

**ECONOMIC DEVELOPMENT AUTHORITY
CITY OF RAMSEY
ANOKA COUNTY
STATE OF MINNESOTA**

The City of Ramsey Economic Development Authority (EDA) conducted a regular meeting on Thursday, July 16, 2020, at the Ramsey Municipal Center, 7550 Sunwood Drive NW, Ramsey, Minnesota.

Members Present: Chairperson Jim Steffen
 Member Brian Burandt
 Member Scott Cords
 Member Glen Hardin
 Member Ryan Heineman
 Member Mark Kuzma (arrived at 7:35 a.m.)
 Member Chris Riley

Members Absent: None

Also Present: Sean Sullivan, Economic Development Manager
 Tim Gladhill, Deputy City Administrator
 Mayor John LeTourneau

1. CALL TO ORDER

Chairperson Steffen called the Economic Development Authority meeting to order at 7:30 a.m.

2. APPROVE AGENDA

Motion by Member Hardin, seconded by Member Riley, to approve the agenda.

Further discussion: Economic Development Manager Sullivan requested to consider Item 4.03 as the first item under EDA Business, with the other items to follow. The Commission confirmed consensus with that change in order.

A roll call vote was performed:

Member Heineman	aye
Member Cords	aye
Member Burandt	aye
Member Riley	aye
Member Hardin	aye
Chairperson Steffen	aye

Motion carried.

3. APPROVE MINUTES

3.01: Approve Meeting Minutes Dated June 11, 2020

Motion by Member Hardin, seconded by Member Cords, to approve the June 11, 2020, minutes as presented.

A roll call vote was performed:

Member Heineman	aye
Member Cords	aye
Member Burandt	aye
Member Riley	aye
Member Hardin	aye
Chairperson Steffen	aye

Motion carried.

4. EDA BUSINESS

4.03: Anoka Area Chamber of Commerce: Manufacture Cohort: 2020 Partnership Subscription Renewal

Economic Development Manager Sullivan presented the staff report.

Mayor LeTourneau stated that he is honored to continue to reach out to the community to support manufacturing through Anoka Area Chamber of Commerce Manufacture Cohort. He provided background information on the Manufacture Cohort and the work that has been done in the past few years including partnerships and collaboration with different groups, providing the example of the School District and changes that were made to the curriculum focused on manufacturing. He reviewed the work the Cohort focused on this year related to the COVID challenges including defining alternative workforce, openly exploring automation, investigating regional training, supporting COVID PPP applications, Minnesota Department of Labor dual training grants, regional automation assessment, and the “new normal”/what could be done to open up. He also reviewed employment statistics throughout Anoka County highlighting the importance of the manufacturing sector. He asked for continued support from the EDA/City of Ramsey.

Economic Development Manager Sullivan stated that he continues to be impressed by the work this group does. He noted that he has attended a number of meetings and events and provided information on the career signing event that he has attended in the past. He stated that staff recommends continued support of the Anoka Area Chamber Manufacture Cohort with a contribution of \$5,000.

Member Cords stated that in the last session the decision was made to use EDA budgeted funds to support local restaurants and cover the cost of the liquor license renewal fees. He asked if the EDA has the available funds to cover this budget request of \$5,000.

Economic Development Manager Sullivan replied that some funds have been moved around to cover the typical EDA expenses because of the contributions to the COVID program. He noted that some of the programs qualify for CARES Act funding, which will reduce the impact to the EDA budget. He noted that additional discussion will occur on the CARES Act funds later in today's agenda.

Deputy City Administrator Gladhill stated that the City is attempting to be reimbursed for the COVID business programs through the CARES Act. He noted that he will provide additional details in the next case.

Member Heineman asked if there is an untapped group of manufactures that could benefit from the Cohort.

Mayor LeTourneau stated that the number of jobs mentioned includes the opportunity within Anoka County. He confirmed that not all the businesses in Anoka County are a part of the Cohort but stated that all of the activity that the Cohort does, helps to support manufacturing as a whole throughout the County. He stated that the intent is to engage with as many businesses as they can and benefit the community.

Chairperson Steffen asked if the group has been meeting through Zoom meetings.

Mayor LeTourneau confirmed that the group has been meeting through Zoom and has a meeting later this morning that will include a cross section of manufacturers along with representatives from the Department of Labor and the School District. He stated that the discussion today will relate to COVID challenges and how to open businesses back up.

Member Hardin asked the number of communities in Anoka County that are providing funds in a similar manner to Ramsey.

