

City of Brainerd
Economic Development Authority
Meeting Agenda

Council Chambers
August 8, 2019
7:30 A.M.

- I. Call to order
- II. Roll call
- III. Approval/Amendment of Agenda
- IV. Approval of Minutes from July 11, 2019
- V. Financial Report
- VI. Updates
 - a) HRA
 - a. Revolving Loan Fund (RLF)
 - b. Small Cities Development Program (SCDP)
 - c. Housing Updates
 - d. Other
 - b) BLAEDC
 - a. Unified Fund
 - b. Other
- VII. New business
 - a) Fund Allocation / Budget
 - b) Accept Final Audit Statement
 - c) Annual Report to Council (due by September 18)
- VIII. Old Business
 - a. Call for applicants
- IX. Commissioners' Comments/Questions
 - a) Other items of business
- X. Informational
 - a) October Meeting – Future Development Opportunities, Industrial Lots, Budget Discussion, Other
 - b) December Meeting – 2020 Goals and Priorities
- XI. Adjournment

BRAINERD ECONOMIC DEVELOPMENT AUTHORITY

Thursday, July 11, 2019

Official Minutes

Pursuant to the call and notice thereof, President Menk called the meeting of the Brainerd Economic Development Authority to order at 7:34 a.m.

Present were Commissioners Ed Menk, Kelly Bevans, Jerry Sinner, and Gabe Johnson. Commissioner Wayne Erickson was noted as absent. Also present were City Administrator Torstenson, Community Development Director Chanski, Finance Director Hillman, Tyler Glynn, BLAEDC economic development officer, John Schommer, HRA rehab coordinator, and Mikaela Huot, financial advisor with Baker Tilley.

Approval/Amendment of Agenda

MOVED AND SECONDED BY COMMISSIONERS BEVANS AND JOHNSON, DULY CARRIED, TO APPROVE THE AGENDA.

Approval of Minutes

MOVED AND SECONDED BY COMMISSIONERS JOHNSON AND BEVANS, DULY CARRIED, TO APPROVE THE MINUTES FROM THE JUNE 6, 2019 EDA MEETING AS PRESENTED.

Approval of Financial Report

MOVED AND SECONDED BY COMMISSIONERS BEVANS AND SINNER, DULY CARRIED, TO APPROVE THE FINANCIAL REPORT AS PRESENTED.

Finance Director Hillman stated the City received 70% of the tax settlement in June but it was not receipted in at the time of this statement due to the changeover of computer software at Crow Wing County.

Update from HRA – John Schommer

Revolving Loan Fund

Mr. Schommer indicated the Traveling Art Pub showed interest in the fund but has not yet turned in an application.

Small Cities Development Program (SCDP)

Mr. Schommer stated there are currently two homes bidding with the owners working on the applications. He said he has been working with Sarah Hayden-Shaw regarding the old Iron Rail building with the commercial portion out for bid. He indicated they are waiting for some paperwork from the tenants regarding the rental units.

Mr. Schommer said there are two MHFA (Minnesota Housing Finance Agency) projects taking place in the City.

Housing Updates

He explained a developer has purchased seven more lots in Brainerd Oaks, but there has been no current activity in Serene Pines or Dal-Mar Estates.

Update from BLAEDC - Tyler Glynn

Unified Fund

Mr. Glynn explained they have processed one more new loan for a project in Brainerd with another being closed out within the next couple of weeks. He stated BLAEDC, along with the assistance of CTC and Clow Stamping, has recently created a small entrepreneurial fund with Junior Achievement (JA) at the high school. He said this helped fund the Sports for Life program at the YMCA in which youth takes in donations of gently used sports equipment to sell, along with new water bottles. He indicated that BLAEDC is also assisting with the funding for the Destination Downtown competition.

Mr. Glynn stated he provided the preliminary marketing update to the intern regarding the industrial lots that he will be working on with the City shortly.

New Business

Industrial Lot Update

City Administrator Torstenson indicated based on the work of the subcommittee, the value of the industrial lots needs to be determined.

Ms. Mikaela Huot, financial advisor with Baker Tilley stated she put together an Industrial Park sample analysis showing tax abatement analysis and tax increment financing (TIF) for available lots, which was distributed. She explained these are assumptions based on current information and future assumptions we believe growth would be. She indicated these assumptions may be discussed and adjusted. She stated the available lots are broken down by:

- Acres
- Calculated cost based on acreage
- The maximum square footage buildable area
- Square foot value (\$60)
- Tax Capacity
- Tax Rate
- Annual Increment
- Cumulative Increment (assuming an economic development district, which a maximum term of 8 years after receipt of first increment = 9 years)

She explained the following example from the spreadsheet:

Using Lot 1 Block 1 – this lot consists of 1.69 acres. She explained using a base line of \$5 million, which is the total amount the City invested on the 50 acres, the recoverable cost of this lot would net \$169,937. Using an expectable buildable area (30%) would net a 22,085 square foot building. The value per square foot (\$60) = \$1,325,095. The Tax Capacity to that value would estimate \$26,502 x combined tax rate for all the taxing entities, would net an annual increment of \$38,174 with a cumulative increment (assuming an economic development district over a 9-year period) of \$343,570.

Commissioners asked questions and discussion took place.

Commissioner Menk questioned the ability to integrate a commercial business into an industrial zoning district and what steps need to be taken in order to allow this if there is interest by a potential company.

Community Development Director Chanski stated some areas are zoned I-1 (Light Industrial) district which allows for some commercial; the I-2 (Heavy Industrial) district does not. He indicated it would need to be rezoned and suggested that not occur until an interested party comes forth.

Commissioner Menk suggested a “hybrid” type zone that could be a mix of industrial and commercial to expand to potential population when marketing the lots. However, tax abatement properties cannot overlap with tax increment finance property.

Community Development Director Chanski has been directed to bring the idea to the Planning Commission, as the Commission is currently working on simplifying the zoning ordinances.

