

KASSON ECONOMIC DEVELOPMENT AUTHORITY

Kasson City Hall
Tuesday, October 6th, 2020
12:00 PM

I.	Call Meeting to Order	
II.	Approve Minutes of the Previous Meeting	1
III.	Financial Report	
	a. Balance Sheet	3
	b. Income Statement	6
	c. EDA Loans	9
IV.	Downtown Lots – Tax Increment Financing District	
	a. Memo	10
	b. Nancy Zaworski – Finance Director	
V.	Southwest Land Discussion	
	a. Memo	11
VI.	Coordinators Report	13
	a. EDA Business Programs Pamphlet	14
	b. Approved 2021 Budget	15
VII.	City Administrators Report	16
VIII.	Other Business/Open Discussion	
IX.	Items for November EDA Meeting	
X.	Adjourn	

Next meeting will be held on Tuesday November 3rd, 2020

KASSON ECONOMIC DEVELOPMENT AUTHORITY MEETING

Tuesday, September 1st, 2020

12:00PM

DRAFT MINUTES

Pursuant to due call and notice thereof, a regular meeting of the Kasson Economic Development Authority (EDA) was held at City Hall this 1st day of September 2020 at 12:00PM.

The following board members were present: Dan Eggler, Michael Peterson, Chris McKern, Janice Borgstrom-Durst, and Kathy O'Malley.

Absent: Tom Monson and Liza Larsen.

The following staff members were present: Timothy Ibisch - City Administrator, Nicholas Ouellette - EDA Staff.

Prior to the meeting, Kathy O'Malley took the oath of office and assumed a seat on the Economic Development Authority Board.

- I. Call Meeting to Order. Eggler called the meeting to order at 12:00PM.
- II. Approve Minutes of the Previous Meeting. McKern motioned to approve the July 14th minutes. Peterson seconded.

Ayes (4), Nays (0). Motion carried.
- III. Financial Report. Ibisch noted the Klampe loan had been paid off earlier in the year and would be removed from the financial report moving forward.
- IV. Oath of Office – Kathy O'Malley. The Board welcomed Kathy O'Malley to the Economic Development Authority.

Janice Borgstrom-Durst arrived to the meeting at this time.

- V. Business Façade Improvement Grant. Ouellette discussed a request for reimbursement from Full Circle Wellness for \$212. Ouellette noted this project was a good example of how the Business Façade Improvement Program can benefit new businesses in Kasson.

Eggler motioned to approve the application from Full Circle Wellness. McKern seconded.

Ayes (5), Nays (0). Motion carried.

- VI. 2021 Budget. Ouellette noted he had not received any requests from the Board to amend the proposed budget. Ouellette reviewed the major changes to the budget were the \$10,000 reduction to commercial programs and \$5,000 addition to advertising.

Peterson motioned to recommend the proposed 2021 EDA budget to City Council. Borgstrom-Durst seconded.

Ayes (5), Nays (0). Motion carried.

- VII. City-Owned Land (SW). Ouellette reviewed a proposal from WHKS to provide a preliminary survey of development potential. Eggler noted the cost of the survey is \$3,500. Ibisch discussed the scope of services WHKS provided and whether the Board wished to add anything else to the scop. Ouellette noted the EDA's budget has \$3,000 for engineering services the Board can use to pay for the survey. Ibisch added any remaining cost could come from the EDA's legal fees budget. McKern motioned to approve the Scope of Services submitted by WHKS. O'Malley seconded.

Ayes (5), Nays (0). Motion carried.

Ouellette discussed the worksheet he created for the Board to fill out. The worksheet will provide Ouellette with a better understanding of how the Board would like to see development. Ouellette requested the Board fill out the worksheet and return it to him by the October EDA meeting. Ibisch stressed the importance of developing the property for commercial uses.