Mayor LeTourneau replied that currently the cities of Anoka and Ramsey contribute funds along with Anoka County. He stated that the Cohort is able to focus on things relative to Anoka and Ramsey because of their contributions.

Motion by Member Burandt, seconded by Member Cords, to recommend to City Council to continue support of the Anoka Area Chamber Manufacture Cohort in 2020 including \$5,000 in funding.

A roll call vote was performed:

Member Heineman	aye
Member Cords	aye
Member Burandt	aye
Member Riley	aye
Member Kuzma	aye
Member Hardin	aye

Chairperson Steffen aye

Motion carried.

4.01: Consider Guidelines for Business Grant Program – Phase 2 COVID-19 Business Assistance Program Using CARES Act Funding Allocation

Economic Development Manager Sullivan presented the staff report.

Deputy City Administrator Gladhill provided background information on the CARES Act and funding received by the State that has been allocated to the City. He provided details on the expenses the City incurred due to COVID that would be eligible for reimbursement. He stated that many communities are allocating ten percent of their funding to use for business grants. He stated that it is possible that a second allocation could be made to the EDA for additional business grants, but that decision would not be made until additional work is done by staff and the Council to determine eligible expenditures. He asked if the EDA would like to do the business grant program and broad parameters for the program that the EDA would like the Council to consider.

Economic Development Manager Sullivan explained that the funding was received by the State and the State completed its own business grant program, noting that the State's program providing funding ability for targeted areas and businesses. He stated that in speaking with staff from Anoka County and other communities, he has been able to gather input and noted that many communities are going to have their own business grant program, similar to this request. He stated that if the City chooses to move forward with the grant program, the City Council has allocated \$200,000 of the CARES Act funding for that purpose.

Chairperson Steffen asked how this \$200,000 would be spent if the grant program was not approved.

Deputy City Administrator Gladhill stated that from an accounting standpoint, when you figure in public safety staffing, the City would have more expenses than the allocation.

Chairperson Steffen confirmed the consensus of the group to move forward with a business grant program.

Member Cords stated that he supports the business grant program and would like to see additional funds available for this purpose. He stated that he does have concerns with how the remaining allocation of \$2,000,000 is going to be spent.

Economic Development Manager Sullivan reviewed some of the different criteria beginning with business size, noting that the typical business size for this type of program seems to be 50 employees or less. He stated that the intent would be to focus on the small businesses that have struggled through the COVID challenges.

Chairperson Steffen confirmed the consensus of the EDA to support that business size of 50 employees or less.

Member Hardin stated that he would recommend that the annual revenue be reviewed to ensure that links together with the number of employees. He stated that if a business has 50 employees, it most likely has an annual revenue over \$2,000,000.

Economic Development Manager Sullivan stated that a cap would not have to be placed on annual revenue. He explained that the intent is to help the small businesses but acknowledged that there was a previous intent expressed by some members of the EDA to attempt to provide assistance to more businesses. He noted that the first round of the business assistance program focused on service businesses that were forced to shutdown for an extended period of time. He stated that this round of funding would be open to any business that has been impacted by COVID.

Chairperson Steffen agreed that it would make sense to keep this broader.

Economic Development Manager Sullivan moved to the question related to business revenue. He explained that the reason a cap is typically used is to ensure that the \$10,000 grant would be meaningful and effective to combat the challenges related to COVID. He stated that in the other programs he reviewed the highest cap he saw was \$3,500,000. He stated that the City has the ability to do whatever it would like, but noted that he has not seen a business grant program without a cap.

Member Hardin asked if there is an idea of the annual revenue of Ramsey businesses.

Economic Development Manager Sullivan stated that he does not have that information. He estimated that perhaps that outside of the top 20 businesses in Ramsey, the employment is around 75 to 100 employees. He noted that staff could look further into that if desired.

Chairperson Steffen asked how a business would document its number of employees or revenue and which a business would be more willing to share.

Economic Development Manager Sullivan stated that local lenders have been charged with assisting the State in the distribution of these funds. He explained that rather than have the City gather this information, a third party could be used to review the applications. He stated that the City could collect the applications and choose 20 using a lottery type system. He noted that application information could then be reviewed by a third party to ensure that the criteria would be met.

Chairperson Steffen stated that there would only be 20 grants available and asked how those recipients would be chosen.

Economic Development Manager Sullivan stated that in the Anoka County program there is a specification that a business that received CARES Act funding would not be eligible for this program. He noted that the City could do something similar to ensure that the funds are being spread to more businesses and that the business has not received CARES Act funding or funding through Anoka County. He stated that staff would determine a method that would randomly select

the 20 businesses. He stated that perhaps 25 applications are sent to the third party for review in the case that some businesses are not eligible.

