

City of Mora Economic Development Authority

Minutes

1:00 p.m. Wednesday, November 8, 2023

Mora City Hall, 101 Lake St. S, Mora, MN

Pursuant to due call and notice thereof Dan Johnson called to order the regular meeting of the EDA at 1 p.m., on Wednesday, November 8, 2023, in the Mora City Hall council chambers.

2. Roll Call: Present: David Youngquist, Dan Johnson, Alison Holland, Mike Segner, Robert Jensen, Brett Baldwin, Rose Krie

Absent: Jody Anderson

Staff Present: City Administrator Glenn Anderson, Administrative Services Director Natasha Segelstrom, Accountant Kelly Christianson

Guests: Derek Carlson – Northstar Pontoons
Jim Hartshorn – Kanabec County EDA Director
Vincent Fashemo

3. Adopt Agenda: MOTION made by Krie, seconded by Youngquist, and unanimously carried to adopt the agenda.

4. Minutes: MOTION made by Krie, seconded by Youngquist and unanimously carried to approve the August 1, 2023 minutes as presented.

5. Claims: MOTION by Baldwin, seconded by Segner and unanimously carried to approve the July-August, August-September, and September-October 2023 claims.

6. Open Forum: No persons spoke during open forum.

7. Special Business: None

8. New Business:

8a. Land Purchase and Development Proposal by Vincent Fashemo: Vincent Fashemo introduced himself to the board and presented his proposal to purchase the Downtown Commercial Corner (former Feed Mill property) (PID 22-03435-00) at the intersection of Union Street and Forest Avenue. Mr. Fashemo explained that his professional background is in healthcare, and that he has been working as an independent contractor for Welia Health for two years. He observed many of his peers were looking for rentable housing space and were unable to find it, forcing them to commute far distances or rent in other communities. With this need in mind, Fashemo saw the lot for sale and called Kirsten Faurie to discuss potential development. Fashemo has some experience in real estate, but not in construction of a new facility. He is working with a consultant, with Faurie and with Kanabec County EDA director Jim Hartshorn.

Fashemo proposed constructing a 10-unit building on the lot. Two units will be rentable

City of Mora Economic Development Authority

Minutes

1:00 p.m. Wednesday, November 8, 2023

Mora City Hall, 101 Lake St. S, Mora, MN

commercial units on the ground floor. The second and third floors would be apartments, with two two-bedroom units and two one-bedroom units on each floor. The plan also includes space for parking. Fashemo was present to answer questions and ask the EDA for their support of the project before proceeding with next steps in purchasing and developing the property.

Fashemo noted that he is crunching the numbers on the cost to construct the building, which has become higher considering the costs of inflation and higher interest rates. With these high costs in mind, Fashemo asked the city to consider selling the lot for \$1, and consider offering a 5-year tax abatement or other financial incentives. His lender is looking to see the buy-in/support of the city and county before fully backing his proposal. Fashemo said this project would benefit the city by boosting the economy, bring in new residents, provide housing, and support local businesses.

Jensen asked about parking. While a site plan hasn't been completed yet, there is room for resident parking on the site. The Planning Commission may need to make a determination on whether or not the parking is adequate for the use.

Youngquist asked about rental rates. Fashemo estimated the one-bedroom units would be rented for \$1,050; \$1,250 for the two-bedroom units; \$2,500-\$3,000 for the commercial units. Fashemo noted that the affordability of the rents and will be affected by the financial support of the city and county.

Jensen asked for a brief history of the site. Faurie explained that the site was acquired by the city in 2008 as a potential site for a new public library or police department. The City had the then existing feed mill razed, but did not follow through with construction of a facility on the lot. The city subsequently put the lot for sale and requested proposals for development. The city has spent approximately \$173,000 in the acquisition and demolition of the property.

Hartshorn, who has also been working with Faurie and Fashemo, noted that this project is still in its beginning stages, and without doing a full financial analysis, doesn't know what kind of gap-funding it might needed for it to come to fruition. Today's discussion is to see if the EDA likes the project concept, and if it does, they can take next steps. Harthorn noted that by increasing the tax value of the site and adding to the tax rolls, that the city would be able to recoup its expenses relatively quickly. Exactly to what extent won't be known until there is more information about the total value of the project.

Segner, Johnson and Krie voiced support for the project concept.

City of Mora Economic Development Authority

Minutes

1:00 p.m. Wednesday, November 8, 2023

Mora City Hall, 101 Lake St. S, Mora, MN

8b. Land Purchase and Development Proposal by Derek Carlson: Derek Carlson of Northstar Pontoons presented his proposal to purchase seven city-owned lots in the Mora Industrial Park and expand his business. Carlson is working with a new investor/business partner, Robert Davidson. He proposes building four new buildings. One 30,000 square foot building and two 100,000 square foot buildings for more pontoon and boat manufacturing. The fourth building would be an event center for hosting dealer shows, weddings, etc. He compared this proposed event center to Hangar 97 in Forest Lake. Carlson proposes installing a private taxilane from the Industrial Park property to the airport.

Total acreage of the seven lots is 35.35 acres. Carlson is offering \$1,000 per acre, for a total of \$35,350. Total Kanabec County Assessor's office estimated land value is \$288,900. Carlson is considering applying for MIF, tax abatement, job creation fund, etc.

Carlson proposed this project would occur in four phases, each phase creating 15-20 jobs for a total of 60 jobs over the course of the next 5-10 years. He also plans to implement utilize automation in his manufacturing.

Carlson also proposed that the city's unimproved right-of-way through the properties be vacated. This would save the city the investment of constructing the road and utilities to reach the unimproved lots on the east side of the Industrial Park.