- VIII. Coordinators Report. Ouellette discussed the items in the Coordinators Report. Ouellette discussed a request from Dodge County Youth Hockey to present a project for a new ice arena complex. Ouellette expects the presentation will include a request for a business subsidy. Ouellette included the results of the Kasson Co-Working and Office Needs survey. Ouellette also discussed the Dodge County Small Business & Nonprofit Relief Funds program.
- IX. City Administrators Report. Ibisch discussed the items in the Administrators Report. Ibisch discussed his meeting with CMP^{AS} regarding the organizations plan to create economic development programs to assist their member communities.
- X. Other Business. Borgstrom-Durst discussed promoting available real estate in Kasson. Ibisch requested the Board to discuss the high value of commercial real estate in Kasson and whether the Board had any thoughts on how to address the issue.
- XI. Items for the September EDA Meeting. Downtown TIF, SW Land, and a presentation from Dodge County Youth Hockey.
- XII. Adjourn. Peterson motioned to adjourn the meeting. Borgstrom-Durst seconded.

Ayes (5), Nays (0). Motion carried. Meeting adjourned at 12:40PM.

The next meeting will be held at 12:00PM on October 6th, 2020.

Minutes Submitted by: _____
Nicholas Ouellette, EDA Coordinator

Dan Eggler, EDA President

10/01/20
08:01:38

CITY OF KASSON
Balance Sheet
For the Accounting Period: 9 / 20

Page: 1 of 3
Report ID: L150

225 EDA FED MIF

Assets

Current Assets

CASH-OPERATING	42,676.07
MONEY MARKET-SMITH BARNEY	472.61
INVESTMENT INTEREST RECEIVABLE	72.00
LOAN PRIN REC-WHITMARSH	3,081.31
LOAN PRIN REC- 1760 MILLWORK	75,108.30
LOAN PRIN REC-GIBBS	45,633.94
LOAN PRIN REC- L & A (MAIN STREET FITNESS)	37,729.53
LOAN PRIN REC- DOLLAR VIDEO	15,293.57
SPECIAL ASSESSMENTS--DEFERRED	11,708.17

Total Current Assets	231,775.50
----------------------	------------

Total Assets	231,775.50
--------------	------------

Liabilities and Equity

Current Liabilities

Deferred Revenue Assessments	11,708.69
------------------------------	-----------

Total Current Liabilities	11,708.69
---------------------------	-----------

Total Liabilities	11,708.69
-------------------	-----------

Equity

UNRESERVED FUND BALANCE	211,251.99
CURRENT YEAR INCOME/(LOSS)	8,814.82

Total Equity	220,066.81
--------------	------------

Total Liabilities & Equity	231,775.50
----------------------------	------------

10/01/20
08:01:38

CITY OF KASSON
Balance Sheet
For the Accounting Period: 9 / 20

Page: 2 of 3
Report ID: L150

226 EDA RLF

Assets

Current Assets

CASH-OPERATING	77,562.00
DAISY MAE CONSIGN PRIN RECEIVABLE	2,400.00

Total Current Assets	79,962.00
----------------------	-----------

Total Assets	79,962.00
--------------	-----------

Liabilities and Equity

Total Liabilities

Equity

CURRENT YEAR INCOME/(LOSS)	79,962.00
----------------------------	-----------

Total Equity	79,962.00
--------------	-----------

Total Liabilities & Equity	79,962.00
----------------------------	-----------

10/01/20
08:01:38

CITY OF KASSON
Balance Sheet
For the Accounting Period: 9 / 20

Page: 3 of 3
Report ID: L150

290 Economic Development

Assets

Current Assets

CASH-OPERATING	41,131.18
DUE FROM OTHER FUNDS	82,677.89
PREPAID ITEMS	30.00

Total Current Assets	123,839.07
----------------------	------------

Total Assets	123,839.07
--------------	------------

Liabilities and Equity

Current Liabilities

ACCRUED WAGE/SALARY PAYABLE	0.31
-----------------------------	------

Total Current Liabilities	0.31
---------------------------	------

Total Liabilities	0.31
-------------------	------

Equity

UNRESERVED FUND BALANCE	152,331.02
CURRENT YEAR INCOME/(LOSS)	(28,492.26)

