

Kasson Economic Development Authority 2022 Annual Report



Meeting Attendance:

| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 |
|-----------------------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|
| Egglar (Pres) | ✓ | ✓ | ✓ | n/a | ✓ | ✓ | ✓ | ✓ | ✓ | n/a | ✓ | ✓ |
| Peterson (VP) | ✓ | ✓ | ✓ | n/a | ✓ | ✓ | | ✓ | ✓ | n/a | ✓ | ✓ |
| McKern | ✓ | ✓ | ✓ | n/a | ✓ | ✓ | ✓ | ✓ | ✓ | n/a | ✓ | ✓ |
| Monson | ✓ | | ✓ | n/a | | ✓ | | ✓ | ✓ | n/a | ✓ | ✓ |
| Borgstom-Durst | ✓ | | ✓ | n/a | ✓ | ✓ | ✓ | ✓ | | n/a | ✓ | ✓ |
| O'Malley | | | ✓ | n/a | ✓ | ✓ | ✓ | ✓ | ✓ | n/a | ✓ | ✓ |
| Moosbrugger | ✓ | ✓ | | n/a | | | | | | n/a | | n/a |
| Ehmke | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | ✓ |

2022 Highlights:

Strategic Planning

- The following were identified as priorities for the EDA to focus on in 2022:
 - 1. Developing the Vail property
 - 2. Business attraction with a focus on retail
 - 3. Supporting businesses through the Hwy 57 project
 - 4. Housing

Vail Property Development

- EDA staff conducted outreach to area developers and hospitality management companies.
- Due to uncertainties in the hospitality industry caused by the COVID-19 pandemic and workforce shortages, housing became the primary focus of developing the Vail property.
- Hamilton Real Estate Group was approved to develop a portion of the Vail property with multifamily housing. Construction of a 52-unit market rate apartment building began in the summer and is planned to open for renters in June of 2023.
- Sand Companies will be moving forward with their proposal of a 48-unit affordable workforce housing project after being selected to receive tax credits. Construction is likely to begin in spring/summer of 2024.

Hamilton Multifamily Project

- Hamilton Real Estate Group requested various forms of financial assistance for their proposed apartment building at the Vail property. The City Council approved tax abatement with the following terms:
 - The purchase price of the parcel is \$175,000. This includes both the purchase of the land and the assessable infrastructure improvements.

- First right of refusal on the lot to the west.
- 8 years of tax abatement at 100%, with an annual cap of \$55,000 and a total 8-year cap of \$440,000.
- Dodge County and the School District each approved 5 years of tax abatement.

Sand Companies

- EDA staff worked with Sand Companies on applying for tax credits for a second time after being denied in 2021. The EDA recommended that the City Council submit a letter of support for the application and approve a resolution of support for TIF assistance – conditional on the project’s approval for tax credits.
- The project was successful in securing tax credits.

Trail Creek Coffee Roasters

- Trail Creek Coffee Roasters accepted a counteroffer from the EDA to purchase the old library building in downtown Kasson. The closing date was May 5th.
- The purchase price was \$100,000 with a business subsidy of \$15,000 to be paid out over 5 years in \$3,000 increments.

Plaza 57 Daycare

- EDA staff met with Dodge County and the Community Ed Director to discuss a potential daycare center in Kasson. A space at Plaza 57 was identified as a possible site.
- A conditional use permit was approved for a daycare center at Plaza 57. The site will accommodate up to 84 students and 16 staff and is planned to open in early 2023.

Downtown Lots

- EDA staff applied for Build Back Better and Economic Adjustment Assistance funding – neither application was successful.
- After some inquiries into purchasing the downtown lots, an offer to purchase was received from Petals2Metals with the intention to build a shop for flowers and upcycled gifts. The offer to purchase the lots for \$11,500 was accepted by the EDA.
- Ultimately, the interested party chose to purchase a building on Main Street instead of building a new building.

Kasson Main Street Improvement Task Force

- The task force met multiple times for the planning of a new St. Paddy’s Day event, which took place on March 12th. A second annual event is planned for 2023.
- The task force applied for a Downtown Assessment grant offered through a partnership between the Southern Minnesota Initiative Foundation (SMIF) and Rethos. Kasson was one of the three communities in SE MN to be selected.

