

**AGENDA
CITY OF LINDSTROM
EDA MEETING
Tuesday, March 12, 2019
7:30 A.M.
CITY COUNCIL CHAMBERS
13292 Sylvan Ave., Lindstrom, MN**

CALL TO ORDER/PLEDGE:

CALL OF ROLL:

CONSIDERATION OF AGENDA:

Additions:

Deletions:

CONSIDERATION OF MINUTES

1. February 12, 2019 (pgs. 2-3)

BUSINESS ITEMS:

1. Grow In Lindstrom (pgs. 4-8)
2. April Downtown Business Breakfast (pgs. 9)
3. 12895 Lake Boulevard Proposal Update (pgs. 10)
4. Strengthening the Core (pg. 11-12)
5. 2019 Development Projects (pgs. 13)
6. Financials (pg. 14)

CORRESPONDENCE:

ADJOURNMENT:

EDA Meeting Minutes
February 12, 2019

Members Present: Chair Sheryl Campbell, AnnMarie Brink, Katie Werman Roche, Kevin Stenson

Members Absent: Mike Hursh, Greg Shaleen

Also Present: City Administrator John Olinger, Deputy Clerk Melissa Glenna, Gary Gerke, Rob Doherty

Call to Order / Pledge: Chair Campbell called the meeting to order at 7:30 a.m.

Consideration of Agenda: Motion by Brink, second by Roche, to approve the agenda with the addition of Rob Doherty after the Consideration of the Minutes. Motion passed 4-0.

Consideration of Minutes: Motion by Brink, second by Roche, to approve the minutes from the January 8, 2019, meeting. Motion passed 4-0.

Citizen/Public Comment:

Rob Doherty spoke to the EDA informing them he was surprised to be replaced on the EDA. He has been on the EDA for 9 years. He is also a landowner in Lindstrom. He saw the advertisement for the position available on the EDA and would like the EDA to recommend him to Council to fill the EDA vacancy.

Chair Campbell recommended Council reconsider Rob Doherty for the EDA position. Stenson and Roche abstained. Motion failed for lack of second.

The EDA recommended Rob send in a letter of intent to the City Council for the EDA position.

Business Items:

1. Grow In Lindstrom

Olinger explained staff has completed the draft of the Grow in Lindstrom program guidelines. He gave an overview of the program which consists of a 5 year forgivable loan for the purpose of promoting economic activity within the downtown CBD District of Lindström. The goal is to encourage investment in new business ventures, foster expansions of existing businesses and improvements to buildings, and to attract more services to our downtown for our residents and visitors. Applicants will be required to invest an amount equal to or more than 400% of the loan amount in the proposed business to receive the loan. For example a \$15,000 loan would require \$60,000 in matching funds, 10% of which must be from personal resources. Also, written proof of the investment of matching funds will need to be submitted to the EDA prior to distribution of loan proceeds.

The EDA determined that the next meeting March 12, 2019, 7:30a.m. will be used solely to go over this draft and approve the guidelines for the Grow in Lindstrom program.

2. 12895 Lake Boulevard Proposal

Olinger stated the Planning Commission reviewed the project and was supportive. They directed the Staff to review the necessary actions and put a timeline together for consideration of the project.

3. Strengthening the Core –

Olinger stated the Fascia loan approved for Greg Hawkinson at 12818 Lake Blvd was pulled. The owner sold the building and the new owner, Rob Doherty, had changed plans. The Fascia Loan program has \$6,491.28 available.

Olinger stated the next meeting of the Highway 8 Task Force is scheduled for February 25.

He also brought up the idea of a Downtown Design Study. Olinger mentioned the Planning commission had also stated a felt need that the downtown needs a plan. Olinger stated maybe next year the EDA could look at hiring a consultant to review the public spaces, building fronts, lighting, signage and future development assets.

For marketing Olinger reviewed the available buildings. He also stated the Chamber of Commerce has organized the Tourism Bureau to manage the proceeds from the Hotel Tax. This Bureau will market the Chisago Lakes Area.

Customer Service, Olinger mentioned might be addressed through a certification program with Community Education whereby potential employees attend a course and are trained on customer services skills. They would then receive a certification.

Finally, the Grow in Lindstrom Program is the EDA's effort to expand the Variety of Goods and Services.

4. 2019 Development Projects – Olinger reviewed the status of the development projects.

5. Financials-

Olinger reviewed the available money for the Grow in Lindstrom Program and the balance, \$30,000 or so of undesignated resources, from 2018 and resources for 2019.