Total Equity	123,838.76
--------------	------------

Total Liabilities & Equity	123,839.07
----------------------------	------------

10/01/20
08:02:12

CITY OF KASSON
Income Statement by Department
For the Accounting Period: 9 / 20

Page: 1 of 3
Report ID: L140

225 EDA FED MIF

	Actual		Actual		Annual Budget
	Period to Date	%	Year-To-Date	%	
Revenue					
Community/Economic Development					
3611 SPECIAL ASSESSMTS - PRINC	0.00		2,927.05		0.00 2,927.05
3612 SPECIAL ASSESSMT-PENALTY/	0.00		263.42		0.00 263.42
3621 INTEREST EARNED	450.91		5,617.35		0.00 5,617.35
3626 MONEY MARKET INTEREST	0.00		7.00		0.00 7.00
Total Department	450.91		8,814.82		0.00 8,814.82
Total Revenue	450.91	100.00	8,814.82	100.00	0.00 8,814.82
Net Income(Loss)	450.91		8,814.82		

10/01/20
08:02:12

CITY OF KASSON
Income Statement by Department
For the Accounting Period: 9 / 20

Page: 2 of 3
Report ID: L140

226 EDA RLF

	Actual		Actual		Annual Budget	
	Period to Date	%	Year-To-Date	%		
Revenue						
Community/Economic Development						
3621 INTEREST EARNED	0.00		2.00	5.00	0.00	2.00
3921 TRANSFER FROM OTHER FUNDS	0.00		80,000.00****. **		0.00	80,000.00
Total Department			80,002.00****. **			80,002.00
Total Revenue	0.00	100.00	80,002.00	100.00	0.00	80,002.00
Expenses						
Community/Economic Development						
Community/Economic Development						
430 OTHER SERVICE/CHARGES-MISC.	0.00		40.00	100.00	0.00	-40.00
Account Total			40.00	100.00		-40.00
Total Department			40.00	100.00		-40.00
Total Expenses	0.00		40.00	100.00	0.00	-40.00
Net Income(Loss)	0.00		79,962.00****. **			