SE MN Impact Hub

- EDA staff proposed a concept for a commercial kitchen and food incubator with retail space for the old Images building. Staff had several conversations with other organizations to build support for the project, although the building was renovated and was ultimately sold to another party in December.

Business Façade Improvement Program

- The EDA received three applications for \$2,000 each in grant funding for eligible projects. The businesses awarded were Chaotic Good Brewing Company, Tammy's Place, and Caribou Enterprises (Domino's and Preferred Heating & Cooling).
- The program was approved to continue in 2023.

Hwy 57 Disruption Programming

- The EDA approved a 0% interest short disruption loan program to assist businesses with any lost revenue from the Hwy 57 construction project. Loans of up to \$2,000 to be dispersed at a rate of \$1,000 per month during the construction period were available.

1760 Millwork

- In 2021, the EDA approved a 12-month loan forbearance for 1760 Millwork while they rebuild on the same site following a fire. Loan payments restarted in September of 2022.
- Reopening of 1760 Millwork was delayed due to many hurdles, the largest of which were supply chain issues.

Chaotic Good Brewing Company

- The EDA approved a \$50,000 RLF to assist in acquiring the old Ocean Mist Car Wash building, which was converted into a taproom.
- Chaotic Good Brewing Company received a \$2,000 façade improvement grant.

Historic Kasson School Redevelopment

- Paul Warshauer of Grand Venues proposed to redevelop the site into luxury senior apartments. The EDA recommended to approve 25 years of TIF assistance with the stipulations that apartment density would be set at 31 units, the apartments would be senior housing, and the sunset for TIF approval would be February 23rd, 2023.
- The City Council voted to move forward with TIF assistance.

Hindermann Concrete Site – Crop Science Investigation

- Crop Science Investigation received a \$25,000 RLF to be used for the clean-up of the old Hindermann Concrete site. They also intend to rebuild existing structures for the purpose of producing hemp-derived crop fertilizer. They also received funding from the Rural Development Revolving loan fund via People's Coop.

Rethos Downtown Assessment

- Kasson was one of three communities in SE MN to receive a grant for a Downtown Assessment offered through a partnership between SMIF and Rethos.
- Rethos came to Kasson in early June to meet with community leaders and residents. Survey data was also collected to be used for the Downtown Assessment report.
- Rethos returned in January of 2023 to present the final product.

Business Spotlight Program

- The Spotlight program was created to feature one Kasson business per month and allow them to present at an EDA meeting. Each recipient receives a certificate of appreciation.
- In 2022, KMTelecom (September) and Anytime Fitness (November) were featured.

Tax Abatement – KC DT, LLC

- KC DT, LLC requested tax abatement to assist in covering the costs of infrastructure improvements needed to construct a new commercial building on Mantorville Ave N. The building, when completed, will house a combination Family Dollar / Dollar Tree and will employ 20 people.
- EDA staff proposed a stepped-percentage tax abatement plan, and worked with Dodge County EDA on the possibility of collaborative abatement.
- The total value of the stepped-percentage plan would not exceed \$102,331.25 in total abatement over a period of time not to exceed 9 years.
- The EDA recommended approval to the City Council, which approved tax abatement for this project in January of 2023.

Other Noteworthy Items

- The EDA collaborated with the Chamber of Commerce on many ribbon-cutting events for new businesses throughout the year.
- The EDA made an annual contribution of \$500 to SMIF.
- The EDA sponsored the Around and About Main Street event at the \$360 level.
- In July, the EDA welcomed Ian Albers as the new Community Development Assistant.
- In December, the EDA welcomed Jon Ehmke to fill a vacant board member seat.

Like a watchful gardener, the role of a local Economic Development Authority (EDA) is to water its community's seeds of economic promise and, with luck, watch them grow into successful businesses. One impactful service EDAs provide is distributing funds through loan and grant programs. When awarded at the right time, the funds provide businesses with the boost they need to get off the ground running.

It's very rewarding watching the process of developing a business plan, figuring out cash flows and projects and seeing all the work that these business owners put in before the request for money is even an option. We know that business owners work hard, and we're thrilled that we can assist them on behalf of the whole community. We look forward to another successful year in 2023.