

Zumbrota Economic Development Authority Minutes
5:30 PM Wednesday, May 18, 2022
Zumbrota City Hall, 175 West Avenue

PRESENT: Richard Meyerhofer, Lindsey Raasch, Brian Haugen, Sara Durhman, Tina Hostager, Terry Johnson, and Dave Dahlen. Also present are Community Development Director Dylan Armstead, Communications Specialist & Account Technician Miranda Raasch, and City Administrator Brian Grudem.

NOT PRESENT:

1. **Call Meeting to Order** – at 5:30 PM by Richard Meyerhofer

2. **Amend/Adopt Agenda –MOTION HOSTAGER**, second HAUGEN to adopt the agenda with proposed amendments. Carried unanimously.

3. **Approve Regular Meeting Minutes of Wednesday, April 20, 2022 – MOTION DURHMAN**, second MEYERHOFER to approve the meeting minutes from Wednesday April 20, 2022. Carried unanimously.

4. **Monthly Financial Report & Accounts Payable – MOTION HAUGEN**, second DAHLEN to approve Monthly Financial Report and Accounts Payable. Carried unanimously.

5. **Public Hearings**
A.

6. **Old Business**
A. **Tranquility Barn Request for Assistance** - At the April EDA meeting a request for assistance was brought forth by Tranquility Barn owners Jen Kylo and Brianna Allers. The applicants had accrued an unforeseen excess of costs related to opening their new business venture at 654 Main Street South. At the behest of the EDA, a Finance Committee was formed to review the inquiry and met on April 28th• The Finance Committee consisted of:
 - Kim Simonson - Finance Director
 - James Hill - Library Director
 - Brian Haugen - EDA Treasurer
 - Dave Dahlen - EDA Vice-Treasurer
 - Dylan Armstead - Community Development DirectorThe morning meeting had lengthy discussions surrounding the application and venture while reviewing a 27-page packet of the applicants' financials. The result was the Finance Committee recommending the EDA offer a revolving loan from Fund 250 of up to \$15,000 contingent upon the applicant's ability to secure a primary lender for the difference in needed expenses. Terms of the loan including interest rate and length of repayment would be established after receiving the details from the primary lender.

The applicants were informed of the Finance Committee's upcoming recommendation to the EDA. Updates from the applicants include that they have met with a loan officer from Pine Island Bank regarding available options. They are currently beginning the process of applying for a 504 Corp SBA loan and have had the ability to extend a previous EIDL SBA loan. City Staff have and will continue to be in contact with the applicants regarding the status of pursuing a primary lender. MOTION HAUGEN, second DURHMAN to approve the subcommittees recommendation of \$15,000 based on the securing of a primary lender. Carried unanimously.

7. New Business

A. KrackerJak Market Study - At the beginning of this year it was relayed that a market study has been ordered on behalf of the city to receive data on our community's ability to host an evening food establishment. The goal of seeking this market study was to uncover data regarding demand, potential, and nearby competition related to dinnertime restaurants. The marketing firm KrackerJak Marketing LLC, and the owner Tracy Lauritzen, have finalized that study as of late April. Notable highlights of the market study are seeing Zumbrota's total market potential and specific market potential for the subject market.

8. Reports

A. Rethos Community Assessment – Earlier this year an application on behalf of the city was sent in for a program from Rethos, a non-profit community assessment organization, to obtain an assessment of our historic downtown. In late April the City was notified that we were chosen as the "alternate community", meaning our application placed just outside of the top 3 awarded communities. Further clarity into this alternative placement is that if another city were to back-out, we would be awarded with this free assessment.

The mission of Rethos is to work towards the preservation of historic buildings, sites, and communities across the nation. This program offered the unique opportunity to have an organization assess our downtown's vitality in comparison to other rural cities. If there is no further update this year on this award the program will be applied to next year.

B. EDAM Annual Conference Update – Enrollment into the Economic Development Association of Minnesota's Summer Conference has been completed. The conference is set to take place on June 1st through June 3rd at Grand View Lodge in Nisswa, Minnesota. A report of the events of the conference will take place at the June EDA meeting.