10/01/20
08:02:12

CITY OF KASSON
Income Statement by Department
For the Accounting Period: 9 / 20

Page: 3 of 3
Report ID: L140

290 Economic Development

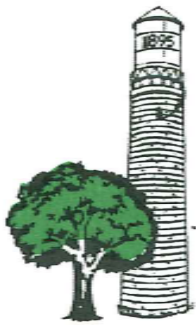
	Actual		Actual		Annual Budget	
	Period to Date	%	Year-To-Date	%		
Revenue						
Community/Economic Development						
3101 CURRENT AD VALOREM TAXES	0.00		45,266.50	61.22	90,533.00	-45,266.50
3107 ABATEMENT LEVY	0.00		115.00	0.16	0.00	115.00
3621 INTEREST EARNED	0.00		65.00	0.09	2,000.00	-1,935.00
Total Department			45,446.50	61.47	92,533.00	-47,086.50
Total Revenue	0.00	100.00	45,446.50	100.00	92,533.00	-47,086.50
Expenses						
Community/Economic Development						
Community/Economic Development						
101 FULL-TIME EMPLOYEES - REGULAR	918.41	60.87	8,036.02	10.87	11,700.00	3,663.98
121 EMPLOYER PERA CONTRIBUTIONS	68.88	4.57	602.67	0.82	878.00	275.33
122 EMPLOYER FICA CONTRIBUTIONS	56.58	3.75	495.71	0.67	725.00	229.29
123 EMPLOYER MEDICARE CONTRIBUTION	13.24	0.88	115.95	0.16	170.00	54.05
130 EMPLOYER PAID INSURANCE	78.23	5.18	569.67	0.77	2,000.00	1,430.33
150 WORKER'S COMPENSATION	0.00		47.76	0.06	100.00	52.24
210 OPERATING SUPPLIES	27.18	1.80	223.72	0.30	400.00	176.28
303 ENGINEERING FEES	0.00		0.00		3,000.00	3,000.00
304 LEGAL FEES	0.00		0.00		4,000.00	4,000.00
321 TELEPHONE	22.25	1.47	176.18	0.24	500.00	323.82
325 COMMUNICATION-OTHER	15.00	0.99	206.67	0.28	200.00	-6.67
333 STAFF MEETINGS & CONFERENCES	0.00		0.00		500.00	500.00
334 MEMBERSHIP DUES AND FEES	0.00		396.00	0.54	500.00	104.00
351 LEGAL NOTICES PUBLISHING	0.00		50.70	0.07	0.00	-50.70
360 INSURANCE	97.07	6.43	388.28	0.53	360.00	-28.28
414 COMMERCIAL PROGRAMS	212.00	14.05	7,969.00	10.78	20,000.00	12,031.00
430 OTHER SERVICE/CHARGES-MISC.	0.00		1,654.43	2.24	4,500.00	2,845.57
440 PROFESSIONAL SERVICES	0.00		285.00	0.39	500.00	215.00
444 OTHER CONTRACTUAL SERVICES	0.00		32,721.00	44.25	42,500.00	9,779.00
720 OPERATING TRANSFERS	0.00		20,000.00	27.05	0.00	-20,000.00
Account Total	1,508.84	100.00	73,938.76	100.00	92,533.00	18,594.24
Total Department	1,508.84	100.00	73,938.76	100.00	92,533.00	18,594.24
Total Expenses	1,508.84	100.00	73,938.76	100.00	92,533.00	18,594.24
Net Income(Loss)	-1,508.84	-100.00	-28,492.26	-38.53		

EDA Loans

Loan Name	Origination Date	Original Amount	Interest Rate	Monthly Payment	Term/ Due Date	12.31.19 Balance	Prin Recvd YTD	9.30.20 Balance
Klampe	3/1/2005	\$ 8,293	2.0%	53.37	15 years 2/1/2020	106	106	0
L & A(Main Street Fitness)	4/29/2009	\$ 75,000	3.0%	415.95	20 years 4/29/2029	40,589	2,860	37,729
Dollar Video	8/1/2009	\$ 50,000	3.0%	345.29	14 years 9/1/2024	18,023	2,729	15,294
Gibbs	10/14/2015	\$ 80,000	3.0%	772.49	10 years 1/1/2026	52,128	6,494	45,634
Millwork	7/1/2016	\$ 90,000	3.0%	499.14	20 years 6/1/2036	77,876	2,768	75,108
Whitmarsh	6/28/2018	\$ 5,000	4.75%	90	5 years 7/1/2023	3,768	687	3,081

EDA RLF Loans

Loan Name	Origination Date	Original Amount	Interest Rate	Monthly Payment	Term/ Due Date	Loan	Prin Recvd YTD	5.31.2020 Balance	Check Returned
Gadient	4/27/2020	\$ 5,000	0.0%	100	1/1/2025			0	
Daisie Mae Consignements	5/1/2020	\$ 2,400	0.0%	100	11/1/2022			0	2,400



TREE
CITY
USA

CITY OF
KASSON

401 FIFTH STREET SE
KASSON, MINNESOTA 55944-2204
PHONE: (507) 634-7071
FAX: (507) 634-4737

MEMO

To: Economic Development Authority Board

From: Nicholas Ouellette, EDA Staff

Date: September 28, 2020

Re: Downtown Lots Tax Increment Financing District

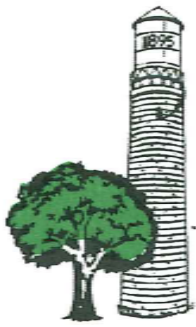
Summary:

The EDA owns two lots at 204 and 206 Main Street. When the lots transferred to EDA ownership Tax Increment Financing (TIF) was used to pay for the upfront cost of demolishing the buildings that existed. The EDA lent \$50,000 to the TIF district to pay for the demolition. The EDA charges approximately \$2,600 of interest on the lent money to the TIF district. With the interest accrued over time the TIF district owes the EDA approximately \$81,678.