Adjournment: Motion by Brink, second by Roche, to adjourn the meeting at 8:40am. Motion passed 4-0.

Respectfully submitted,

John Olinger, City Administrator

STAFF REPORT

MEETING DATE: March 12, 2019

SUBMITTED BY: Administrator Olinger

ITEM: Grow in Lindstrom

Staff has completed the draft program guidelines.

ACTION TO BE CONSIDERED: consideration and comments for final guidelines

Lindström Economic Development Authority

CBD Grow in Lindstrom Forgivable Loan Program Guidelines

Overview

This is a 5 -Year Forgivable Loan Program created for the purpose of providing loans requiring matching funds for the promotion of economic activity within the downtown CBD District of Lindström by encouraging investment in new business ventures, fostering expansions of existing businesses and improvements ~~in~~ to buildings, to attract more services to our downtown for our residents and visitors.

Eligibility

A new retail business to Lindstrom that does not directly compete with an existing business.

An existing retail business that desires to expand or improve their building to introduce a new service or product.

Funding: The Lindstrom EDA is dedicating \$60,000.

Loan Amounts: Maximum loans of \$15,000.

Match: The Applicant shall be required to invest an amount equal to or more than 400% of the loan amount (matching funds) in the proposed business to receive the loan (i.e., a \$15,000 loan would require \$60,000 in matching funds, 10% of which must be from personal resources-). Written proof of the investment of matching funds shall be submitted to the EDA prior to distribution of loan proceeds.

Application Processing: The City of Lindstrom will accept applications to the loan program on a first come, first served basis. The application will be forwarded to the City of Lindstrom's EDA for review.

Loan Forgiveness and Repayment: Successful Applicants may have 20 % of the original amount of the principal of the loan forgiven by the Lindström EDA for each year the business stays open in the same location after distribution of loan proceeds and the business meets the requirements of the *Forgivable Loan Program Guidelines*. See **Repayment Example**

The EDA will work with the Applicant if the business must move to a different location within the 5 year forgivable loan period – the business must still be located within the Central Business District (CBD) of the City of Lindström.

At the end of five (5 ½) years, if all the conditions of the Forgivable Loan Program Guidelines are met each year, the remaining principal balance will be forgiven.

If the proposed business is sold or closes within five (5 ½) years of distribution of loan proceeds, the principal balance remaining at the time of closure (prorated annually) will become immediately due and payable unless the loan is assumed by the purchaser of the business upon terms and conditions approved by the EDA.

If the proposed business does not meet the requirements of the Forgivable Loan Program, the entire remaining principal balance becomes due.

Compliance with the Forgivable Loan Program Guidelines: After consideration of the following factors, the EDA, in its sole discretion will decide if the Applicant has complied with the Forgivable Loan Program Guidelines.

1. Compliance with all City Codes and permits.
2. Completion of the Small Business Development Center’s Profit Mastery Course.
3. Membership in the Chisago Lakes Area Chamber of Commerce.
4. Utility payments owed to the City for sewer and water, which are the responsibility of the Applicant, must be paid and kept current.

Eligible Expenditures for Forgivable Loan Proceeds

1. Site improvements, such as landscaping, signage, etc.
2. Building renovations.
3. Infrastructure improvements.
4. Purchase of machinery and/or equipment.
5. Property acquisition.
6. Other physical elements and activities as determined eligible by the EDA.

Repayment Example

Below is an example of how the 5 -year forgivable loan program is to be repaid (or forgiven). This example assumes a loan amount of \$15,000, that the loan was disbursed in March, 2019, and that the business opened May 1, 2019.

March 1, 2019	\$15,000 disbursed
May 1, 2019	Business opens – fully operational
May 1, 2020	20% of loan forgiven if all requirements are met (\$3,000 – <i>new loan balance \$12,000</i>)
May 1, 2021	20% of loan forgiven if all requirements are met (\$3,000 – <i>new loan balance \$9,000</i>)
May 1, 2022	20% of loan forgiven if all requirements are

	met (\$3,000 – <i>new loan balance \$6,000</i>)
May 1, 2023	20% of loan forgiven if all requirements are met (\$3,000 – <i>new loan balance \$3,000</i>)
May 1, 2024	20% of loan forgiven if all requirements are met (\$3,000 – requirements are met (balance -0-))

Based on this example, should the business NOT fulfill all of the requirements of the Forgivable Loan Program, the loan balance remaining at that time must be repaid.

EXAMPLE: If the business closes in October 2022, the remaining balance of \$3,000 becomes due.