The Commission thanked Ms. Huot for the presentation.

City Administrator Torstenson indicated she has been working with BLAEDC regarding the marketing of the industrial lots. She stated she researched the City of Hutchinson on the process they used in marketing their industrial lots. Their city has created two different documents; a “one-pager” that has the highlights of information in one document and a document they call their economic development resource profile.

Mr. Glynn stated this information is already on the BLAEDC website and it would be easy for the city intern to access the information and produce a one-page document for these industrial sites to be used on the city website.

Fund Allocation / Budget

Finance Director Hillman presented a spreadsheet showing a preliminary EDA budget and examples of how the EDA could create their budget for 2020. She stated there could be an agreement drawn up; similar to what the HRA has, or we could continue to allocate.

Commissioner Johnson stated an agreement between the EDA and the City is needed to lay out the percentage of income and staff time. He said this shows transparency and the expectations for both entities.

Commissioners have directed staff to draft an agreement to bring back to the EDA at the August meeting.

MOVED AND SECONDED BY COMMISSIONER SINNER AND JOHNSON, DULY CARRIED, TO STAY WITHIN THE MAXIMUM STATE STATUTE DOLLAR AMOUNT FOR THE BUDGET.

Old Business

Strategic Planning

City Administrator Torstenson indicated she obtained a proposal from Big River Consulting for strategic planning services. She said the proposal came back at \$4,710 to have the firm discuss with how we want to progress with economic development and would include items 1, 2 and 3 from the packet.

Commissioners Bevans suggested not to proceed at this time, as we need to work on selling the industrial lots.

Commissioner Sinner stated an internal plan is needed in order to strategically sell but agreed that investing in a financial planner should wait until a later date.

City Administrator Torstenson asked if the commission would like to include this in the 2020 budget.

Commissioner Sinner indicated a place holder of \$5,000 in the budget would be appropriate as this could be a concept of going forward with a plan.

City Administrator Torstenson indicated it would be very beneficial for members to attend any economic conferences or seminars that are available. She stated she has learned a lot from these sessions.

Call for Applicants

Commissioner Menk stated he may have a couple of potential applicants that have shown interest and he will follow up with them on the applications.

Commissioners' Comments/Questions and Other Business

None

Informational

- August – Future Development Opportunities, Accept Final Audit Statement, Budget Discussion & Annual Report to Council (due by September 18)
- October – Budget discussion, Other

Adjournment

The Authority adjourned at 8:47 a.m.

Secretary/Treasurer

Financial Report for EDA - PRELIMINARY

As of July 31, 2019

	<u>Cash & Investments</u>	<u>Receivable Balance</u>	<u>Deferred Loans (as of 12/31/18) **</u>	<u>Awarded Grants</u>
General Funds:				
EDA Fund - #295	\$ 73,888	\$ -	\$ -	\$ -
Total	\$ 73,888	\$ -	\$ -	\$ -
CDBG (Housing/Commerical (Slum & Blight/Federal Objective)):				
Downtown - #298	\$ 10,678	\$ 36,453	\$ 11,020	\$ 119,786
SE Brainerd - #215	25,173	-	439,852	-
NE Brainerd - #218	8,492	-	-	638,338
Willows Project - #209	6,189	-	87,150	-
Old Housing - #209	9,280	-	65,475	-
Local Income - #275	11,938	18,150	26,489	-
Total	\$ 71,749	\$ 54,603	\$ 629,985	\$ 758,124
Federal & State MIF (Commerical (Jobs)):				
Commerical - #210 ^^^	\$ 6,540	\$ 646,427	\$ -	\$ -
Federal MIF - #296	15,962	1,999	-	-
Total	\$ 22,502	\$ 648,426	\$ -	\$ -
Grand Total	<u>\$ 168,139</u>	<u>\$ 703,029</u>	<u>\$ 629,985</u>	<u>\$ 758,124</u>

** Portion of the loan that is forgivable with the passage of time

^^^ The Receivable Balance **DOES** include the \$646,427 borrowed to pay for the industrial park land.

BALANCE SHEET

AS OF: JULY 31ST, 2019

295-EDA FUND

ACCOUNT#	TITLE		
ASSETS			
=====			
10100	CASH	73,887.87	
10700	DELINQUENT TAX RECEIVABLE	6,625.40	
10800	ALLOWANCE FOR UNCOLLECT	(4,771.17)	
16160	FA-LAND HELD FOR RESALE	488,252.22	
			563,994.32
			=====
TOTAL ASSETS			563,994.32
			=====
LIABILITIES			
=====			
22200	DEFERRED REVENUE	488,252.22	
TOTAL LIABILITIES			488,252.22
			=====
EQUITY			
=====			
28900	FUND BALANCE/EQUITY ACCT	33,987.52	
TOTAL BEGINNING EQUITY			33,987.52
TOTAL REVENUE		69,430.73	
TOTAL EXPENSES		27,676.15	
TOTAL SURPLUS/(DEFICIT)		41,754.58	
TOTAL EQUITY & SURPLUS/(DEFICIT)			75,742.10
			=====
TOTAL LIABILITIES, EQUITY & SURPLUS/DEFICIT			563,994.32
			=====