Jensen noted that if these seven lots were sold for this project, only one 4.84 acre lot would remain in the park. Faurie noted that if that was the case, the EDA would consider if there is a need to expand the city's industrial space for more businesses. There are not currently plans to do so.

Holland asked about operating an event center in the Industrial Park, and that it may conflict with allowed uses. Faurie noted that J. Anderson, absent today, had questions about this use as well.

Segner said this project would be an exciting expansion for the city.

Jensen inquired about the wages for the jobs being offered. Carlson said his goal was a minimum of \$18/hour for their starting employees.

Faurie noted that Northstar Aluminum made an agreement with the city when they first built in the Industrial Park, in which the city wrote down the cost of the land with the understanding that there would be a certain number of jobs created. Those job requirements have not been met and Faurie advised thinking carefully about what would be a realistic job creation goal for this proposed project.

City of Mora Economic Development Authority

Minutes

1:00 p.m. Wednesday, November 8, 2023

Mora City Hall, 101 Lake St. S, Mora, MN

Johnson asked Carlson about what barriers were hindering job creation at the existing business. Carlson responded that the funding from his current investor has been insufficient to meet their goals.

Segner said the numbers Carlson has presented so far are projections, which contain risk. Assessing the potential of the project and how realistic the plan is would take closer examination of more detailed financial plans at a future date.

8c. 2023 Tax Abatement Report – JCF Properties: The EDA reviewed the tax abatement report from JCF Properties and determined it met its goal of creating residential dwelling units for annual abatement payment. MOTION by Jensen, seconded by Baldwin, and unanimously carried to accept the 2023 report and recommend that the annual abatement payment be made in December per the terms of the Business Subsidy Agreement.

8d. 2023 Tax Abatement Report – Northland Process Piping: The EDA reviewed the Tax abatement report from NPP, which showed they have exceeded their job creation goals. NPP will automatically receive its annual tax Abatement payment in December per the terms of the Business Subsidy Agreement. This report is informational and no action is needed.

8e. Survey for Comprehensive Economic Development Strategy (CEDS): The EDA discussed economic development projects and prioritized them in order to respond to the East Central Regional Development Commission's CEDS survey. The goal is to show planning and boost regional coordination in seeking grant funding. Faurie clarified that listing a project on the CEDS survey does not mean the EDA is committing any funds to completing the project, or that unlisted projects can't be pursued.

Faurie mentioned a project EDA may want to consider pursuing is a "Community Tourism Assessment" by the U of M to guide tourism efforts. Cost is approximately \$8,000 or more.

Faurie also mentioned a potential paved bike trail along the railbed connecting Mora to the Munger Trail in Hinckley. The EDA members had not ranked this a very high priority compared to other projects, but other communities, like Quamba, may be more actively pursuing the project. That may be a reason to consider adding it to the CEDS survey.

After discussion, the EDA recommended the following projects be included in the CEDS survey response:

1. Business Retention and Expansion, which can include increasing childcare capacity
2. Tourism
3. Housing
4. Workforce development
5. Infrastructure that improves local quality of life

City of Mora Economic Development Authority

Minutes

1:00 p.m. Wednesday, November 8, 2023

Mora City Hall, 101 Lake St. S, Mora, MN

8f. 2024 EDA Meeting Calendar: Faurie presented the proposed 2024 EDA meeting calendar. The meetings are currently occurring quarterly. The board discussed if this was sufficient. There was consensus to tentatively change the meetings to occur at 2 p.m. on the second Tuesday of every odd month. In order to do that, the EDA would need to update its bylaws. A bylaw update and finalization of the calendar will be added to the Jan. 9, 2024 agenda.

9. Old Business:

9a. 2024 EDA Budget & Fee Schedule: City Accountant Kelly Christianson presented the 2024 Budget and Fee Schedule for finalization. Christianson noted that not much had changed from the preliminary to the final budget. The biggest change from the EDA's 2023 budget to the 2024 budget was an increase in Professional Services and Attorneys Fees. The other increase was in property taxes for city-owned properties in the Industrial Park. Revenues have stayed the same. The only change to the fee schedule was the hourly charge of the EDA director.

MOTION by Youngquist, seconded by Segner, and unanimously carried to approve the 2024 Budget and Fee Schedule.

10. Reports

a. Quarterly Financial Report: Christianson presented the EDA Quarterly Financial Report. She reported that fund balances are where they should be for this time of the year. Most of the movement of funds have been due to the Small Cities Development Program (SCDP), which seems to be well-utilized, organized, and overall is flowing smoothly.

b. Activity Update: Faurie provided an update on her recent EDA-related activities. She noted she and Hartshorn been working with Mora Public Schools administration and the school board to discuss potential development of the former Mora High School site. Faurie's overall goal being to develop the site in a planned, cohesive way that can build the tax base and increase housing.

Faurie noted she has been communicating with various business owners and making sure they are connected with the appropriate resources. This has included some potential child care providers.

11. Communications: The board reviewed communications from

- a. Kanabec County EDA Minutes** Holland shared how the city and county have been collaboration on housing, childcare, and business support. Holland shared that East Central Energy is making strong progress in expanding broadband in the rural portions of the county.
- b. Initiative Foundation**

City of Mora Economic Development Authority

Minutes

1:00 p.m. Wednesday, November 8, 2023

Mora City Hall, 101 Lake St. S, Mora, MN

- c. **Top 10 Employers**
- d. **Childcare Supply Demand Gap Analysis:** Faurie noted this analysis was provided by First Children's Finance and shows a shortage of 109 childcare slots within the Mora zip code.

12. Adjournment: MOTION by Baldwin, seconded by Krie and unanimously carried to adjourn the EDA meeting at 2:55 p.m.

The next regular meeting of the EDA is **2 p.m. Tuesday, January 9, 2023.**



President



City of Mora Staff