C. Southern MN Initiative Foundation (SMIF) Update – SMIF was thankful for our EDA's annual contribution towards their initiatives and has agreed to present at a City Council meeting, per the EDA's request. The SMIF presentation is set to take place at the June 2nd Council meeting.

D. Busy Baby – New Business in Zumbrota – Busy Baby, a company founded in Oronoco 3 years ago, recently purchased a property in town for their new packaging & distribution, e-commerce centered business. Business owner Beth Fynbo met

with City Staff last month to work towards acquiring the property formerly owned by Wobig Constructions LLC off 9th Street East.

Busy Baby sells a line of infant products to "make life easier and reduce stress with infants and toddlers" including rubber mats, teething toys, pacifiers, and other accessories. Busy Baby was featured on the popular TV series "Shark Tank" in 2021 which led to an offer from an investor (a "shark") due to the company's success. In the meetings with Busy Baby, discussions also focused on the potential for future development. Reasonings for the need for further development are that Busy Baby surpassed \$1 million in sales in 2020 and \$4 million in sales in 2021, therefore the company is growing. A tour of the new Busy Baby site is likely to commence later this summer. For more information on the new Busy Baby company their website is busybabymat.com.

- E. Cottage Home Cluster Development** – Since the beginning of this year multiple meetings have taken place regarding a new, unique cluster development of homes. The uniqueness of the proposed development centers around it being higher density residential in nature. The intention of this potential new development is to combat the recent trends in the housing market and to aim for more affordability with new housing, furthering availability for all residents of Zumbrota to achieve homeownership. The opportunity came forth from meetings with developers last year and enrolling in Goodhue County's initiative to find a suitable city for a pilot program for a high-density residential development. Quotes for the costs of excavation have been procured for two potential locations within city limits. The developers are now currently in the process of obtaining concept plans for 10 to 20 new homes and working through feasibility studies. If the project commences, it'll likely break ground in 2023 at the earliest.
- F. New Apartment Building** – Stemming from last years' efforts to obtain a new location for developer Keller-Baartman's second apartment building, a new location has been identified. City Staff and the developer have had meetings surrounding the potential new development and the developer is in the process of touching base with the current property owner. The potential development would be a piece of a larger development plan involving dozens of other residential homes, from stand-alone single family to townhomes, and could bring over 100 new units (apartment and SF units) to what would be a newly created subdivision in town.
- G. Day Care Center** – Recently City Staff received word on a potential space for a new Day Care Center in town. Current progress has been obtaining plans for the soon-to-be available roughly 5,000 square foot location and researching into financial resources from entities like First Children's Finance, SMIF, DEED, and local funds. A request for a meeting has been sent out to First Children's Finance for technical assistance with remodeling costs, regulations regarding room sizes, license information, and their Child Care Facility Revitalization Grant. A request for a meeting or information has also been sent out to Goodhue County to seek items regarding their building permit waiver program and to inquire into the

possibility of obtaining a Child Care study from their Health and Human Services department.

- H. El Huarache Mexicano – New Business in Zumbrota** – This year there have been 4 interested parties wishing to open a new restaurant in town. City Staff have conducted numerous meetings with two of these applicants, progressing them towards opening and operating a business. This was accomplished via relaying information regarding permitting, referring them to the local Small Business Development Center (SBDC) for operations and financial assistance, touring properties to showcase availability, and meeting with architects for remodeling needs. One of these interested parties has relayed that they will be opening a Mexican cuisine restaurant in the space formerly occupied by the Pizza Kabin. The owner is hoping to open in the next few weeks and is currently testing out food options.
- I. Miscellaneous Development Activity** – There are currently 5 applications out for certain types of development. These developments range from Minor Subdivisions to Annexations. The Annexations, which are in the beginning stages, would potentially bring dozens of acres of new highway frontage into Zumbrota city limits and more-than-likely lead to further commercial development.

- 9. Adjourn** – Meyerhofer adjourned the meeting at 6:25 PM.