

**KANDIYOHI COUNTY AND CITY OF WILLMAR ECONOMIC DEVELOPMENT COMMISSION (EDC)  
JOINT OPERATIONS BOARD OF DIRECTORS (OB)**

**MINUTES**

**April 13, 2023**

**Community Room, Heritage Bank, N.A., Willmar and Via ZOOM Video Conference**

Present: Art Benson, Jesse Gislason, Les Heitke, Noah Hultgren and Kelly TerWisscha

Ex Officio: Steve Gardner

Staff: Aaron Backman, Executive Director, Sarah Swedburg, Business Development Manager and Kelsey Olson, Marketing

Excused: Abdulcadir Gaal and Mary Warszynski

Media: Jennifer Kotila, West Central Tribune

Secretarial: Nancy Birkeland, Legal & Administrative Assistants, Inc.

Chair Art Benson called the meeting to order at approximately 11:06 a.m., declared a quorum was present and welcomed new board member Noah Hultgren followed by self introductions.

[Jesse Gislason joined the meeting.]

**AGENDA—**

IT WAS MOVED BY Kelly TerWisscha, seconded by Les Heitke, to approve the Agenda and following Consent Agenda:

**CONSENT AGENDA—**

- Approve:
1. Minutes of March 9, 2023
  2. Financial reports as of March 31, 2023
  3. Addition of new committee members:
    - a. Tiffany Hintz to the Marketing and Public Relations Committee
    - b. Chuck Stranberg to the Broadband and Advanced Technology Committee
  4. Resignations of committee members:
    - a. Brian Zawierucha and Goldie Smith from the Broadband and Advanced Technology Committee
    - b. Nick Dalton from the Finance Committee
  5. Payment of invoices over \$2,500:
    - a. Invoice No. 0308811 from Bolton & Menk in the amount of \$5,375 from the TIGER II Grant/Wye/Industrial Park line of the budget

- Accept: Committee/Subcommittee Minutes
1. Agriculture and Renewable Energy Development 1/19 and 2/16/2023
  2. Industrial Hemp Exploratory Subcommittee 1/9 and 2/13/2023
  3. Broadband and Advanced Technology 3/6/2023
  4. Business Retention and Expansion/Recruitment 12/2/2022
  5. Finance 1/10/2023
  6. Marketing and Public Relations 2/27/2023
  7. Leisure Travel 2/6/2023

## UNFINISHED BUSINESS

**2023 Planning Session.** Aaron Backman noted there were about 35 attendees at the boards' annual planning session where 2022 highlights and priorities for 2023 and 2024 were discussed. Top priorities were housing, broadband, childcare and workforce. Cheryl Glaeser will have a draft plan available by the end of April.

[Justice Walker joined the meeting.]

Also discussed was realignment of some committees. Staff feels broadband, marketing and finance should remain as is. Staff may work with partners, such as United Community Action Partnership (UCAP) and the Rural Child Care Innovation Program relative to the childcare grant and Vision 2040 Housing Subcommittee/Housing Coalition relative to housing and may look at creating an Agriculture, Industrial and Workforce Committee.

**Tiny Homes Update.** Backman visited with Justin Paffrath, who now has a preliminary plat; however, more approvals are needed. His overall plan is to have 16 units. He has a purchase agreement with the City of Willmar for three lots west of Giovanni's Pizza. Soil borings are done and he is awaiting the results. Paffrath has reduced the cost some, but the price point remains around an average of \$220,000 or \$240 per square foot. Sizes would run from a one bedroom, one bath at 445 square feet for an estimated cost of \$185,000 to \$190,000 up to three bedrooms, one bath. Justice Walker believes it is a great project for the City of Willmar and noted that by statute Paffrath could add 40 units to the space without exceeding the variance.

[Kelsey Olson joined the meeting.]

