

KANDIYOHI COUNTY AND CITY OF WILLMAR ECONOMIC DEVELOPMENT COMMISSION
DOING BUSINESS AS KANDIYOHI COUNTY ECONOMIC DEVELOPMENT (KCED)
JOINT POWERS BOARD OF COMMISSIONERS SPECIAL MEETING
MINUTES
April 10, 2024
EDC Board Room, Willmar and Via ZOOM Video Conference

Present: Julie Asmus (via Zoom), Corky Berg, Vicki Davis, Steve Gardner and Doug Reese

Excused: Roger Imdieke

Staff: Aaron Backman, Executive Director; Michelle Marotzke, Business Development Manager and Kelsey Olson, Marketing & Communications Specialist (via Zoom)

Media: Jennifer Kotila, West Central Tribune

Secretarial: Cathy Skindilien, Legal & Administrative Assistants, Inc.

Chairperson Steve Gardner called the meeting to order at approximately 1:01 p.m. and declared a quorum was present.

AGENDA—

IT WAS MOVED BY Vicki Davis, SECONDED BY Julie Asmus, to approve the Agenda as emailed. MOTION CARRIED.

NEW BUSINESS—

EDC office location options. Backman reported office space discussion has been ongoing since last spring and he is optimistic that a decision can be made. The lease with the Elks expires in November of this year. A matrix of location options was presented (see attached). There are two options for staying in the Elks Building, Option A is a 5-year lease in the current space and Option B is a 10-year lease with approximately double the square footage. Appletree Square Option A is a 5-year lease while Option B is for 10 years. The new Willmar City Hall is a third possible location. Discussion was held by the City Council regarding the location of the new City Hall, however, a decision was not made and the deadline of April 1, 2024 given by this body for clarity on co-location has passed.

Each option was discussed in detail with the following highlights:

Option 1A - Elks Building 5-year lease

- Maintains the status quo of 1,500 square feet
- Current price is \$16 per square foot, will increase to \$18.25 per square foot
- Outside storage is charged separately
- Board room is not big enough to accommodate the larger boards and committees or the Elevate Community Business Academy classes
- One office is shared by two people

Option 1B - Elks Building 10-year lease including expansion

- Cost of \$20.84 per square foot or \$62,600 per year
- Area would be doubled to 3,000 square feet
- \$200,000 in leasehold improvement costs are included in the lease
- Would require a third furnace in the building, electricity, plumbing and insulation
- KCED could operate in its current location during the renovation
- Charles Construction would handle the project from June 1 through August 31

Option 2A - Appletree Square 5-year lease

- Proposal is for two bays totaling 2,840 square feet
- Cost is \$17.60 per square foot, or \$49,984 annually (Base rent is \$13.10 per square foot, with common area maintenance fees adding \$4.50 per square foot)
- KCED is responsible for \$80,000 in leasehold improvement costs, with the owner covering \$90,000
- Management fee of 2% would be waived for the first five years
- Estimated increase after five years would be 2-3%
- The utilities cost for a comparable space in Appletree Square is approximately \$100 per month
- Renovation would be completed by mid-September, making it possible to relocate before the Elks lease is up in November

Option 2B - Appletree Square 10-year lease

- Same as option 2A, except the EDC is responsible for \$40,000 in leasehold improvement costs, with the owner covering roughly \$130,000
- Cost will be reset based on the consumer price index in 5 years

Option 3 - Willmar City Hall

- 2,000 square feet, cost is \$20 per square foot or \$40,000 annually
- Three percent annual increase, making the annual cost \$45,020 by the fifth year
- Length of the term is not limited

Comments:

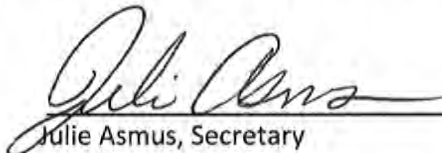
- Willmar Ten Investors has a good reputation
- New location could be ready in time for the new Executive Director
- While the new City Hall decision is close, it is still on hold
- While the City Hall option would fit well with the EDC, a short-term fix is needed
- Could remain open to the City Hall option in the future
- Appletree Square is a versatile and professional-looking building
- Appletree Square location is beneficial with easy access to Highway 12
- Willmar Ten Investors is open to receiving payment from KCED of \$20,000 in June and \$20,000 in December if Option 2B is chosen
- The leasehold improvement costs would be funded by EDC reserves
- Appletree Square has easy access to Highway 12
- Michelle Marotzke has contacts for low-cost furniture, as post-pandemic there is a glut of gently used furniture

IT WAS MOVED BY Doug Reese, SECONDED BY Corky Berg, to accept Willmar Ten Investors' Option B for a 10-year lease at Appletree Square with the understanding of a review after five years. All present voted unanimously in favor by roll call.

Executive Director Search. Backman provided an update of the Executive Director search process. Liza Donabauer at DDA Human Resources, Inc. is preparing a community position profile to be presented to the Review Committee, which consists of Steve Gardner, Roger Imdieke, Vicki Davis, Jesse Gislason, Les Heitke and Mary Warszynski. A request was made to include Leslie Valiant, City Administrator and Christopher Corbett, City Planner in the hiring process. The committee will meet on April 18th and the position will be advertised on April 19th. Candidate recruitment will be conducted for four weeks with the applicant screening processing the fourth week in May. DDA will select semi-finalists and video interviews will be conducted. Finalists will be selected the first week in June.

ADJOURNMENT—There being no other business, Chair Gardner adjourned the meeting at approximately 1:52 p.m.

NEXT MEETING—The next regular meeting is **11:30 a.m., Thursday, April 25, 2024** at the EDC office and via Zoom video conference.


Julie Asmus, Secretary

APPROVED: 4/25/2024:


Steve Gardner, Chairperson

EDC Office Location Options

3/14/2024

	Proposal Date	Square Footage	Lease Rate**	Annual Cost	Term	Leasehold Improvement Cost
1) Elks Building	3/7/2024 & 3/12/2024					
Option A		1,500	\$18.25/sq. ft.	\$27,375 (+ \$800)	5 years	0
Option B		3,000*	\$20.84/sq. ft.	\$62,592	10 years	\$200,000 Included in Lease
2) Appletree Square	2/26/2024					
Option A		2,840	\$17.60/sq.ft.	\$49,984	5 years	\$80,000 (Owner covering \$90,000)
Option B		2,840	\$17.60/sq.ft.	\$49,984	10 years	\$40,000
			(Reset for CPI)			
3) New Willmar City Hall	1/29/2024					
Proposal		2,000	\$20.00/sq.ft.	\$40,000	Not Limited	0
				(+ 3% annual increase		
				Year 5 is \$45,020)		

All options except 1) Option A offer larger meeting/classroom space and sufficient number of offices for EDC and contracted staff. Locations 1 and 2 can be renovated in the next 3 to 5 months. Appletree Square contractor would work from May 15th-September 15th. Elks contractor would work from June 1st-August 31st.

*Actual estimated space is 2,977 sq. ft.

** Current lease rate is \$16.00/sq. ft. or \$24,000/year plus storage.