Member Heineman stated that he would caution against looking at the amount of annual revenue for a business rather than revenue. He stated that a business could have a larger annual revenue but not as large of a profit because of its expenses.

Economic Development Manager Sullivan stated that Ramsey has been charged to get these funds out as soon as possible and therefore it could be difficult to get to that level of analysis. He stated that revenue could be removed from the criteria, if desired.

Member Riley stated that he would agree with removing the revenue criteria as he believes the cap of 50 employees and the proof of harm from COVID would be sufficient.

Member Hardin stated that he would like to have some benchmark if the intent is to help small businesses. He stated that 50 employees would be a fairly good-sized business.

Member Burandt stated that for the purpose of deploying the funds quickly, he would agree with removing the revenue criteria.

Member Kuzma stated that he would also support waiving the revenue criteria. He suggested that perhaps the number of employees is reduced to 30 or less.

Member Hardin confirmed that he would agree with that.

Chairperson Steffen stated that he would also agree with that.

Economic Development Manager Sullivan stated that he would caution against lowering the number of employees too far because of restaurant businesses that have a higher number of employees. He recognized that those employees may not be considered full time.

Chairperson Steffen agreed that most restaurant employees would not be considered full time and therefore that should not impact their ability to apply.

Economic Development Manager Sullivan confirmed the direction from the EDA to use the criteria of 30 full time employees or less and proof of impact from COVID. He reviewed information related to how long a business has been in operation and recommended using a period of one year prior to March 1, 2020.

Chairperson Steffen recommended using one year prior to January 1, 2020.

Economic Development Manager Sullivan stated that applications could either be reviewed to determine whether they meet the criteria, or the applications could be reviewed using a scoring system. He stated that staff would not recommend scoring.

Member Riley stated that he would not support scoring and would want to streamline this process in attempt to distribute the funds more quickly.

Economic Development Manager Sullivan asked if the EDA would like to see a criteria related to compliance with City zoning codes and property utilities and taxes paid through 2019.

Member Hardin commented that he would like to see compliance with ordinances and the zoning code.

Chairperson Steffen asked if that would be something easily reviewable for staff.

Deputy City Administrator Gladhill stated that if the language states compliant with City code and applicable regulations, staff would be able to verify that information.

Economic Development Manager Sullivan stated that most grant programs did not include non-profits and were only open to for profit businesses. He stated that if desired by the EDA, the program could be made open to non-profit organizations. He stated that staff recommends for profit businesses that are registered and in good standing with the Secretary of State.

Chairperson Steffen agreed with the recommendation of staff and confirmed consensus of the EDA.

Economic Development Manager Sullivan stated that staff recommends grants in the amount of \$10,000, which would be in line with Anoka County. He confirmed the consensus of the EDA. He moved to the issue of business location and asked if the EDA would want to ensure that the business is physically located in Ramsey and locally owned. He used the example of a corporately owned restaurant, such as a fast food establishment that could be located in Ramsey but corporately owned.

Member Kuzma stated that he would guess that large corporations would have access to PPP funds and therefore would support restricting the program to locally owned businesses.

Chairperson Steffen agreed.

Member Riley stated that there are Ramsey businesses that are not owned by Ramsey residents.

Chairperson Steffen confirmed that the owner would not need to reside in Ramsey.

Deputy City Administrator Gladhill used the example of a Ramsey resident that owns a business in another community that provides service in Ramsey and asked how that would be considered.

Economic Development Manager Sullivan stated that they want to ensure that the dollars are being spent locally and will not go outside of the community. He stated that perhaps that only applies to restaurants.

Chairperson Steffen stated that a corporately owned business would most likely have more than 30 employees and would therefore not qualify.

Economic Development Manager Sullivan referenced the application period and noted that most cities are using a period of ten days. He explained that once the application is made public, there would be a window of time in which applicants would apply. He suggested using a ten- or 14-day window, noting that the intent is to get the funds out quickly. He stated that he would hope to develop an online application.

Chairperson Steffen stated that he would suggest using a 14-day application window.

Economic Development Manager Sullivan stated that staff recommends not using a scoring system and rather do a random selection of the businesses that applied and are eligible. He stated that the general question would be if the business was impacted by COVID. He stated that they would review revenue from a period of 2019 compared to the same period in 2020. He noted that deeper review would be done after the 20 businesses are selected randomly.