Walker has received multiple calls from individuals who thought the project was completed. Walker would like the tiny homes project increased to five acres. Garages will be optional. Walker stated there was a recent amendment to the Minnesota Residential Code increasing the entire square footage to the definition of a tiny home (up to 445 sq. ft.) and allows for a little more flexibility. Interest rates are affecting projects, as well as increased material costs. Paffrath plans to presell homes before building. Walker indicated covenants are not a concern for the city and noted Paffrath plans to have nice landscaping done. The total number of homes that can be built in the project will be a condition decided by the Willmar Planning Commission. It is a planned unit development; more units could not be added without city approval and more land would need to be acquired. Paffrath could approach the city for tax increment financing. Steve Gardner mentioned to Paffrath the new

housing trust fund recently adopted by the Kandiyohi County Board. In response to a question, Walker stated the Planning Commission has not had any discussions about accessory dwelling units. Sarah Swedburg suggested if the conversation was started, it could open the door for more discussions. Walker reported the City of Willmar is in the final phase of its new Comprehensive Plan.

## **NEW BUSINESS**

**Incentive recommendations for EDC staff.** Backman reviewed with the board his memo of April 13, 2023 (see attached) with recommendations for retention of staff and incentives. Backman estimated the incentive would result in a \$14,000 impact to the 2023 budget. Board members noted the EDC has added each year more than \$14,000 to the county's tax base and revenue.

IT WAS MOVED BY Les Heitke, SECONDED BY Kelly TerWisscha, to recommend to the Kandiyohi County and City of Willmar Economic Development Commission Joint Powers Board that it pay a four percent lump sum incentive of four percent to Sarah Swedburg and Kelsey Olson based on their respective salaries to be made on May 1, 2023 and to include in the 2024 budget a \$2.50 per hour increase effective January 1, 2024 for Swedburg and Olson resulting in an annual increase of approximately \$5,200 and \$4,160, respectively. MOTION CARRIED.

**2024 Budget Process.** Backman informed the board that the EDC's budget for the next year needs to be approved by September each year and in September he generally makes budget presentations to the Willmar City Council and Kandiyohi County Board of Commissioners. Backman requests input for the budget from the EDC's committees and staff. Backman asked for input from the board relative to the EDC's Tourism Partnership Agreement with the Willmar Lakes Area Convention & Visitors Bureau (CVB) and the annual allocation to the CVB. The current agreement was entered into in 2011 for three years and has been allowed to renew each year since then without review. Jesse Gislason noted the Marketing and Public Relations Committee discussed the agreement and found it difficult to find out how much money is returned to the county from the funds given to the CVB. The terms of the agreement have not been complied with each year by the CVB, such as presenting an annual budget, annual work plan and an annual year-end report. The CVB currently has over \$300,000 in reserve funds. The EDC does not give marketing funds to other communities/entities and some communities do not feel they are receiving value from the CVB. The Marketing and Public Relations Committee questioned if those funds would be more beneficial to the EDC at this time. Birkeland noted the original agreement was to eliminate duplication of effort and to promote Kandiyohi County outside the county as a tourism destination. Gardner noted he is on the CVB board and questioned how those funds would be used if they were not given to the CVB. Kelsey Olson noted she is participating in three community events this summer and the EDC will sponsor a beverage at an event. Swedburg noted EDC staff is going to each community and township to let them know about the EDC and find out if the EDC can assist them in some capacity, whether with resources or funding. It was questioned if some funds should be given to other communities for community festivals? Birkeland noted the EDC developed Funding Request Guidelines and an Application form for communities or events to apply for funds; however, any tourism-related requests would be forwarded to the CVB for consideration. Les Heitke suggested it would be good if funds could be shifted without requesting a tax levy increase. What lodging facilities contribute to the CVB's lodging tax was discussed.

IT WAS MOVED BY Les Heitke, SECONDED BY Jesse Gislason, to recommend to the Kandiyohi County and City of Willmar Economic Development Commission Joint Powers Board that it phase out funding to the Willmar Lakes Area Convention & Visitors Bureau over the course of three years beginning with the 2024 budget and that by 2027 the funding be zero. MOTION CARRIED.