Nancy Zaworski, Kasson Finance Director, will be present at the October EDA meeting to discuss this issue in further detail, including future options for the TIF district.

Action Requested:

It is requested the EDA Board approve a motion to suspend the interest payments due to the EDA by the TIF district on the downtown EDA owned parcels.



TREE
CITY
USA

CITY OF
KASSON

401 FIFTH STREET SE
KASSON, MINNESOTA 55944-2204
PHONE: (507) 634-7071
FAX: (507) 634-4737

MEMO

To: Economic Development Authority Board

From: Nicholas Ouellette, EDA Staff

Date: September 29, 2020

Re: Southwest Land Development Scenarios

Summary:

The City Administrator and I have discussed the pattern of development and possible scenarios for how it may occur. These considerations are explained in this memo and we plan for the EDA to discuss at the October EDA meeting. WHKS expects to have documents prepared by the end of October that describe possible land uses for the parcel from an engineering and marketing perspective. This memo serves as a discussion starter for how the EDA would like to approach different land use developments and the programs available to assist in that development.

Background:

The southeast portion of the parcel is the most feasible area for development in the near future. City engineers' have noted barriers to the development of the east and northeast portions of the parcel. A high ridgeline bisects the property running south from the center of the cemetery. This ridge impacts the City's ability to extend sewer systems to the western half of the parcel from Mantorville Avenue. The ridge also impacts the feasibility of extending a sewer line along 640th Street towards the northwest corner of the parcel. A larger project to improve 640th Street and include utility lines would be a future project that could open up the northwest corner of the parcel and adjacent properties to future development. Development in this area must include a pond and could be light industrial, workforce housing, or a mix of both land uses.

Commercial and/or light industrial development should be the priority for the EDA and should comprise at least one component of the parcel. The development of affordable commercial/light industrial properties can attract businesses to Kasson and create growth opportunities for existing local businesses. Kasson businesses that engage in the production or sale of non-consumable goods are few in number. Developing a portion of the southwest parcel to accommodate these businesses would benefit Kasson. DEED has funding through their [Innovative Business](#)

[Development Public Infrastructure program](#) to cover up to 50% of infrastructure costs related to a development project. The development project must involve an innovative manufacturing, technology, warehousing/distribution, research/development, agricultural processing, and office park business. If the EDA secures some level of industrial businesses to the parcel, the City could apply for the BDPI program.

The development of workforce housing could be a priority for this parcel as well. The immediately developable portion of the parcel does not have to be all light industrial and workforce housing could be feasible. Minnesota Housing offers a [Workforce Housing Development Program](#) in small to mid-size cities in Greater Minnesota with rental workforce housing needs. The Dodge County Housing Study, completed in 2019, indicates demand for 199 market, 84 affordable, and 69 subsidized rental units. The MN Housing program makes funding available to build market rate rental properties in communities with demand for workforce rental housing. Kasson would be required to secure matching funds (\$1 for every \$2 in funding offered through the program).

There are a variety of resources that exist to help move this process forward, however without the cohesive approach, development will be very restricted. We want to keep moving Kasson Forward, this property serves as the most likely development zone because it's the only property that we have complete control over. Please let us know if you have any questions or concerns.

Economic Development Authority Coordinators Report

Nicholas Ouellette
September 1, 2020 – October 6, 2020



Meetings

1. Business Outreach
2. Adolfo Angel – El Patron
3. Jami Schwickerath – FutureForward
4. Brad Clemens – Key Builders
5. Bucky Beeman & Hank Freiderichs

Kasson EDA Business Programs Pamphlet

I created a basic pamphlet that outlines all of the business programs the EDA presently manages. The pamphlet was included in the package of materials I handed out to local businesses when conducting outreach for the Small Business & Nonprofit Relief Funds Program.