INCOME STATEMENT BUDGET TO ACTUAL

AS OF: JULY 31ST, 2019

295-EDA FUND
REVENUES

	CURRENT BUDGET	CURRENT PERIOD	Y-T-D ACTUAL	BUDGET BALANCE	% OF BUDGET
<u>TAXES AND PENALTIES</u>					
295-31010 CURRENT AD VALOREM	124,351.00	19,350.10	67,947.47	56,403.53	54.64
295-31020 DELINQUENT AD VALOREM	<u>0.00</u>	<u>630.78</u>	<u>1,148.38</u>	<u>(1,148.38)</u>	<u>0.00</u>
TOTAL TAXES AND PENALTIES	124,351.00	19,980.88	69,095.85	55,255.15	55.57
 <u>PROGRAM INCOME</u>	 	 	 	 	
 <u>STATE GRANTS & AIDS</u>	 	 	 	 	
 <u>PRINCIPAL & INTEREST</u>	 	 	 	 	
 <u>OTHER REVENUE</u>					
295-36210 INTEREST INCOME	<u>100.00</u>	<u>0.00</u>	<u>334.88</u>	<u>(234.88)</u>	<u>334.88</u>
TOTAL OTHER REVENUE	100.00	0.00	334.88	(234.88)	334.88
 TOTAL REVENUE	 124,451.00	 19,980.88	 69,430.73	 55,020.27	 55.79
	=====	=====	=====	=====	=====
 <u>OTHER FINANCING SOURCES</u>	 	 	 	 	
 TOTAL REVENUE & OTHER FINANCING SOURCES	 124,451.00	 19,980.88	 69,430.73	 55,020.27	 55.79
	=====	=====	=====	=====	=====

C I T Y O F B R A I N E R D
INCOME STATEMENT BUDGET TO ACTUAL
AS OF: JULY 31ST, 2019

295-EDA FUND
ECONOMIC DEVELOPMENT AUTH
DEPARTMENTAL EXPENDITURES

	CURRENT BUDGET	CURRENT PERIOD	Y-T-D ACTUAL	BUDGET BALANCE	% OF BUDGET
<u>PERSONAL SERVICES</u>					
295-46510-1101 SALARY	28,066.00	2,029.64	14,570.80	13,495.20	51.92
295-46510-1121 PERA	2,105.00	228.32	1,092.80	1,012.20	51.91
295-46510-1122 FICA	1,740.00	162.62	782.94	957.06	45.00
295-46510-1123 MEDICARE	407.00	38.04	183.11	223.89	44.99
295-46510-1131 HEALTH INSURANCE	4,892.00	584.68	2,805.12	2,086.88	57.34
295-46510-1133 LIFE INSURANCE	48.00	0.64	2.56	45.44	5.33
295-46510-1134 LTD INSURANCE	47.00	0.78	2.97	44.03	6.32
TOTAL PERSONAL SERVICES	37,305.00	3,044.72	19,440.30	17,864.70	52.11
<u>SUPPLIES</u>					
<u>SERVICES</u>					
295-46510-3300 PROFESSIONAL SERVICES	0.00	1,480.00	2,796.74 (	2,796.74)	0.00
295-46510-3330 PROFESSIONAL DEVELOPMENT	78,500.00	0.00	0.00	78,500.00	0.00
295-46510-3361 INS - GENERAL LIABILITY	125.00	0.00	89.11	35.89	71.29
295-46510-3430 MISCELLANEOUS	500.00	0.00	0.00	500.00	0.00
295-46510-3433 COALITION ASSMT	5,350.00	0.00	5,350.00	0.00	100.00
TOTAL SERVICES	84,475.00	1,480.00	8,235.85	76,239.15	9.75
<u>CAPITAL OUTLAY</u>					
<u>DEBT PAYMENTS</u>					
TOTAL ECONOMIC DEVELOPMENT AUTH	121,780.00	4,524.72	27,676.15	94,103.85	22.73
=====					
TOTAL EXPENDITURES	121,780.00	4,524.72	27,676.15	94,103.85	22.73
=====					
<u>OTHER FINANCING USES</u>					
TOTAL EXPENDITURES & OTHER FINANCING (USES)	121,780.00	4,524.72	27,676.15	94,103.85	22.73
=====					
REVENUE & OTHER SOURCES IN EXCESS (DEFICIT) OF EXPENDITURES & OTHER (USES)	2,671.00	15,456.16	41,754.58 (	39,083.58)	1,563.26
=====					

