

CITY OF SAINT PETER, MINNESOTA
Economic Development Authority
REGULAR MEETING MINUTES – May 28, 2020
Virtual Meeting Under M.S. 13D.021

Call to Order

The meeting of the Saint Peter Economic Development Authority (EDA) was called to order by Community Development Director Russ Wille at approximately 12:01 pm. Roll call was taken with Brad DeVos, Ed Johnson, Bob Southworth, Mike Favre and Cory Abels (12:05) in attendance. Member James Dunn was absent. Community Development Director Russ Wille, City Administrator Todd Prafke, Director of Finance Sally Vogel and Administrative Secretary Cindy Moulton were also in attendance. Visitors present were James Brandt and Interim Superintendent of St. Peter schools Dr. Jeff Olson.

Approval of Agenda

A motion was made by Johnson, seconded by Southworth to approve the agenda with the addition of B. Eligibility Roster under New Business. With all voting in favor, the agenda was approved as amended.

Approval of Minutes

A motion was made by Southworth, seconded by Johnson to approve the minutes of the April 23, 2020 regular meeting. All members voting aye, the minutes were approved as presented.

A motion was made by Southworth, seconded by Johnson to approve the minutes of the May 6, 2020 special meeting. All members voting aye, the minutes were approved as presented.

Mary L. Brandt (219 Nassau) CBD/HPC Loan Application

Mary Brandt has made application for a Central Business District/Accessibility Enhancement Loan to partially finance roofing repairs and tuck pointing of the façade of her building located at 219 Nassau.

Wille indicated that Brandt has received bids from Ballman Roofing and Schwickerts Roofing to undertake roof repairs. Brandt has accepted the low bid of \$21,500 from Ballman Roofing.

Brandt also received bids to undertake tuck pointing. Bids were obtained from Kassulke Masonry and Johnson Building Restoration. Brandt accepted the low bid in the amount of \$1,381 from Kassulke Masonry.

Wille stated that Brandt has requested a \$20,593 loan to finance 90% of the identified costs from the fund established by the Council. The applicant would intend to finance the balance of the construction project (\$2,288) with funds currently on deposit.

Should the loan in the amount of \$20,593 be approved, it would be amortized over 10 years with monthly payments of \$172.00 until the loan is paid in full. If the loan payments are made as

due, when due and in the amount due per the terms of the promissory note, the balance of the loan will be forgiven once the balance is reduced to \$5,000.

Wille stated that the loan subcommittee comprised of Abels and himself reviewed the financial statements and reports provided by the applicant and found nothing that would prevent Brandt from obtaining the loan.

Given that there are no mortgages filed against the property, the City's loan would be secured via a first mortgage.

He also added that there is no need to secure a personal guarantee from the borrower given that the loan is to be made to Mary L. Brandt.

Prafke indicated that the City will hire an outside attorney to review the Mortgage and Promissory Note which is typically drafted by City Attorney James Brandt.

A motion as made by Johnson, seconded by Abels to introduce Resolution No. 2020-04 entitled, "A Resolution Recommending Approval Of A \$20,593.00 Central Business District Renovation/Accessibility Enhancement Loan To Mary L. Brandt (dba Brandt Law Office) To Partially Finance The Roof Repair And Partial Tuck Pointing Of The Façade At 219 West Nassau Street". All members voting aye, the Resolution was passed and adopted.

Eligibility Roster

Wille stated that the City has received a request from Marcy Lorenz, to expand the roster of eligible businesses that qualify for the COVID-19 Micro Loan, to include "Administrative Offices".

Wille said that even though Lorenz' bookkeeping service has not been shuttered by the Governor's Executive Order, Ms. Lorenz reports that her business has been significantly curtailed as her clients have not required her services given that many of them have been ordered to close or are operating at a fraction of their capacity. As businesses slowly begin to reopen, Ms. Lorenz would expect her business to slowly return.

Members agreed Lorenz's request was acceptable. Abels felt the loan is to benefit businesses and the City should be more liberal in issuing the loans.

Wille recommended that rather than using the Zoning Code definition which would open the loan program to law offices, engineering firms and other such uses, that the eligibility be limited specifically to those firms providing professional bookkeeping services to other businesses and organizations.

Wille did not feel that administrative services should be added to the list of qualifying businesses, as a number of those businesses have not been impacted by COVID-19.

Wille suggested that business to business bookkeeping services be added to the eligibility list.

A motion was made by Johnson, seconded by Abels to expand the COVID-19 Loan to include business to business bookkeeping services to the list of eligible businesses. All members voting aye, the motion carried.