Single Application: Only one Forgivable Loan per applicant.

Business Owners: If building improvements are made, businesses who lease space must receive written approval from the owner of the property. The property owner must sign the Application.

Building Permits: The property owner or their agent is responsible for obtaining all of the proper building permits for construction related projects.

Work Commencement/Completion: Work cannot commence until the EDA approves the loan and the property applicant and building owner have signed the Repayment Agreement. Weather permitting; all projects must be completed within 120 days of the date the loan is closed.

Proceeds Disbursement Process: The City’s building official will verify completion of construction work. The City will only reimburse the final project cost validated through contractor materials and labor. The applicant shall submit all required paperwork to the City and a two-party check will be issued payable to both the loan recipient and the contractor or materials supplier. The EDA requires the following items to disburse loan funds:

- 1) Final project cost verified through invoices from contractor or vendor;
- 2) Completion certificate signed by the loan recipient and the contractor in the case of building improvements or expansion;
- 3) Copies of all required City permits indicating final inspection by the City building official;

4) Final inspection by the EDA or its representative.

Please allow a minimum of 14 days from the time invoices are submitted for reimbursement checks to be issued. The Lindstrom City Council approves all expenditures on the 3rd Thursday of each month and invoices must be received at least one week prior to the council meeting for their consideration. Please advise your contractors of this schedule.

Subordination of City Lien: In the event that the Owner borrows money from a private institution to fulfill his/her obligations hereunder, or in the future, the City shall subordinate the repayment agreement lien to any mortgage given in furtherance of this agreement.

Satisfaction of Mortgage: Upon request of the Owner, the City will issue a Satisfaction of Mortgage, to be recorded at the Owner's expense.

STAFF REPORT

MEETING DATE: March 12, 2019

SUBMITTED BY: Administrator Olinger

ITEM: April Downtown Business Breakfast

City Staff is organizing the annual business breakfast. We will take care of the food and beverage arrangements and have the following thoughts for speakers.

The Planning Commission has begun the rewrite of the City Code. The City Planner, Rita Trapp will be redrafting the entire code and would like to address the downtown businesses about the process and impacts.

The Grow in Lindstrom program is under consideration and a short introduction to the program might be good.

Any other thoughts?

ACTION TO BE CONSIDERED: To identify the program

STAFF REPORT

MEETING DATE: March 12, 2019

SUBMITTED BY: Administrator Olinger

ITEM: Randy Kempenich – 12895 Lake Blvd.

I met with Mr. Kempenich to discuss the Planners Comments. We particularly needed to:

- Clarify the live/work spaces. We agreed that the bottom floor street-side could not have the potential for living space. Street side must be strictly retail.
- Parking-There must be at least one stall per apartment for parking but the City will participate with the purchase of an additional lot for public parking.
- Stormwater treatment-Water treatment is critical and the additional lot will provide retention and filtration for Stormwater.

ACTION TO BE CONSIDERED: No action

STAFF REPORT

MEETING DATE: March 12, 2019

SUBMITTED BY: Administrator Olinger

ITEM: Strengthening the Core - Update

The EDA has agreed on the four elements that make a downtown successful; Infrastructure, Marketing, Variety of Goods and Services, and Customer Service. Here is a summary of what we are doing.

Infrastructure;

Fascia Loan Program – We have \$6,491.28 to loan. So far we have loaned \$51,492.28.

Highway 8 Task Force Update – Update on the meeting.

Downtown Design Study- Future year expenditure

Marketing;

Lindstrom Properties –

Park and Highway 8- still vacant

E-Cig place by Fire Hall

Big Scotts, (2); Restaurant and Salon spaces empty

Old Juice Factory-leased but with manufacturer, doesn't meet zoning

Dinner Bell- all approvals have been given. Council authorized \$3.3 million in TIF

Cottage Gifts-purchase agreement

Tourism Bureau-We held our first meeting of the tourism bureau and appointed officers.

Customer Service:

Variety of Goods and Services: Grow in Lindstrom Program. Program guidelines being considered at this meeting.