*** END OF REPORT ***

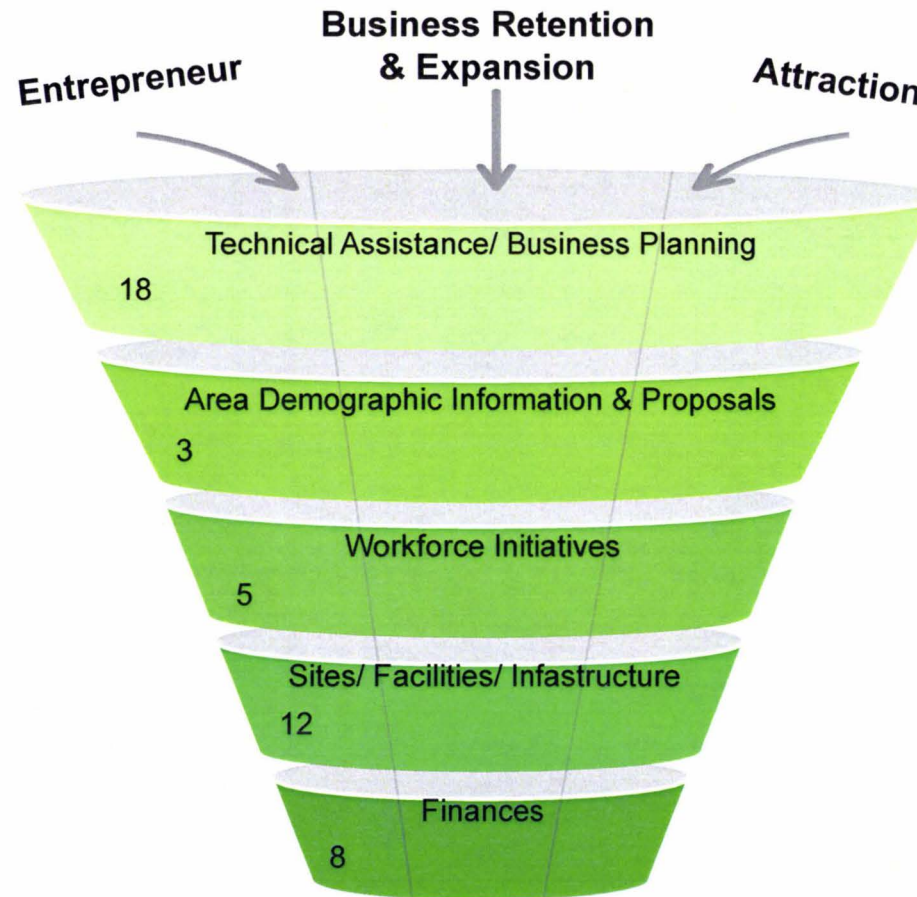
OZ MKTG



<http://growbrainerdlakes.org/op-zone-home/>

BRE's

21 BRE Visits have been made in Brainerd through Q1-2 - 2019



Brainerd Highlights

- * Opportunity Zone Project
- * Children's Museum RFP
- * Entrepreneur Loan Fund Projects for YMCA
- * Destination Downtown Contest 74 Applications
- * BLAEDC Informational Sessions
- * R2R Incentive package adopted by City Council
- * BLAEDC Website Updates (employment update, Opp Zone, Unique Properties)



6 Hires in Q1 - Q2 - 2019

- 1 - CTC
- 1 - Brainerd Comm. Action
- 4 - Hires at Crow Wing County Companies



1 BUF Loan in Brainerd
4 BUF Loans funded during Q1- Q2 - 2019

1 YMCA Entrepreneur Fund loan with Y & JA



70 ICA's during Q1 & Q2 - 2019
Entrepreneur- 42
BRE - 21
Attraction - 7



12 BRE visits were made inside the R2R corridor.
City adopted R2R Incentive package 7/2019



**Brainerd Lakes Area
ECONOMIC DEVELOPMENT
Corporation**

We're ready. Let's grow!

**AGREEMENT FOR PROFESSIONAL SERVICES
BY AND BETWEEN THE BRAINERD EDA
AND
THE BRAINERD LAKES AREA
ECONOMIC DEVELOPMENT CORPORATION**

FOR CALENDAR YEAR 2019

Whereas, the Brainerd EDA desires to actively implement an ongoing program to assist in the retention and support of its existing business community, promote the location of new businesses in the community, and support economic development in Crow Wing County; and

Whereas, the Brainerd Lakes Area Economic Development Corporation (BLAEDC), a private non-profit organization created "To Expand Business, Build Community, and Grow Jobs in Crow Wing County", has established a comprehensive program to accomplish this mission;

Therefore, the Brainerd EDA does hereby enter into this agreement with the Brainerd Lakes Area Economic Development Corporation.

I. SERVICES

BLAEDC does hereby agree to provide the following services on behalf of the Brainerd EDA:

- a) BLAEDC agrees to provide a focal point for economic development in the Brainerd area, to assist businesses and industry with their site location needs, provide financial packaging services, and business planning assistance. BLAEDC will provide these services in cooperation with others such as the Brainerd office of the Small Business Development Center.
- b) BLAEDC will provide community services and marketing programs throughout the year to fulfill its mission to expand the tax base and increase employment.

- c) With respect to the BLAEDC funds spent on activities and projects within or related to Brainerd, BLAEDC agrees to prioritize its expenditures by focusing primarily on the revitalization of Brainerd's central business district, and secondarily on Brainerd's industrial lots as well as enhancing existing and attracting new commercial, industrial and health care partners to the City.
- e) BLAEDC does hereby agree to maintain an office within the Brainerd Lakes area to conduct its services under this contract.
- f) BLAEDC will provide reports every other month to the Brainerd EDA and Brainerd City Council on the activities and progress to fulfill the services identified above. The reports shall contain sufficient detail concerning BLAEDC's activities for the Brainerd EDA to understand and assess the nature, extent and success of BLAEDC's efforts undertaken pursuant to this contract. The specific data to be included in the reports shall be determined by agreement between the BLAEDC Representative and the City Administrator.
- g) A BLAEDC representative will attend all Brainerd EDA meetings except as otherwise requested by the Brainerd EDA.

II. TERM OF CONTRACT

The term of this contract shall be one year, commencing January 1, 2019, and terminating on December 31, 2019.

This contract may be modified, amended or terminated upon the mutual agreement of the parties in writing and fully executed by both parties. If either party desires to modify, amend or terminate this contract, it shall give written notice of such intent to the other party not less than 30 days prior to the date such modification, amendment or termination shall take effect.

III. COMPENSATION

Services Relating to Accomplishing Our Mission

The Brainerd EDA agrees to pay BLAEDC **\$47,200** for these services, payable in payments of **\$23,600** on or about **July 1, 2019** and **December 1, 2019**.

Additional Services Including Retail Related projects

The Brainerd EDA agrees to pay BLAEDC **\$11,950** for these services, payable in payments of **\$5,975** on or about **July 1, 2019** and **December 1, 2019**.

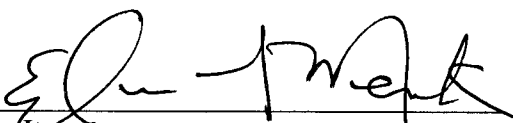
IV. REPRESENTATION

- a) The Brainerd EDA does hereby acknowledge that BLAEDC will be conducting similar and complimentary services throughout the 1,000 square miles of Crow Wing County. This acknowledgment recognizes that when BLAEDC successfully helps a company expand or locate in Crow Wing County, it ultimately helps the community of Brainerd. Depending on the locality of the business, there could be employment opportunities for residents in your area and increased spending with local businesses. With the expansion of the economic base of Crow Wing County, it enables the community to stabilize and hopefully lower property taxes, and allow an expansion and enrichment of community amenities such as parks, service programs and the like.
- b) Each party to this agreement binds himself and his partners, successors, executors, administrators, and assigns to the other party of this agreement and to the partners, successors, executors, administrators, and assigns of such other party, in respect to all covenants of this agreement. Except as above, neither party shall assign, sublet, or transfer his interest in this agreement without the written consent of the other. Nothing herein shall be construed as creating any personal liability on the part of any officer or agent of any public body which may be party hereto, nor shall it be construed as giving any rights or benefits hereunder to anyone other than the parties to this agreement.