Marketing St. Peter

Wille stated that the City is working with the Chamber to develop some type of method to market and promote the St. Peter business community as businesses start to reopen. Wille indicated that some business owners were approached and asked if they would be interested in the City/Chamber running some type of promotion that included awarding prize packages to customers. Most said they were anxious to reopen safely for their employees and customers, and said they would be overwhelmed with people stopping at the store just to stop to and register for a prize. Businesses encouraged the City/Chamber to undertake some type of marketing. Chamber Director Ed Lee is pricing out ads in the newspaper, radio, television and a social media post.

Wille asked the EDA if they would be willing to set aside \$10,000 that could be used for undertaking a marketing effort. To finance the \$10,000 Wille suggested that the funds be obtained from the interest from the RLF.

Prafke said that the goal is to work with the Chamber with the possibility of them providing a committee to come up with ideas.

Southworth suggested some of the money be put towards a college student going into marketing to figure out how to advertise on free platforms.

Favre mentioned there are several Chamber members that live outside of the City limits. Wille said that it is important that the City be fair to chamber and non-chamber members from making loans to those businesses.

Favre said he would be more supportive of allowing businesses to ease into sales.

Southworth asked what process would be followed. He is not in favor of doing promotions all at once because businesses offer different things, at different times.

Johnson said he was unsure he would agree with the request because the public knows businesses are trying to ease back into opening. Johnson requested more details.

DeVos agreed with Johnson. He expressed his concern that promotions may cause a surge in business traffic while stores are trying to keep a safe environment for their staff and shoppers.

Abels indicated that he had mixed feelings and would like to see a business plan in place prior to committing funds. He agreed with promoting businesses and would be open to donating more should there be positive results.

Prafke asked for direction from the members.

Wille indicated that the promotion of St. Peter would happen over an extended period of time. It is his understanding, with the conversation of the members, they are in favor of some type of promotion but would like to know more facts.

Prafke stated that once a plan is developed, staff would come back to the EDA in the future to discuss the plan.

Abels said that promoting St. Peter is an opportunity for the Chamber to encourage people to shop local. He also added that it may help to get more people from the surrounding area and locals to shop St. Peter.

Members agreed to have staff come back once a plan is established.

Wille said he will invite Chamber Director Ed Lee to attend the next meeting.

Reports

ISD # 508 Enrollment Projections (Dr. Jeff Olson)

Interim Superintendent Dr. Jeff Olson explained the rationale behind the geographic study. He indicated that the study was undertaken to see where the projections would point the school in the next 10 years. He said the projections will impact planning, budgeting and stabilization of the financial picture.

Olson stated that enrollment is the most important factor as the number of students in the classroom accounts for $\frac{3}{4}$ of the funding schools get primarily through the State of Minnesota. He stated that the enrollment projections over the next 10 years is approximately 0 – 2.2% increase.

Olson stated that a rise in enrollment occurs with the in-migration of students from John Ireland, St. Peter Evangelical Lutheran School, families moving to town, and open enrollment.

He said the factors that encourage families to move to St. Peter include a quality school system, a good community to live and work, affordable and available daycare, and appropriate and available housing.

He felt that St. Peter is lacking housing ranging from \$200,000 - \$350,000.

Olson mentioned that with COVID-19 it is hard to predict how it will affect enrollment. He indicated that he has received calls from residents that support virtual learning and those that do not. Some caller have indicated that they will not return to St. Peter schools if virtual learning is not occurring.

He stated that should there be online learning, it would be detrimental to the kindergarten class because the student would not have connection with a teacher or the school system, and would not have comfort with technology the school is using at the present time.

Southworth commented that if online learning is taking place, enrollment at the kindergarten level could be zero. He also agreed with the lack of housing.

Wille noted that the St. Peter Development Corporation is in early discussions as to whether or not to get into the business of building homes in the price ranges as discussed.

Prafke indicated that housing will be discussed at the City Council goal session on June 29, 2020. He hopes to have a “go forward” plan.

Fire Station

Prafke reviewed the options the City is exploring to finance the proposed new fire hall. He indicated that the EDA may be asked to serve as a conduit to access funding as they did with the Community Center and River's Edge Hospital. He also added that USDA dollars have been applied.

In order to provide a revenue stream for the majority of the fire hall, the City Council is seeking legislative approval to allow for a sales tax question to be included on the November, 2020 ballot to allow residents to vote on the issue. The City will need to know if the request is approved by July or August.

Johnson left the meeting at 12:51 pm.

DeVos stated that the previous debts service on the fire hall was \$395,000 per year. He asked what the debt service is estimated at now per year with the decrease in interest rates.

Vogel said it is down to \$360,000 with a 2.375 rate.

Favre asked what the best case scenario timeline looked like for construction.

Prafke said if the residents vote yes on the sales tax, the construction could start as early as the spring of 2021.

Favre left the meeting at 12:53 pm.

Adjourn

With the lack of a quorum, the meeting adjourned at 12:56 pm.