



AGENDA ITEM #10

REPORT TO CITY COUNCIL

Report Prepared by: Nancy Malecha

Date: May 5, 2020

Subject: Administration Report

Report: The following item is attached for Council review.

- April 21, 2020 draft EDC minutes

Council Action Requested: No Council action requested.

**MEETING OF THE PEQUOT LAKES
ECONOMIC DEVELOPMENT COMMISSION
TUESDAY, APRIL 21, 2020**

Members Present: Chair Lindholm; Commissioners Crochet, Lelwica, and Rieck attended virtually via Zoom

Members Absent: Commissioners Becklin and Holley

Others Present: Nancy Malecha, City Administrator; Angie Duus, City Clerk/Treasurer; Scott Pederson, City Council Liaison (virtually via Zoom); and Mark Jurchen (virtually via Zoom)

1. Call Meeting to Order

The meeting was called to order by Chair Lindholm at 8:04 a.m.

2. Consider Agenda

COMMISSIONER RIECK MOVED TO APPROVE THE AGENDA AS PRESENTED. COMMISSIONER CROCHET SECONDED THE MOTION. MOTION CARRIED 4-0.

3. Approve EDC Minutes

COMMISSIONER LELWICA MOVED TO APPROVE THE MARCH 17, 2020 ECONOMIC DEVELOPMENT COMMISSION MINUTES. COMMISSIONER CROCHET SECONDED THE MOTION. MOTION CARRIED 4-0.

4. Heart of the Good Life Development Marketing Packet with Close Converse

Nancy Malecha informed the EDC Commission that at the City Council meeting on April 7th they approved the EDC's recommendation to sign the Commercial Listing Contract with Close Converse. She presented the Heart of the Good Life Development packet that she has been working on with Nate Grotzke and explained that it contained a lot of the same information that was in the City's Heart of the Good Life marketing packet. Ms. Malecha asked the Commission if they had any feedback. She stated that Close Converse is starting to get the information out on their MLS listings and other marketing sites.

Ms. Malecha stated that the Public Works Department recently put out the feather flags in the Heart of the Good Life Development and got them out earlier than anticipated. Ms. Malecha stated that they added the new Zoning Classification that was created through conversations with the EDC, the Planning Commission and the City Council.

Mark Jurchen asked for clarification on the population of 8,000 for Pequot Lakes in the packet. Ms. Malecha stated that she questioned that also and she stated

that is for the Pequot Lakes zip code. Chair Lindholm inquired about the map not reflecting the most recent zoning change. Ms. Malecha stated that the City is trying to update maps annually and once that gets updated it will be added to the packet.

Commissioners Lelwica asked if there been any movement on the access from old 371/Patriot Avenue to this property. Ms. Malecha stated that she has not reached out to the DNR as she is waiting to see what transpires with the discussions between the School District, the City and ICS Consulting.

5. Welcoming Community Advocacy Group Update

Ms. Malecha informed the EDC that she received an email from Dawn Espe with Region 5 and due to the pandemic and stay at home order they are pausing the Welcoming Community Advocacy Group until June 1st in order to give the communities a chance to focus on emerging needs among organizations, businesses, schools and families. Ms. Malecha stated that she would like to get the contact information for the people discussed for the Advocacy Group.

6. Pequot Lakes Incentive Program & Housing Update

Mark Jurchen stated that on March 18th he had a meeting with several realtors. He stated Jim Fogarty said that he is getting a lot of requests for homes similar to the ones by Pequot Lake's business park where they have two units or twin homes on smaller lots so there is very little yard work and upkeep. He stated they may be rentals or owned by one party and rented out to the other. He said Mr. Fogarty thought they would be good for older adults and are similar to what is being sought after at this time. He stated that he knows of a few people that wanted to stay in Pequot Lakes but could not find housing. He said that people are looking for units that are 1,500 to 2,000 square feet priced in the \$175,000 to \$250,000 range. Mr. Jurchen said that there is a need all over the spectrum from small homes that are retirement homes or starter homes to larger homes with the price ranging from \$150,000 to \$450,000.

He pointed out that having the ability to hook up to the Internet and high-speed is very important. He said if there are not the internet speeds needed then the sale does not go through and they will look elsewhere.

Mr. Jurchen stated there needs to be further research done relating to rental vs homeownership. He said further research is needed with some of the major apartments and rentals in town to find out where we are at with vacancy levels. Commissioner Lelwica stated that at meeting several months ago it was said that Babinski apartments always have vacancies and are maybe 75% full most times therefore she believes that we are covered for those types of rentals but we may need to look at rentals for new teachers coming into the area with families that do not want to buy something in their first year. Discussion ensued about opportunities relating to income producing housing and the ability for home buyers to work from home.