Deputy City Administrator Gladhill stated that underwriting and revenue checks will be done to ensure that the CARES Act requirements are met prior to distribution of funds for those businesses awarded. He confirmed that a more impacted business may not be selected because of a lottery program. He noted that a scoring system would take longer to distribute funds because of the additional work that would be necessary to score the applications.

Chairperson Steffen asked when the revenue would be reviewed to ensure that the business was impacted by COVID.

Economic Development Manager Sullivan explained that the City could use a third-party vendor that would collect and review the information and complete the underwriting in order to ensure that the CARES Act requirements are met.

Member Heineman stated that there are other ways businesses are impacted outside of revenue, such as increased costs for materials, additional cleaning expenses, and expenses related to implementation of social distancing. He stated that it is possible for a business to be impacted outside of revenue.

Deputy City Administrator Gladhill confirmed that direct COVID expenses would be a method of showing a business was impacted.

Economic Development Manager Sullivan stated that the application could go into additional detail related to COVID impacts.

Deputy City Administrator Gladhill suggested that the remaining criteria be reviewed together rather than step by step in order to be more efficient with time.

Member Hardin left the meeting.

Economic Development Manager Sullivan noted that the remaining staff recommendations are included in the case and the Members could simply identify any opposition to those recommendations. He reviewed the suggested application process which would include an online application and the use of CNBC as the third-party agent to review and complete the underwriting for the applications.

Member Riley referenced the criteria related to whether a business has received emergency assistance. He asked if that would exclude a business that received assistance through the first phase of the program.

Economic Development Manager Sullivan stated that the staff recommendation would be not to include that criteria.

Chairperson Steffen agreed as that criteria would make restaurant ineligible for the program.

Member Heineman referenced the criteria that would exclude a business that sells tobacco, vaping or related adult products and asked if that language is related to criteria within the CARES Act.

Economic Development Manager Sullivan stated that if a staff generated recommendation take from many other programs.

Member Heineman stated that he personally does not support tobacco use, but also does not want to have the EDA make that moral decision. The EDA confirmed consensus.

Economic Development Manager Sullivan noted that he would remove those two items that would make a business not eligible as directed by the discussion.

Motion by Member Burandt, seconded by Member Heineman, to recommend establishment of a \$200,000 grant or loan to the City Council with the agreed upon criteria.

A roll call vote was performed:

Member Heineman	aye
Member Cords	aye
Member Burandt	aye
Member Riley	aye
Member Kuzma	aye
Chairperson Steffen	aye

Motion carried.

4.02: Consider CBRE Listing Agreement for City Owned Land

Economic Development Manager Sullivan presented the staff report.

Brian Pankratz, CBRE, provided a brief update on the market and COVID impacts. He stated that housing and industrial continue to be active while retail and office/business tend to be bigger questions because of the impact of COVID.

Motion by Chairperson Steffen, seconded by Member Cords, to recommend to City Council to approve the Listing Agreement with CBRE from August 1, 2020 through January 31, 2021.

A roll call vote was performed:

Member Heineman aye
Member Cords aye
Member Burandt aye
Member Riley aye
Member Kuzma aye
Chairperson Steffen aye

Motion carried.

5. MEMBER / STAFF UPDATE

Economic Development Manager Sullivan stated that planning continues to move forward for Business Appreciation Day and online registration has begun with 40 people signed up. He stated that staff has been working with local partners to respond to a RFI for a business looking for 20+ acres. He thanked the community partners, including Connexus Energy, GRE and DEED, that assisted in answering the RFI. He noted that staff will wait to hear if Ramsey moves to the next level. He stated that 10 businesses have chosen to take advantage of the ad program in the next *Ramsey Resident*. He provided a brief update on the timelines for Cobblestone and Gigi's Salon. He indicated that the closing for Cobblestone would occur by September according the terms of the purchase agreement, whereas Gigi's could occur closer to the end of the year.

6. ADJOURNMENT

Motion by Chairperson Steffen, seconded by Member Riley, to adjourn the meeting.

A roll call vote was performed:

Member Heineman aye
Member Cords aye
Member Burandt aye
Member Riley aye
Member Kuzma aye
Chairperson Steffen aye

Motion carried.

The regular meeting of the Economic Development Authority adjourned at 9:25 a.m.

Respectfully submitted,

Sean Sullivan
Economic Development Manager

ATTEST:

Wendy Schlueter
Economic Development Administrative Assistant

Draft by Amanda Staple
TimeSaver Off Site Secretarial, Inc.

DRAFT