

**BIG LAKE ECONOMIC DEVELOPMENT AUTHORITY  
MEETING MINUTES**

**MONDAY, JULY 13, 2020**

**1. CALL TO ORDER**

President Alan Heidemann called the meeting to order at 6:00 p.m.

**2. PLEDGE OF ALLEGIANCE**

The Pledge of Allegiance was recited.

**3. ROLL CALL**

Commissioners present: J. Brian Calva, Jim Dickinson via teleconference, Ken Geroux, Greg Green, Alan Heidemann, Rose Johnson, and Mike Wallen.

Also present: BLEDA Executive Director Hanna Klimmek, Finance Director Deb Wegeleben, and BLEDA Secretary Corrie Scott.

**4. ADOPT AGENDA**

Commissioner Wallen motioned to approve the agenda as presented. Seconded by Commissioner Green, unanimous ayes, motion carried.

**5. APPROVE BLEDA MEETING MINUTES OF JUNE 8, 2020**

Commissioner Johnson motioned to approve the June 8, 2020 BLEDA minutes. Seconded by Commissioner Geroux, unanimous ayes, motion carried.

**6. BLEDA BUSINESS ITEMS**

**6A. CARES ACT FUNDING – COVID-19 EMERGENCY GRANT PROGRAM POLICY, APPLICATION, AND AGREEMENT PACKAGE**

The State has approved a bill to distribute funding from the Federal Coronavirus Aid, Relief, and Economic Security (CARES) Act. The bill distributes money to local governments to assist with the financial strain caused by plummeting tax revenues. The City of Big Lake is expected to receive \$863,098 in funds by the end of July 2020.

Federal guidance indicates that a City can have discretion to determine what payments are necessary. A program that is aimed at assisting small businesses with the costs of

business interruption caused by required closure should be tailored to assist those businesses in need of such assistance. Also, guidance indicates that fund payments may be used for economic support in the absence of the stay-at-home order if such expenditures are determined by the City to be necessary. This may include, for example, a grant program to benefit small businesses that close voluntarily to promote social distancing measures or that are affected by decreased customer demand as a result of the COVID-19 pandemic. With that being said, the City of Big Lake can provide the funding to businesses to cover business interruption.

The City of Big Lake has until November 15, 2020 to spend down the funds. If unable to meet the November 15, 2020 deadline, the funding will go to Sherburne County. Sherburne County has until December 1, 2020 to spend down the funds. If unable to meet the December 1, 2020 deadline, Sherburne County will have to provide their balance of funds to the State of MN.

Staff has consulted with other municipalities, Sherburne County, the City Attorney, and the Auditor to create a draft COVID-19 Emergency Grant Program Policy, Application, and Agreement package. With a recommendation from the BLEDA for approval (including any modifications/revisions the BLEDA would like to make), Staff will bring the recommendation to the City Council on July 22, 2020. After a formal approval by the City Council, Staff will heavily market the program immediately.

In an effort to meet the deadlines as before mentioned, Staff would recommend an application deadline of 4 pm on Wednesday, August 5, 2020. As soon as possible after the deadline, Staff will meet with Sherburne County (or their 3<sup>rd</sup> party administrator) to align efforts and discuss applications within the City of Big Lake. Staff will then meet with the BLEDA Finance Committee to generate a recommendation for approval during a Special BLEDA Meeting on August 17, 2020. This timeline will allow the City of Big Lake to enter into a Round Two of accepting applications and awarding grants in the event the funding isn't spend down in Round One.

Calva asked how many small businesses in the area qualify. Klimmek stated that she expects between 30-40 applications and that approximately \$100,000 will pay the City back for COVID related costs. Calva asked how many employees Options Inc. has. Klimmek stated that there are generally nearly 60 employees at Options, Inc. Geroux stated that today there are about 22 employees.

Klimmek stated that these funds cannot be used toward property tax payments. Geroux, referring to the draft stated that on page three he thinks the word 'direct' should be omitted, because it can be considered subjective. He recommends omitting the word 'direct.' Calva stated that businesses that have been shut down should be considered priority. Johnson stated that some businesses, for example Coborn's, has been positively affected. Calva stated that the word direct should be removed and not replaced because it is a word that can be used interchangeably. Johnson stated that the

Commission seems to all be in agreeance on which types of businesses are priority with the grant program. The Commission decided to remove the word 'direct' from the draft. Klimmek stated that Item 8 should be reviewed. Geroux stated that if businesses have survived this long, there is a good chance they have made the decision to push through rather than file for bankruptcy or close permanently. Geroux recommended that businesses that have closed should be priority but that there are other portions of the draft that address this. Dickinson recommended that the verbiage be changed to 'demonstrate how the use of funds will be used to assist in recovery of the business.'