Mr. Jurchen stated that we are currently in the data gathering phase. He stated that he has the inventory done on all the areas that have sewer and water and he is doing an Excel spreadsheet on that. He stated that he is about a fourth of the way through lots that are not on sewer and water but have paved roads in front of them. He said they will get an inventory on homes that will need rehab or demolishing and lots that are available inside and outside of the Sewer and Water District. Mr. Jurchen then believes they need to meet with the HRA, realtors and contractors once the data is reviewed by the EDC and City to do some analysis of it to determine where to go from there and if there should be any incentives programs or assistance from the City.

Ms. Malecha stated that she will reach out to Patty Norgaard about the EDA meeting that was supposed to be in the beginning of April where the housing study was going to be presented to see if they are going to do some type of a virtual meeting. She said if they are not going to do that at this time she will see if John Schommer from the Brainerd HRA who was going to present maybe would do a zoom call for the EDC at the next meeting so this can continue to move forward.

7. Rasmussen Road/South Washington Avenue Fiber Optic Infrastructure Update

Commissioner Crochet stated that TDS does have a design completed and a business case set up for Pequot Lakes for fiber. He said they are just waiting for the Corporate Partners to review the plan and give approval. He said he does not expect approval until we know exactly what is going to happen COVID-19 but they are ready to go for a complete overbuild of the City.

Commissioner Crochet said when it comes Rasmussen Road they are replacing their existing infrastructure and including some spare conduit so that when they do get the money for the complete overbuild the conduit will already be in place so they will not have to do any digging up of East Woodman, Rasmussen Road or Main Street. He said TDS also signed a contract with Noble Title and they will be putting in fiber into Noble Title. He said it will be run down Main Street, go in the alley behind Lucky's and then up to Oriole St. He said they will be putting breakout nodes at certain locations so they can hit other businesses when needed. He is hoping to get some good news within the next month or so that we will be doing some type of overbuild in the City very soon.

Commissioner Lelwica asked him to explain the overbuild and what does that mean for the consumer. Commissioner Crochet stated that it will be faster because with the copper that is in place now you are limited to speeds based on the distance from the connection to the copper but once fiber is in the speeds will be unlimited. He discussed that when copper was put in back in the sixties internet was really just a thing that the government was playing around with and the copper was designed for phone service not internet.

Commissioner Lelwica asked how distance learning is going and if everyone is getting the bandwidth they need. Commissioner Crochet stated that they have never been busier and they have been putting in orders for bandwidth for people have never had it before because they had offered a free sixty day trial. He said they have been doing speed upgrades and on top of that in the areas they offer TV they have been doing TV installs like crazy for the last two months. He stated that there are no problems getting the speeds that the people are asking for.

Commissioner Rieck asked for clarification on what Corporate Partners Commissioner Crochet is talking about. He explained that it is the investors and that TDS is publically traded so they have to go through the corporate meetings to verify if they want to be putting their invested money into these markets.

8. School Update

Chair Lindholm stated that distance learning is going ok for the majority of families. He said they just did a survey yesterday and had about 250 responses from parents. He stated that 70-80% of them say it is working but it is not great. He said there is about 10% of people that are saying this is awesome for my kid but he also stated there is a fair amount that think it is a train wreck and those are probably the kids that were struggling in the regular school environment. He talked about how this is a more long term problem and not just into May.

Chair Lindholm talked about the school having about 200 kids classified as a high-risk category and that they cannot be at the school so they will have to figure out distance learning for them next year or the parents may open enroll them in an online academy and then Pequot School is out 200 students and \$200 million in revenue for the next school year. He stated that they not only have to figure out how to get through May but how to look at next school year. He said that is very heavy on the teachers who are working hard.

Chair Lindholm stated that the School Board approved Wold Architects to take a look at the former Echo Building and they also approved focusing it on Robotics, Engineering and Construction. He said they are going to attempt to draw up plans for a Robotics' course and move the publication's lab and engineering lab out there which will free up some space in the main High School which was the whole point of buying the building. He also discussed that they may possibly get their construction kids to do the construction on that building next year. Discussion ensued about Robotics' programs around the area.

