in 37 meetings with 18 different clients in July.

Campanaro said the "Profit Mastery" class in Cook County would be November 29-30.

She said the "Community Connect" event will be held Sept. 25, 5-7 p.m., at the Cook County Community Center. She said over 35 vendors had committed to being there. SBDC received grants from the North Shore Health Care Foundation and the Northland Foundation for this event, which will include a dinner and free child care.

Campanaro said she is serving on the 2018 budget review committee. She said the committee will give suggestions to the county board about which non-mandated budget requests should be approved.

Cedar Grove Business Park

A tree blew down in the business park. A city crew was able to cut and removed the tree.

EDA Director Report

In addition to matters discussed, Somnis provided a written report. She said she met with Bob Cummings, a new insurance agent as Paul Coe has retired, to discuss policy renewal.

Somnis has been training with Two Dogs in the Web on updating the EDA website. She can now do some updates, but the meeting minute document files are too large for her to upload. She asked for authorization to send them to Two Dogs in the Web, for them to upload at an expense of \$220 per year. The board gave okay for the request.

Somnis also met with Pat Campanaro and Matt Groth regarding a proposed housing project. She worked to set up business retention interviews later this year. She also worked with the chamber and the Rec. Park on the parkside public access project bonding request. She met with a landowner regarding a possible site for affordable housing, met with MnDOT regarding Highway 61 and streetscape enhancements, did a phone interview with Finance & Commerce magazine, participated in library strategic planning, attended the Sheriff's Advisory Committee, and more.

Meeting adjourned at 5:52 p.m.

Respectfully submitted by
Rhonda Silence
Minutes & More