Johnson stated that the purpose of these grant funds are meant to bring businesses back to where they were financially before the shutdown. Geroux stated that businesses who received PPP funding didn't necessarily receive a benefit to their bottom line. The funds that were given through PPP had to be spent by mid-July. Johnson stated that she doesn't want businesses to be able to 'double-dip the system.' She wants businesses to have an equal chance at all types of funding. Geroux agreed with Johnson, but stated that he doesn't want businesses to be discouraged from applying if they have received other funding but are still in need of help. Klimmek stated that she will add PPP to the language and will include a statement that businesses who have received other funding may still qualify for these grant funds.

Geroux stated that on page 5c. there should be some flexibility added to the language regarding eligible business types. Johnson and Dickinson agreed with this suggestion. Klimmek stated that an option would be to omit specific Executive Orders.

Geroux stated that page 5d. includes a typo on activities where property taxes are not eligible even though other portions of the application state that property taxes are considered eligible. Calva and Geroux stated that they don't feel it's necessary to punish businesses that have found innovative ways to avoid bankruptcy and closure regardless of the shutdown. Johnson stated that most businesses will be asking for a specific dollar amount and she would like some information on why they come up with that specific amount.

Klimmek stated that on page 6 there is a typo and that there was a suggestion by Geroux to omit proof of expenses. Johnson stated that the idea behind the grant is to cover the costs of expenses that are already incurred and that they should be able to provide proof of expenses. Heidemann asked if a business decided to change the use of funding if the state would require that BLEDA has documentation of this. Johnson stated that there will be a report turned in 60 days after funds are sent to businesses. Geroux commented that he wants to avoid putting a burden on businesses that might need to use funds for a qualifying purchase that wasn't originally outlined in their application. Johnson agreed that there should be flexibility for businesses as long as they are using funds on an approved expense. Geroux stated that businesses shouldn't need to provide proof of expense until they turn in their report.

Klimmek stated that on page 7 regarding reporting that Geroux asked whether businesses need to use the funds in 60 days. Johnson asked if paying back a loan is considered a qualifying expense. Wegeleben and Dickinson agreed that it is a qualifying expense. Johnson agreed as long as they are able to show proof of the loan. Heidemann asked where the verbiage on 60 days came from. Klimmek stated that it was pulled from another city's application. Wegeleben stated that the funds will need to be spent by November. Wegeleben stated that she feels 60 days is unnecessary for this type of application because the expenses have already been incurred and the grant is technically reimbursing these expenses. Geroux stated that he doesn't want requirements to become a burden to businesses who apply. Geroux asked if the EDA would be okay with a business applying to cover the costs of using their personal savings to pay off a previous expense. Johnson stated that she is okay with this as long as the business has proper documentation.

Johnson stated that it should be included in the document that applications will need to be received, not postmarked, for a certain date so that none of the applications get lost or are late to be received. Klimmek asked if federal tax returns should be required to be submitted with applications. Geroux stated that he is not comfortable with being responsible for that many businesses confidential information. Wegeleben stated that the only thing they would need is a Business ID number from the businesses that would be included in their W9.

Commissioner Johnson motioned to recommend to City Council approval of the COVID-19 Emergency Grant Program Policy, Application, and Agreement package with above outlined updates and calling a special meeting on August 17, 2020. Seconded by Commissioner Green, unanimous ayes, motion carried.

## **6B. BLEDA BUDGET AND LIST OF CLAIMS**

Commissioner Wallen motioned to accept the budget report and approve the BLEDA List of Claims for June 2020 as presented. Seconded by Commissioner Johnson, unanimous ayes, motion carried.