## REPORTS

**Economic Development Activity.** Walker reported he has been fielding many inquiries for the 2023 construction season, including subdivision applications, quadplexes and a second development by Kuepers for another 72 units south of Walmart. Last night the Planning Commission approved construction of a new building by Farm-Rite Equipment, Inc. It will demolish its old buildings and construct new by Industrial Drive. Les Schwab Tire Center will begin construction in late 2023; Popeyes Restaurant will construct in late summer and Slim Chickens had to resubmit applications because of design changes by its corporate office. Open access fiber is moving along and they have an approved contract. They are currently working on bonding and should start construction this year to be done over the next three years. Heritage Exteriors & Restoration will begin working on its permits for an expansion.

Backman reported on his activities, including plans for a spur loop west of the new FedEx Distribution Center. He received a draft purchase agreement this morning for the purchase of 146 acres by a rail services company. The Kentucky company wants to purchase the land, develop the rail infrastructure and manage the site; Nexyst 360 and others would develop their projects near the rail. Four different projects would come off the loop. Backman will present it to a closed session of the Willmar City Council on April 17. Backman has been making presentations on the housing study to various communities and others. He received contact from a St. Cloud developer relative to possible senior housing and visited a twin home project in Brandon done by a Stearns County builder, who is interested in building in smaller communities; he provided information to the builder on Atwater and Kandiyohi. Backman submitted the certification application to BNSF for the Willmar Industrial Park and he, Swedburg and John Harren of Willmar Municipal Utilities (WMU) recently participated in a virtual site visit by GLS, a South Carolina site selector, assisting BNSF with its certification (Becker is the only site presently certified by BNSF in Minnesota). WMU can handle 5-8 megawatts of additional electrical demand in the Industrial Park. Backman distributed the 2023 construction program by the Minnesota Department of Transportation (see attached). Backman invited board members to attend the Highway 23 Coalition annual membership meeting to be held tomorrow in Mora.

Swedburg gave an update on the Main Street Revitalization Grant Program, which is for building improvement projects for businesses in downtown Willmar and sections along First Street and Business Highway 71. She estimates that approximately 40 applications have been received covering a wide range from small to large projects. Because of the response, Swedburg believes the entire \$744,000 will be spent in the first grant round. We are well ahead of schedule compared to state deadlines. The local review committee will consist of a couple of education people and three business representatives from outside the grant corridor. Applications will be reviewed the last week of April or beginning of May. Swedburg has been going through the applications to make sure all required documentation has been received. Southwest Initiative Foundation (SWIF) will reimburse the EDC for

administrative expenses. She believes ten or fewer applications are at the maximum request of \$75,000. Receiving two bids from contractors is a requirement, which has been difficult for applicants to obtain.

**Elevate Community Business Academy.** Swedburg reported the current Spanish course is in its fifth week and has 7-8 students and the English course is in its sixth week and will graduate 13-14 students. She noted the students are very dedicated and cover a wide variety of business types. A couple of the Spanish students are coming from Hutchinson. The Elevate program's borders are fluid due to SWIF's participation. The three new instructors are doing well and they are starting to explore a summer fellowship for high school students. Elevate is currently for 18 years and older, but she has received interest from teens younger than 18; she would like to connect students with resources. They are looking at a six-week program for four hours per week with a goal of five students. The fellowship would be a combination of the Community Business Academy and teen entrepreneur programs. Graduation for the current Elevate classes will be a bilingual event for both classes at 6 p.m. on June 27<sup>th</sup> at the Sibley Auditorium, MinnWest Technology Campus. Swedburg announced the opening of Pen House Boba, a tea shop, in downtown Willmar by an Elevate graduate. Olson noted her post on the EDC's Facebook page about the tea shop was shared 75 times—a strong number for the startup.