IN WITNESS WHEREOF, the parties have executed this agreement in the Brainerd EDA, Minnesota on this 6th day of December 2018.

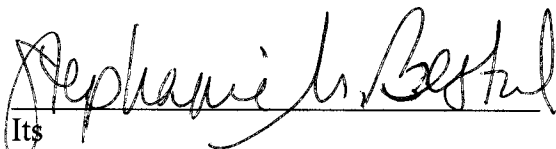
BRAINERD EDA

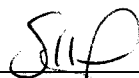
BRAINERD LAKES AREA
ECONOMIC DEVELOPMENT
CORPORATION

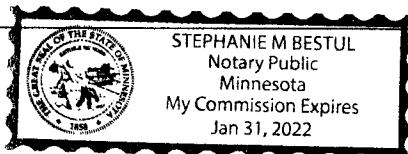

By Its Mayor


By Its President
Janelle Riley

ATTEST:


Its


BLAEDC Representative
Sheila Wasnie Haverkamp



AGREEMENT TO SUPPORT ENHANCED ECONOMIC
DEVELOPMENT MARKETING ENDEAVORS (20/20)

FOR CALENDAR YEAR 2019

Whereas, the Brainerd Lakes Area Economic Development Corporation (BLAEDC), has established a comprehensive work plan guided by community and industry representatives, to enhance its economic development program. This enhanced effort will require community wide support plus additional financial resources to implement. BLAEDC will secure additional funding from business and industry, as well as requesting local units of government to support this program, and

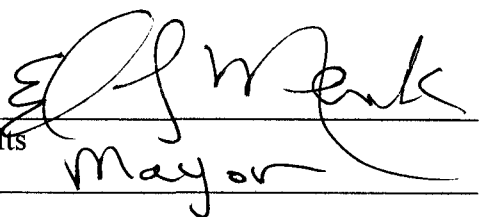
Whereas, the Brainerd EDA desires BLAEDC to continue this enhanced economic development program and will provide funding in 2019, as well as consider funding in future years,

Enhanced Economic Development Marketing Endeavors (20/20)

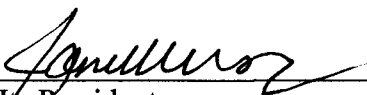
Therefore, the Brainerd EDA agrees to pay BLAEDC **\$19,350** for these services in 2019, payable in payments of **\$9,675** on or about **July 1, 2019** and **December 1, 2019**.

IN WITNESS WHEREOF, the parties have executed this agreement in the Brainerd EDA, Minnesota on this 6th day of December, 2018.

BRAINERD EDA

By Its 
Mayor

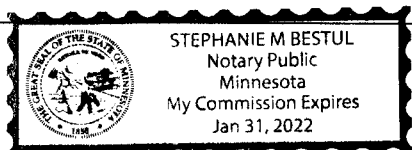
BRAINERD LAKES AREA
ECONOMIC DEVELOPMENT
CORPORATION


By Its President
Janella Riley

ATTEST:


Its


BLAEDC Representative
Sheila Wasnie Haverkamp



Addendum to 2019 BLAEDC and Brainerd Contract

1. Provide a Focal Point for Economic Development:

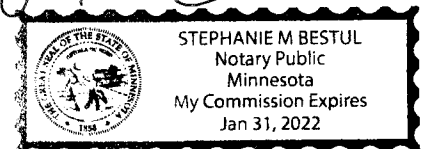
BLAEDC, during the one-year term of this agreement, will:

- a. Document and provide to the City notation of all contacts with developers or individuals through e-mail, phone contact, personal visits and correspondence, any of which BLAEDC determines to be intentions to bring to, or expand a business/manufacturing firm/processing facility/storage space/hospitality industry/medical facility within the Brainerd EDA and throughout Crow Wing County; the City recognizes, until such time that public announcement is appropriate and/or legal, that contact information will remain confidential in order to protect the identities of prospective investors
 - b. Document the number of requests for assistance to plan, seek financing, acquire property or seek any publicly-offered financing assistance for retail projects in the City
- 2.
- a. Provide to the City a sample financing proposal to indicate the manner and method of offering a financing mechanism for applicants
 - b. Document "major business planning assistance" efforts provided to individuals or firms which require attention beyond a nominal inquiry regarding opportunities to invest in Brainerd and Crow Wing County
- 3.
- a. Provide access to the City to use any BLAEDC marketing materials and efforts
 - b. Provide to the city a report of the past year's marketing efforts

Ed Mark
Brainerd Mayor

JB
BLAEDC

Stephanie M Bestul



FUNDING FROM LOCAL UNITS OF GOVERNMENT FOR BLAEDC OPERATIONS - 3 Year Commitment

	2018 APPROVED	2019 APPROVED	% Increase	2020 PROPOSED	% Increase	2021 PROPOSED	% Increase	2022 PROPOSED
Unit of Government								
Crow Wing County**	44,750.00	44,750.00	0.00%	44,750.00	3%	46,100.00	3%	47,500.00
CWC HRA**	20,000.00	21,000.00	100.00%	42,000.00	3%	43,260.00	3%	44,500.00
Brainerd	77,500.00	78,500.00	0.00%	78,500.00	0%	78,500.00	0%	78,500.00
Baxter	29,500.00	31,000.00	6.45%	33,000.00	6%	35,000.00	6%	37,000.00
Nisswa	2,000.00	2,050.00	34.15%	2,750.00	4%	2,850.00	4%	2,950.00
Pequot Lakes	7,500.00	8,500.00	17.65%	10,000.00	3%	10,300.00	3%	10,600.00
Breezy Point	2,000.00	2,030.00	35.47%	2,750.00	4%	2,850.00	4%	2,950.00
Crosslake EDA	7,500.00	7,650.00	30.72%	10,000.00	3%	10,300.00	3%	10,600.00
Jenkins	850.00	875.00	14.29%	1,000.00	3%	1,030.00	3%	1,060.00
Total	191,600.00	196,355.00		224,750.00		230,190.00		235,660.00
CREDI*	20,300.00	20,300.00	0.00%	20,300.00	0%	20,300.00	0%	20,300.00
Total Gov. Contract Rev	211,900.00	216,655.00		245,050.00		250,490.00		255,960.00

*CREDI adjustments TBD per conversations with CREDI board, Tim Houle, Bill Brekken, and Jennifer Bergman.