## **6C. COMMUNITY DEVELOPMENT DEPARTMENT UPDATE**

Klimmek reviewed the following:

### **1. Current Development Activity (as of 7/8/20):**

#### **Housing:**

- Single-Family New Construction Issued Permits 24
- Single-Family New Construction in Review 02
  
- Multi-Family New Construction
  - The Crossings Phase II – 38 Affordable Townhome Rental Units

- Developer – Duffy Development
- Nearly Complete w/ Occupied Units
- Station Street Apartments Phase I and Phase II – 70 Market Rate Rental Units
  - Developer – Kuepers, Inc.
  - In Construction
- Sandhill Villas (HOA) – 12-Unit Single-Family Development Project
  - Developer – Troy Siemers
  - Fully Approved – Working on Development Agreement
- Avalon Estates – 108 Units for 55+ (Patio Homes, Twin Homes, Apt. Building)
  - Developer – Avalon Homes
  - Concept Phase
- Big Lake Station Apartments – 55 Affordable Multi-Family Units; 70 Affordable Units for 55+
  - Developer – Aeon
  - Concept Phase
- Marketplace Crossing I & II – 120 Affordable and Market Rate Multi-Family Rental Units (2, 60-unit buildings)
  - Developer – CommonBond
  - Concept Phase

**Commercial/Industrial:**

- ❖ Minnco Credit Union
  - Opened on June 22<sup>nd</sup>
- ❖ Big Lake Car Condo's
  - Project is on hold
- ❖ Wastewater Treatment Expansion Project
  - In Construction
- ❖ Great River Federal Credit Union
  - Waiting on Final Application Submission
- ❖ Nystrom & Associates Treatment Facility
  - Working Through Preliminary Application
- ❖ Blackbird Group, LLC
  - BLEDA Provided a 1-Year Extension

**2. BLEDA:**

- Kick-off for the Branding and Identity Design Project has been postponed until the community is ready to engage in the project.
- BLEDA Strategic Plan Committee will be working on creating strategies/framework for development, re-development, and repurposing.
- Working on developing a grant program policy and application process to disburse CARES Act funding to the Big Lake small business and non-profit community.

**3. Planning & Zoning:**

- Looking for a new City Planner.
- The Code Revision Task Force has been created. Kick-off meeting will be held within the first two weeks of August 2020.

**4. Building:**

**PERMIT ACTIVITY REPORT – THROUGH JUNE 30, 2020**

Permit Type	Permits Issued in June of 2020	2020 Total
Single-Family	11	23
Multi-Family	0	2
Commercial New / Remodel / Addition	4	14
Remodel / Decks / Misc.	40	153
HVAC / Mechanical	13	42
Plumbing	18	46
Zoning	27	98
Land Alteration	0	3
Fire	2	12
<b>TOTAL</b>	<b>115</b>	<b>393</b>

	Permit Fee	Plan Review	TOTAL
Total Fees in June 2020	\$91,850.22	\$32,256.42	<b>\$124,109.64</b>

YTD 2020 Total Valuation (through 6/30/20)	YTD 2020 Permit Fee + Plan Review (through 6/30/20)
<b>\$19,288,779.50</b>	<b>\$247,852.59</b>

**PREVIOUS YEAR COMPARISON – THROUGH JUNE 30, 2019**

Permit Type	Permits Issued in June of 2019	2019 Total
Single-Family	2	35

Multi-Family	0	0
Commercial New / Remodel / Addition	1	6
Remodel / Decks / Misc.	33	160
HVAC / Mechanical	8	43
Plumbing	6	26
Zoning	20	83
Land Alteration	0	0
Fire	0	0
<b>TOTAL</b>	<b>70</b>	<b>353</b>

	Permit Fee	Plan Review	TOTAL
Total Fees in June 2019	\$29,526.50	\$3,216.11	<b>\$32,742.61</b>

YTD 2019 Total Valuation (through 6/30/19)	YTD 2019 Permit Fee + Plan Review (through 6/30/19)
<b>\$14,466,715.88</b>	<b>\$556,892.87</b>

**7. OTHER**

Geroux recommended that the application should not be posted on the city’s Facebook page due to the potential for negativity and the amount of staff time that would be contributed to combating this potential negativity. Geroux stated that there is an opportunity to market to businesses in Minneapolis that could potentially be a good fit in the industrial park. Johnson asked if there is a publication the city could advertise this opportunity. Calva mentioned that the radio would be a good medium for advertising. Geroux stated another medium is direct mailing. Johnson stated that the City has a video that was made years ago that could be sent out to businesses.

**8. ADJOURN**

Commissioner Geroux motioned to adjourn the meeting at 7:24 p.m. Seconded by Commissioner Wallen, unanimous ayes, meeting adjourned.