## COMMITTEE REPORTS

**Agriculture and Renewable Energy Development.** Olson noted many updates on industrial hemp were given in the EDC's most recent newsletter that had an open rate of 43%, which is very good.

**Broadband and Advanced Technology.** Swedburg noted the committee is doing a lot with broadband projects and doing outreach to townships.

[Kelly TerWisscha was excused from the meeting.]

**Marketing and Public Relations.** Olson reported she finalized all of the EDC's marketing materials and showed copies. She will email the materials to the board. Olson reported EDC staff participates in the KWLM Open Mic program and she has invited other guests to join, including Walker, Latino Economic Development Center, New London Economic Development Association, developers, EDC grant recipients and EDC board members. Mary Warszynski agreed to participate in July or August to share what it is like to be on this board. Olson invited other board members to also participate.

The EDC is a sponsor of and will participate in the Student Job Fair & Career Expo at the Willmar High School on May 9<sup>th</sup>. She was instrumental in getting an invitation extended to all schools in the county and she believes five to seven will participate. SWIF agreed to provide transportation to the other schools. The EDC will host its next virtual career fair on May 18<sup>th</sup>. Swift and Meeker Counties will be new sponsors along with previous sponsors Renville and Redwood Counties; employer recruitment has started. She created a web page for the childcare grant, developed marketing information for each area applicants can apply and emailed all providers in the county (86 inhome and 11 licensed centers) about the grant. Four parties are interested in having a new childcare location. She has also been speaking with UCAP to host a recruiting event for childcare providers. Swedburg reported that some

businesses are finding space for childcare and some that have a preschool are looking at providing infant and toddler care.

Backman reported the City of Willmar approached the EDC, CVB and Willmar Lakes Area Chamber of Commerce (WLACC) about rebranding and there have been some discussions in this regard. He noted most economic development organizations have no more than four words in their names; the EDC's length is quite cumbersome. Examples of marketing names were Living Alexandria Area and Grow Brainerd, which are concise and to the point. WLACC is working with Jean Geselius of Ten Oaks Design Studio, who was asked to also design new unified logos for the other three entities. Olson asked the board to look at rebranding the EDC, define who we are, who we serve and the importance of the partnerships. As the EDC is redoing its website, this could be a part of that process.

[Walker was excused from the meeting.]

Swedburg noted that with the four entities looking at a redesign at the same time supports a unified voice/look that can help uplift the area. Backman noted Greater MSP covers the Twin Cities and APEX covers the Duluth area. Olson noted the EDC is moving faster than the others because of its website redesign. \$2,000 is for rebranding, tag line, logo, name change.

IT WAS MOVED BY Les Heitke, SECONDED BY Noah Hultgren, to approve up to \$2,000 to engage Ten Oaks Design Studio to design a new logo for rebranding the Kandiyohi County and City of Willmar Economic Development Commission and recommend to the Joint Powers Board that it consider rebranding the EDC. MOTION CARRIED.

Gardner recommended Olson contact Kelsey Baker at the county as it also may consider rebranding.

#### **Finance.**

- a. **Loan Approval for Wings Gymnastics, LLC.** Swedburg reported at its March 14 meeting the Finance Committee approved a loan to Wings Gymnastics, LLC. The owner, Stephanie Breczinski, is a graduate of the Elevate program. Her financing to purchase the business originated with the previous owner; she is now refinancing the building with Home State Bank. SWIF and the EDC will finance the purchase of equipment; both will take a security position on the equipment valued at \$144,000 plus \$25,000 for new equipment.

IT WAS MOVED BY Les Heitke, SECONDED BY Noah Hultgren, to approve the recommendation of the Finance Committee to approve a \$43,000 loan under the Kandiyohi County and City of Willmar Economic Development Commission's Revolving Loan Fund Program to Wings Gymnastics LLC at 5.5% interest with a 10-year amortization and a 7-year balloon and a second security position in personal property, equipment and inventory of the business. MOTION CARRIED.