**Discussions with Jennifer Bergman and Bill Brekken are occuring to discuss funding strategy.



**Brainerd Lakes Area
ECONOMIC DEVELOPMENT
Corporation**

RECEIVED

JUL 11 2019

**CITY OF BRAINERD
ADMINISTRATION**

June 2019

Re: BLAEDC 2020 Funding Support

Dear Mayor and Chair Menk,

As you know, BLAEDC has been exploring options to restructure and sustain funding for the organization to provide economic development services within the City of Baxter and all of Crow Wing County. This past year we held several *Informational Sessions* to share:

- BLAEDC's history,
- the traditional economic development services we provide,
- new programming developed including our workforce programs and the BLAEDC Unified Fund, and
- our need to have widespread support by all.

Based on the impact of our work and the need to have a professional economic development organization serving Crow Wing County, the BLAEDC board of directors has asked us to focus on the following:

1. Enhanced government funding needs to increase. BLAEDC's funding from government is a critical component of our annual budget. We have identified a 3-year goal to increase government funding from \$216,625 to \$250,000 by 2022 to eliminate negative budgets and retain our professional staff.
2. Private sector business membership is a priority. In the last few years we have increased contributions by nearly 60% to \$135,000 annually. We have a 3-year plan to continue securing private sector contributions, and hopefully reach \$150,000-\$200,000 by 2022.
3. New economic development programs, including our KEY Recruitment Program and the BLAEDC Unified Fund, have been positive for BLAEDC and the business community and need to continue. We plan to fine-tune and operate programs that will provide critical services and generate revenue that will help to alleviate long term funding increases needed from you.
4. Other opportunities are being explored by BLAEDC staff to continue bringing robust economic development programs to our community including entrepreneurial initiatives and succession planning.

We recognize the City of Brainerd's support and strong partnership with BLAEDC throughout the years. We also acknowledge that Brainerd has funded a large percentage of our budget. We hope to use you as an example for our other government entities to enhance their funding commitments to BLAEDC. However, in order to accomplish our goals, we are asking the City of Brainerd to maintain a level of commitment over the next three years as follows:

Current Year 2019 - \$78,500

Year 2020 - \$78,500

Year 2021 - \$78,500

Year 2022 - \$78,500

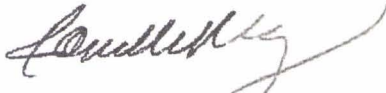
Please advise if you would like BLAEDC representatives to meet with you to discuss our funding request. Your support and commitment to BLAEDC and economic development is sincerely appreciated.

Attached: BLAEDC 2018 Annual Report

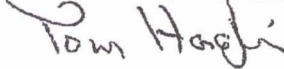
2020-2022 BLAEDC Funding 3-Year Commitment Request

Sincerely,
BLAEDC Board of Directors and Staff

Janelle Riley, Syvantis
Technologies
BLAEDC President



Tom Haglin, LINDAR
Corporation/Avantech
BLAEDC Vice President



Mike Larson, Essentia
Health
BLAEDC
Secretary/Treasurer



Sheila Haverkamp,
BLAEDC STAFF
Executive Director



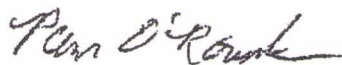
Karlo Goerges, Pequot
Tool & Manufacturing
BLAEDC Past President
and Board Member



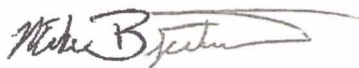
Paul Means, Riverwood
Bank
BLAEDC Past President
and Board Member



Pam O'Rourke, Integrated
Retirement
BLAEDC Board Member



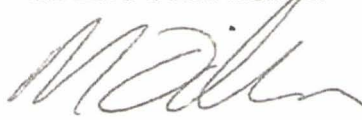
Mike Bjerkness,
BLAEDC STAFF
Workforce Director



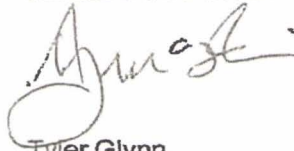
Jim Haakonson,
CliftonLarsonAllen
BLAEDC Board Member



Mike Dillon, Lexington
Manufacturing
BLAEDC Board Member



Terry McFarlin,
Anderson Brothers
BLAEDC Board Member



Tyler Glynn,
BLAEDC STAFF
Economic Development
Officer



EDA Fund

	2019 Budget	2020 Budget
Revenues		
Taxes & Penalties		
31010 Current Ad Volorem **	124,351	127,817
31020 Delinquent Current Ad Volorem	-	-
	124,351	127,817
Other Revenue		
36210 Interest Income	100	250
39200 Sale of Land	-	-
	100	250
TOTAL REVENUE	124,451	128,067
Expenditures		
Personnel Services ^		
-1101 Salary	28,066	-
-1121 PERA	2,105	-
-1122 FICA	1,740	-
-1123 Medicare	407	-
-1131 Health Ins	4,892	-
-1133 Life Ins	48	-
-1134 LTD	47	-
	37,305	-
Services		
-3300 Professional Serv - BLADC	78,500	-
-3361 Ins. General Lib	125	100
-3365 Ins.- Other	-	-
-3430 Miscellaneous	500	500
Strategic Planning	-	-
Marketing	-	-
Training/Events/Conferences	-	-
-3435 Memberships *	5,350	5,350
Other	-	-
	84,475	5,950
-7720 Transfers Out		
TOTAL EXPENDITURES	121,780	5,950
NET REVENUE OVER EXPEND.	2,671	122,117

** Max allowed by state statute

^ Currently 20% of City Administrators and 5% of Administrative Specialist

* Initiative Foundation

City Staff time spent on EDA topics since January 1

Administrative Support – 1.5 to 2.5 hours per meeting for minutes plus meetings = estimated at 6 hours since January

Finance Director – 2 hours per month for bookkeeping type activities and 2 hours for meetings every other month.