9. Chamber Update

Katie Wassermann said on a personal note that her son one of the 10% doing well with the distance learning and he is thriving in this environment. She stated that the Chambers are shifting away from the Lake Proud message to a more government affairs message because they are trying to figure out the best way from a Chamber perspective in getting their member's businesses open. She also stated that the Governor and his team are working very hard to do it in a

safe way that it is kind of like a double edged sword where if you do not open and you leave these businesses to fail there will not be anything for people to come back to but if you open too soon and people are sick then there will not be people to shop those businesses. Ms. Wassermann said they are trying to create an encouraging message and there is a petition that is being created that will be presented to Gazelka and Walz on the 24th which will contain stories about people that are suffering and will provide safes ideas on how they can open.

She informed the EDC that the Blue Ox Business Academy is still offering webinars at discounted rates of \$10-\$20 instead of \$35-\$50. If anyone has questions about resources they can go the lakesproud.com which is the new Brainerd Chamber website which they launched about a month early. Ms. Wassermann stated it is a really great resource on SBA loans, PPE and the paycheck protection programs. She stated the US Chamber is offering \$5,000 grants which doesn't have to back and it is a great resource for businesses that are struggling.

Ms. Wassermann stated that they are moving forward with summer events with the intention of doing some sort of edited version. She said she does not know if it will just be fireworks and a parade where people can park their cars and won't be outside crowd. She stated that they are just trying to figure out how to make it work and what can an all the different options be.

She said she has done a ton of research and there are cities all over the country that are canceling all their 4th of July plans now and they just feel like it is not the right time to do it but she still has hope that Pequot be able to do something but it won't look like the normal summer events. Ms. Wassermann stated that she is having a hard time even requesting money from businesses that are struggling because that is how they have been able to do the events through sponsorships. She said she has 5 businesses that have said they would be willing to sponsor the 4th of July events. She said that June 15th will be the day when they decide to move forward or to stop.

Ms. Wassermann said the Chamber is still contacting businesses and working on promotional things. She said the Chamber is a non-profit organization and they are getting caught in the middle of all this also so their revenue streams have been severed and the only way that they have revenue coming in is from membership fees. She believes there will be changes in the next couple of months that everyone might see but they are to staying hopeful and positive.

10. BLAEDC Update

No update was given.

11. City of Jenkins Update

No update was given.

12. Other Business

City Council Liaison Scott Pederson informed the EDC Commission that the City Council will be discussing is how can the City help our businesses survive through this crisis. He stated that Pequot Lakes will lose a bunch of their businesses if the City does not do something and that we cannot rely on just the federal government or state government. He stated he talked to a few businesses to try to get ideas on what they can do as a City to help pay some fees or eliminate some of fees or costs. He stated that he does not know the answers to those questions but he would like some suggestions. He suggested a possible Loan Fund, making water and sewer bill fees go away for a while, planning and zoning fees, suspending the costs for liquor licenses and stop City spending.

Commissioner Rieck pointed out that we need to know how much can the City actually afford and if there are funds available anything extra. She said she was talking with one of the County Commissioners yesterday and asked what kind of shape the banks are in in this area and if it would be possible that maybe the City could provide an interest free loan something along those lines, if the City could partner with our local banks to help the businesses.

Mr. Pederson said he believes this is going to be a year possibly two years of recovery and if we can cut the City budget from the property taxes by 10-12% we would be looking at a couple hundred thousand dollars that goes back into the community. He brought up a fund where businesses could get a loan that they would not have to pay back for a year or so.

Commissioner Rieck stated that the County Commissioner had also talked about was kind of being a Cooperative deal where the bank would provide some funding for example paying for commercial rent or mortgage and then the landlord would agree to reduce rent during that time so they were a combined effort. Discussion ensued about the renters and mortgages.

Mr. Pederson suggested from a City municipal standpoint that can maybe David Drown could provide some idea to the City.

Katie Wassermann offered to compile the list of the financial resources from a business perspective and email those to Mr. Pederson. She explained that some business owners are have having trouble with the stipulations inside some of those loans. Mr. Pederson said to feel free to have any business person with concerns contact him or one of the Council Members.

Commissioner Rieck stated that Tyler was planning to present to the EDC this month on the potential business for the Heart of the Good Life and asked if there was anything that we know about it. Nancy Malecha stated that they are still in discussions and with the COVID-19 situation that it all has been pushed out and they are hoping to present to the EDC at the May meeting.

13. Adjournment

There being no further business, Chair Lindholm adjourned the meeting at 8:53 a.m.

Respectfully submitted,

Angie Duus
City Clerk/Treasurer