[Swedburg was excused from the meeting.]

- b. **Recommendation for COBAL Account.** Backman noted at its March 14 meeting, the Finance Committee recommended moving funds from the EDC's COVID-19 Business Assistance Loan

account at Lake Region Bank to an account to be determined by the boards. Out of 29 loans given, 27 are paid off and 2 remain outstanding.

IT WAS MOVED BY Jesse Gislason, SECONDED BY Noah Hultgren, to approve the recommendation of the Finance Committee to transfer a majority of the funds, leaving up to \$5,000 or the minimum required by the bank, from the Kandiyohi County and City of Willmar Economic Development Commission's COVID-19 Business Assistance Loan account to a Certificate of Deposit at Lake Region Bank, earning the highest interest that may be available and recommend the Joint Powers Board's ratification. MOTION CARRIED.

- c. **Recommendation Regarding Willmar Child Care Center Loan.** Backman provided information on the EDC's loan to Willmar Child Care Center, which is now in default. SWIF foreclosed on and sold the property and Mid-Minnesota Development Commission wrote off the balance of its loan. The EDC's original loan was \$25,000; payments were received until the property was foreclosed.

IT WAS MOVED BY Les Heitke, SECONDED BY Jesse Gislason, to approve the recommendation of the Finance Committee to write off the remaining balance owed by Willmar Child Care Center to the Kandiyohi County and City of Willmar Economic Development Commission in the approximate amount of \$15,424.79 and recommend the Joint Powers Board's ratification. MOTION CARRIED.

- d. **Urban Escape Loan.** Backman informed the board that at its meeting Tuesday, the Finance Committee approved an extension of the loan to Urban Escape Boutique. A balloon payment was due in March; however, Eryn Hannig, the owner, requested a five-month extension with a balloon payment to be paid in August.

IT WAS MOVED BY Noah Hultgren, SECONDED BY Les Heitke, to approve the recommendation of the Finance Committee to approve a five-month extension of the Kandiyohi County and City of Willmar Economic Development Commission's loan to Urban Escape Boutique, LLC with a final balloon payment to be made in August 2023. MOTION CARRIED.

**Leisure Travel.** Backman reported the Marketing Committee discussed the Tourism Partnership Agreement with the CVB and made the following recommendations:

- a. Prior to allocating funds to the Willmar Lakes Area Convention and Visitors Bureau, it comply with items 1-4 in the written agreement;
- b. The Tourism Partnership Agreement be reviewed and updated with a new contract to be signed in 2023; and
- c. The CVB be asked to provide its budgets and work plans since the agreement was executed.

Backman noted he recommends that before the next allocation is paid to the CVB, the CVB be asked to provide its 2022 and 2023 budget and work plan. Gislason reported Coffee & More in Spicer closed and is having an online auction. Backman noted the EDC has a security interest in the equipment and

Swedburg will be notifying the auctioneer of that interest and that any funds should be given to the EDC.

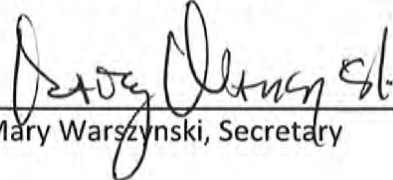
**Other.** Gardner announced the county approved an ordinance to establish a countywide housing trust fund. The Kandiyohi County Housing and Redevelopment Authority received a draft of the policies and procedures and will vote on it next month. The County Board has discussed using its American Rescue Plan Act (ARPA) funds, possibly \$500,000, for the trust fund. If ARPA funds are used, state or federal funds cannot be leveraged as a match.

Backman informed Gardner that Raymond is trying to raise funds for a new ambulance. It has raised \$165,000, which is about half of what is needed, and questioned if county ARPA funds could be used for the remainder? Gardner noted he, Commissioner Duane Anderson and Kelsey Baker met with Debbie Brandt of UCAP about this issue. Backman indicated that more than one-third of the calls responded to by Raymond are for the City of Willmar. Gislason noted New London also needs a new ambulance.