City Administrator – averages 6-8 hours per week, some weeks more and some less.

Total approximate hours of 210 hours

City Engineer – less than 20 hours

Community Development Director – Approximately 65 hours (averages around 1-2 hours per week)

Building Official – Approximately 40 hours (project specific – variable)

June 17, 2019

(320) 632-9255
405 First Street SE
Little Falls, MN 56345



Cassandra Torstenson, City Administrator
City of Brainerd
501 Laurel St
Brainerd, MN 56401-3595

CITY OF BRAINERD
ADMINISTRATION

ifound.org

Dear Mayor Menk, City Council and Ms. Torstenson,

For 33 years the Initiative Foundation has focused on building strong local economies and vibrant communities. In Crow Wing County, we have contributed a total of \$4,352,234 in grants to support nonprofit organizations and local government projects, as well as \$8,619,264 in business loans to secure 1,865 quality jobs.

City and county partners are vital to our ability to support business growth, and the creation and maintenance of quality jobs in our region. We appreciate your past investment and request continued support in 2020.

We respectfully request that you consider allocating \$5,350 to the Initiative Foundation in your 2020 budget.

This appropriation is essential to our ability to provide a climate for economic success in our region. An Initiative Foundation contribution has historically generated a substantial return on investment, as local contributions make it possible for us to leverage additional resources from a variety of sources outside Central Minnesota. Specifically, for every dollar we raise locally, we are able to invest an average of \$3.83 back into the communities we serve in grants, loans and scholarships.

Our strategic priorities for 2020 support economic and community development across the region. The Initiative Foundation's grant-making, lending and programmatic activities will continue to support existing for-profit and nonprofit business growth, empower new entrepreneurs, address workforce shortages, and increase access to quality childcare for the region's workforce. These initiatives work in league with cities and counties to make Central Minnesota a destination of choice to live, work, and play.

Please contact us if you have any questions or to request a presentation at an upcoming council meeting. If possible, after your budget for 2020 is finalized, please let us know your decision by signing and returning the enclosed confirmation form. Thank you for your consideration.

All the best,

A handwritten signature in blue ink that reads 'Matt'.

Matt Varilek
President

Enclosures



Powering Possible

Equal opportunity lender, provider and employer.



Initiative Foundation at work in
CROW WING COUNTY

\$2.9 MILLION

in local donations to the Initiative Foundation.

\$13.3 MILLION

returned to Crow Wing County in grants, loans, and scholarships.

Our Mission:

To empower people to
build thriving communities
and a vibrant region
across Central Minnesota.

405 First Street SE
Little Falls, MN 56345
(877) 632-9255
ifound.org



Powering Possible

Return on Investment

For every local dollar contributed, the Initiative
Foundation has invested **\$4.54** back into Crow Wing
County.

Economic Impact

[1986 to present]

- Awarded 754 grants totaling **\$4.35 million**
- Awarded 18 scholarships totaling **\$19,050**
- 179 loans totaling **\$8.6 million**
- Secured **1,865 quality jobs**
- Leveraged **\$43.4 million** in private business financing
- Hosted **17** Partner Funds

Equal opportunity lender, provider and employer.

CROW WING COUNTY **Investment Highlights**

For a full listing of Initiative Foundation investments in Crow Wing County, Contact us at (877) 632-9255.

Grants Thriving Economy, Thriving Communities

Advocates Against Domestic Abuse	Strategic Planning
Blandin Foundation	Sponsorship Grant for Border to Border Broadband Conference
Brainerd School District	Brainerd Lakes Area Early Childhood Coalition
Brainerd Lakes Area Chamber of Commerce Education Association	Bridges Career Depot: Researching High School Internship and Apprenticeship Models for Region Five
Central Lakes College Foundation, Brainerd	Small Business Growth and Success Initiative
City of Nisswa	Gull Lake Trail
City of Pequot Lakes	Thriving Communities Initiative
City of Riverton	Sanitary Sewer System Records Mapping
Crow Wing County United Way, Inc.	Imagination Library
Cuyuna Range Youth Center	Cuyuna Range Youth Development
Happy Dancing Turtle	Financial Resiliency through Social Enterprise Program Participation
Lakes Area Habitat for Humanity	Brainerd Lakes Area Habitat for Humanity ReStore Job Transition Training
Lakes Area Restorative Justice Project	Strategic Planning
Minnesota Association for Volunteer Administration	Enhancing the Skills of Volunteer Engagement Leaders
The National Loon Center Foundation	Sustainable Business Planning for a National Loon Center in Crosslake
Regents of the University of Minnesota	Tourism and Lodging Workforce Study
Salem Lutheran Church, Deerwood	Director Transition Project

Business Financing Local Ownership, Quality Jobs

Corral Auto Repair, LLC, Brainerd	Service
Dr. Spoden Investments, LLC, Brainerd	Tourism
GreenForest Recycling Resources, LLC, Brainerd	Recycling Center
JAO Properties, LLC, Little Falls	Service
Michelle L. Fussy, Fifty Lakes	Service
Up a Creek Campground, Fifty Lakes	Campground