FASCIA LOAN PROGRAM
Summary

12/31/2018						
DATE	Applicant	Project	Loan Amount	Pay Back Plan	Principal Balance Remaining	Comments
8/21/2014	Lindstrom Bakery - Bernetta Coulombe	Gutters, Downspouts	4,309.00	\$200/monthly	\$0.00	PAID OFF
9/18/2014	Skinner's - Tim & Glenette Sperry	Awning	4,230.28	\$150/quarterly	\$1,827.97	Last pymt 2/22
10/14/2014	Gustav's - MaryAnn & John Jindra	Windows	1,911.34	\$100/monthly	\$0.00	PAID OFF
10/14/2014	Greg Shaleen - 12770 Lake Blvd	Roofing, Gutter, Downspout	3,250.00	Annual pymt \$325 + interest	\$1,950.00	Last pymt 2024
12/18/2014	Renee Lynn Photography - Renee & Ronald Dabil	Awning	3,030.00	Annual pymt \$303 + interest	\$1,818.00	Last pymt 2024
3/17/2016	Carol Hamlin - The Oven Mitt	Awning, Signage	5,000.00	\$85.47/monthly	\$2,364.45	Last pymt 4/2021
4/21/2016	Chad Hansen - A-Pro Pool & Spa	Pylon Sign	5,000.00	\$43.80/monthly	\$3,877.63	Last pymt 5/2026
5/19/2016	Gregg Hawkinson - 12835 Lake Blvd	windows	4,368.00	Annual pymt \$482.30 + interest	\$3,690.40	Last pymt 6/2026
7/20/2017	Nick & Drew Enterprises - 30660 Lincoln Road	Storefront improvements	5,000.00	Annual pymt \$527.91 w/interest	\$4,522.09	Last pymt 7/2027
9/12/20017	Chad Nelson Law Office	Windows & Doors	5,000.00	\$85.47/monthly	\$3,855.59	Last Pymt 2022
7/3/2018	Gustafs Eatery - Deannah & Ed Muha	ADA Compliant Sidewalk	5,000.00	43.80/monthly	\$4,841.26	Last Pymt 2028
9/19/2018	Adeline Properties - Janell & Craig Gornik	Curbs & Sidewalks	5,000.00	43.80/monthly	\$4,880.99	Last Pymt 2028
TOTAL			51,298.42		\$33,628.38	
Current Balance		\$7,456.36				

STAFF REPORT

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SUBMITTED BY: Administrator Olinger

ITEM: Development Updates

- **Rosehill Resort**-Construction plans are due any day.
- **Dinnerbell/Lindstrom Apartments**-Developer is securing funding.
- **Sunset Meadows**-Final Plat is the next step, they have a year.
- **Morning Sun Phase 2 and 3**-Two building permits pulled.
- **Lakes Region EMS Facility**-Building is nearly complete.
- **Enchanted Cove**-Final Plat extension requested at the November Council meeting.
- **Chisago Lakes High School Community Center**-June 1 completion date.
- **Lindstrom Mini Storage Solutions – Kyle Johnson** –Should be complete.
- **Downtown North 1st Avenue Electric Undergrounding** – Staff is working on releases.
- **Lindstrom Clock Tower** – Staff and developer talking.
- **Veterans Housing**-Concept plan comments submitted to developer.

11/30/2018

EDA Balances

Cash Balance 11/30/2018	\$1,332.00	Beginning Balance
Future	\$28,472.00	Taxes Dec 2018
Future	<u>\$600.00</u>	Remaining Rent
Balance	\$30,404.00	

Remaining Expenses	-\$2,800.00	Administration
	-\$835.00	Per Diems
	\$0.00	Insurances W/C & Liability
	-\$369.00	Supplies, Postage, Dues & Subscriptions, Legal
	\$0.00	Advertising (Brochures)
	-\$15,500.00	Locate In Lindstrom Program
	\$0.00	EDA Breakfast
	\$0.00	Conferences & Mileage
	\$0.00	Maple St Property Liability Ins
	\$0.00	Newell House Taxes , Ins, R & M
	\$0.00	Oak & 8 Property Liability Ins
	\$0.00	Panel One Property Liability Ins
	-\$5,000.00	Industrial Park Sign
	-\$5,000.00	Chisago Co HRA (Holmquist Bldg)
	\$0.00	Payback Panel One to General Fund
	-\$300.00	Lindstrom Commons Engineering
	-\$300.00	Lindstrom Commons Planning
	<u>-\$300.00</u>	Lindstrom Commons Legal
	-\$30,404.00	

Expected Revenues	\$30,404.00
Remaining Expenditures	<u>-\$30,404.00</u>
Balance Year End 2018	\$0.00

Unbudgeted Expenses included in Balance	
Lindstrom Commons	
Title Work	\$6,500.00
Legal Fees	\$3,198.00
Engineering Fees	\$4,480.00
Planning	\$746.00
Survey	\$300.00
RE Peterson	
Oak Street Boulders	\$1,000.00
	\$16,224.00