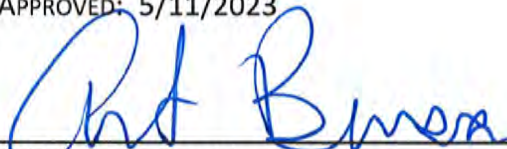
**Glacial Ridge Curling Club update.** Chair Benson reported the club continues to raise funds. They will be looking at new ways to fund raise.

**ADJOURNMENT**—There being no business, the meeting was adjourned at approximately 1:34 p.m.

**NEXT MEETING**—The next regular board meeting is 11:00 a.m., Thursday, May 11, 2023 at the Community Room of Heritage Bank, Willmar, and via Zoom video conference.

  
\_\_\_\_\_  
Mary Warszynski, Secretary

APPROVED: 5/11/2023

  
\_\_\_\_\_  
Art Benson, President



April 13, 2023

From: Aaron A. Backman, Executive Director, EDC

To: EDC Joint Operations Board Members:

Last Fall at the EDC's Joint Powers Board meeting in Raymond members discussed the idea of an incentive program for EDC Staff similar to the performance pay language with the City of Willmar.

The pertinent language that I received from LuAnn Sietsema, HR Director for the City, states: A Base pay increase of up to an additional 4% may be given to an employee based upon the employee's years of service and a satisfactory performance review.

I have undertaken performance reviews of both Sarah Swedburg and Kelsey Olson. I have been pleased with their personal development, generation of resources on behalf of the EDC, problem solving, attitude, and overall effectiveness. For instance, during the past year the EDC was responsible for garnering \$7.3 million in five sizeable grants for various projects/programs across Kandiyohi County. Sarah was key participant in getting three of those grants over the finish line. Sarah guides the loan closings through Committee and Board approvals and is managing the new Main Street business program. She is also instrumental in administering the award-winning Elevate Program, amongst other things. Kelsey has gotten the EDC back on track for regular newsletters, social media updates, and updating outdated marketing pieces. She is leading the charge on replacing the EDC's website. Moreover, I am tasking her to do things outside her current job description—principally outreach to smaller cities, workforce development and child care activities. For instance, she is doing the set-up and management of the EDC's Virtual Career Fairs, etc.

Current annual salary for the Business Development Manager is \$78,208, which is based upon a 40 hour week at \$37.60/hour.

Current annual salary for the Marketing & Communications Specialist is \$53,560, which is based upon a 32 hour week at \$32.19/hour.

In light of their work for the EDC and their performance, I am therefore recommending to the Board for performance and retention purposes the following:

First, a 4% lump sum incentive payment to be made on May 1<sup>st</sup>, assuming approval by the Joint Powers Board members, to both Sarah and Kelsey. The gross payment amounts would be an estimated \$3,128.32 and \$2,142.40.

Second, for the 2024 budget year, I would recommend a \$2.50 per hour increase effective January 1, 2024 for both Sarah and Kelsey. For the Business Development Manager that change would increase her hourly rate from \$37.60 to \$40.10. The annualized salary impact would be approximately \$5,200. For the Marketing & Communications Specialist that change would increase her hourly rate from \$32.19 to \$34.69. The annualized salary impact would be approximately \$4,160.





# 2023 Construction Program

Sandra Schlager | District 8 Public Affairs Coordinator





## #4: Highway 23 – The North Gap

### Two to four-lane expansion (Year 2)

- Paynesville to Richmond
- \$41.75 million
- Mathiowetz Construction
- April through October



# #5: Highway 23 – The South Gap

## Two to four-lane expansion (Year 1)

- New London to Paynesville
- \$34.5 million
- Mathiowetz Construction
- April through October





## #6: Highway 23 – Willmar

### Diamond interchange with on/off ramps

- \$2.2 million (estimate)
- Letting April 28
- July 10 – Oct. 6