Charitable Funds Activating Generosity

Cuyuna Lakes Education Foundation | Anderson Brothers Family Fund | Betty Ford Menzel Scholarship Fund | Conservancy Fund of Roosevelt and Lawrence Area Lakes Association | Crow Wing Environment Protection Advised Fund | Gaalswyk Family Fund | Gull Chain Preservation Endowment | Lake Region Christian School Education Foundation | Land and Waters Preservation Trust | Manufacturing Fund of Central Minnesota | Patriot Foundation | Pequot Lakes Community Foundation | Patriot Foundation | Bert and Helen LeBlanc Legacy Scholarship Fund | Bridges Manufacturing Workforce Development Fund | Lakes Area Medical Development Fund | Julius Kurpius Family Fund

Nonprofit Assistance Helping Organizations Thrive

ACES Resiliency Coalition and Fathers Reading Every Day (FRED)	Lunch and Learn
Brainerd Family YMCA	Financial Resiliency Program
Central Lakes College Upward Bound	Lunch and Learn
Lakes Area Restorative Justice Program	Financial Resiliency Program

Community Action The Power of Partnership

→ The Patriot Foundation, an Initiative Foundation-hosted education fund to support Pequot Lakes-area students, has grown tenfold thanks to an anonymous gift of

\$100,000 in December 2018. Superintendent Chris Lindholm says the group is "humbled, honored and energized by the incredible generosity of this anonymous donor." The

Patriot Foundation will now be able to provide \$7,500 in innovation grants to Pequot Lakes school staff in 2019 and five \$1,000 scholarships for graduates.

**CITY OF BRAINERD, MINNESOTA
BUDGETARY COMPARISON SCHEDULE
ECONOMIC DEVELOPMENT AUTHORITY FUND
YEAR ENDED DECEMBER 31, 2018**

	BUDGET			VARIANCE WITH
	ORIGINAL	FINAL	ACTUAL	FINAL BUDGET
REVENUES				
Taxes	\$ 122,223	\$ 122,223	\$ 122,209	\$ (14)
Interest	100	100	247	147
Total Revenues	<u>122,323</u>	<u>122,323</u>	<u>122,456</u>	<u>133</u>
EXPENDITURES				
Current				
Economic Development	<u>116,322</u>	<u>116,322</u>	<u>115,435</u>	<u>(887)</u>
NET CHANGE IN FUND BALANCE	<u>\$ 6,001</u>	<u>\$ 6,001</u>	<u>7,021</u>	<u>\$ 1,020</u>
Fund Balance - Beginning of Year			<u>26,966</u>	
FUND BALANCE - END OF YEAR			<u>\$ 33,987</u>	

See accompanying Notes to Required Supplementary Information.

Washington Businesses Questions:

Are there any obstacles you've found with being a business on Washington?

What are the best and worst times of the year for your business?

What forms of marketing are the most beneficial – *posters, digital/social media posts, signage, events?*

In what ways can the City of Brainerd work with Washington Street businesses? *Creating events, general city marketing, etc.?*

What are some activities and promotions that could help get people onto Washington Street? (ex: sidewalk sales, parking lot events)

Easy Riders – Brian

Biggest obstacle is people going through Washington Street:

- ❖ Need to gain foot traffic
- ❖ Safety of the sidewalks and crossing the street; more bikeways as well
- ❖ Pedestrian bridge over Washington Street
- ❖ Use bikes as public transportation – work with bike shops to create a City fleet

Increase public art and activity:

- ❖ Collaborate with the City, CLC, and Crossing Arts Alliance for a large bike sculpture and other public art on Washington
- ❖ More benches and bike racks on Washington

Engage and collaborate with communities:

- ❖ Increase communication to various groups and community members about opportunities
- ❖ Retirement community needs more to do
- ❖ Promote wellness within groups and collaborate

Aid business owners:

- ❖ Help with grants; financial struggles of many businesses to clean up and beautify their storefronts
- ❖ Make it easy on the businesses; planning these events, collaborations, and promotions takes a lot of time. It would be easier for them if the City handled most planning and then held meetings with business owners or told them how they could help with these events.
- ❖ Focus on “curb appeal”

Promotion ideas:

- ❖ Increase signage and mapped routes
- ❖ Create a nice City map for all businesses to hand out (including destinations, restaurants, attractions, etc) with a QR code to an online version
- ❖ Move promotion from Downtown/South of Washington to North of Washington—utilize Gregory Park and that area
- ❖ Focus on branding
- ❖ Create a signpost for visitors in some way, directly telling them the who, what, when, where, why, etc. of Brainerd

Note: summer is the busiest time for most, so fall would be a good time to attend short meetings or begin general strategic planning

Washington Street Survey Results



I. Obstacles

Parking

- Most businesses mentioned a lack of safe or easy parking, including some parking lots that people just drive across

Traffic

- Cars drive by too fast to stop and look around
- Need to increase foot traffic

Communication

- An increase in communication with the City would be beneficial, specifically for downtown events and opportunities to participate

II. Marketing

Word-of-mouth

- This was the main form of successful marketing for businesses, pointing towards the importance of connecting the community

Social media

- Social media was also very useful. This would be another opportunity for collaboration.

III. Time of Year

Summer/Spring

- Utilize these seasons and the increased traffic to market Washington Street

Survey Results

WASHINGTON STREET



Fall

- Fall and winter are less popular seasons for some businesses, but would be a good focus to increase traffic and business within the local area, versus focuses on tourists

IV. Promotions & Activities

Collaborative Promotions

- Many supported the idea of an indoor "sidewalk sale" or general advertisement of promotions all along Washington Street for a specific date, etc.
- Something similar to the Downtown "Shop Hop" was mentioned as well

371 Signage

- Increasing signage on 371 North for Washington Street and Downtown was emphasized

Downtown Kiosks

- Utilizing the downtown kiosks and other opportunities to advertise businesses (both downtown and Washington) would be a great way to connect the two areas

Events/Activities

- There was an emphasis on having some activities, such as a barbecue or corn-feed in the parking lots, to increase foot traffic on Washington.

V. Other Initiatives

Downtown

River to Rail

Riverfront