2021 EDA Budget

City Council has approved the 2021 EDA Budget. It has been included in the packet for your records.

2020 Business Façade Improvement Program

No new applications have been received. I shared the program with new businesses in Kasson.

Dodge County Small Business & Nonprofit Relief Funds Program

I dropped off guidelines and applications with over 40 Kasson businesses in September to spread awareness of the program. As of the October 1, ten Kasson businesses have submitted applications for grants through the program.

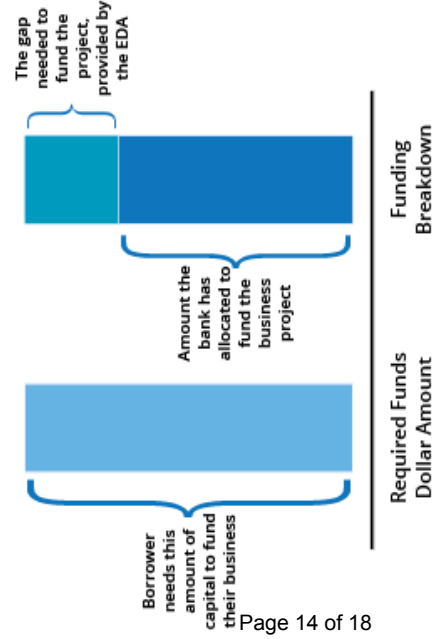
Manufacturing Week 2020

Manufacturing Week will be held virtually through the FutureForward platform. I have reached out to regional manufacturers to submit video tours for students to engage with.

KASSON EDA BUSINESS PROGRAMS

REVOLVING LOAN FUND

- Designed to work in combination with private sector funding (bank loans)
- Provides low-interest loans to bridge the gap between secured finding and funding necessary to make a business project happen
- The RLF may be used for projects such as land or building acquisition, new construction, building renovation, site improvements, machinery, equipment, fixtures, and working capital.
- Interest paid on loans is revolved back into the fund and made available for future business projects.



BUSINESS FACADE IMPROVEMENT PROGRAM



- Matching grants to assist businesses to improve their facades and overall curb appeal
- Matching grants cover 50% of a projects cost up to \$2,000 per project
- Eligible projects include, but are not limited to, painting, landscaping, awnings, signage, window rehab, and improved lighting.
- Visit bit.ly/KassonBIFIP to access program guidelines and application



TAX ABATEMENT & TAX INCREMENT FINANCING

Tax Increment Financing:

- Commonly referred to as "TIF"
- public financing method used as a business subsidy for real estate development projects
- TIF captures the additional property taxes paid as a result of the increased tax revenues from a development project
- These captured funds can be used to pay for a portion of the development costs

Tax Abatement:

- A business subsidy through which a portion of property taxes are rebated back to the property owner
- The rebated funds are used to help offset costs of commercial development, redevelopment, or relocation
- Tax Abatement is less complicated and less restrictive than TIF and is useful for smaller projects

To learn more about these programs and other programs in our region, please visit: bit.ly/KassonEDAPrograms

ECONOMIC DEVELOPMENT									
COMMUNITY/ECONOMIC DE									
	2018		2019		2020		COMMENTS	PROPOSED 2021	
	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL			
290.4650.101	40,450	10,799	11,500	6,782	11,700	5,281		11,700	
290.4650.121									
290.4650.121	3,034	799	863	488	878	396		878	
290.4650.122	2,508	634	713	423	725	326		725	
290.4650.123	587	148	167	99	170	76		170	
290.4650.130	4,000	959	1,100	538	2,000	335		5,500	
Personnel Subtotal	50,578	13,339	14,342	8,330	15,473	6,414		18,973	
290.4650.150	300	41	300	(36)	100	48		100	
290.4650.210	400	516	400	465	400	135		500	
290.4650.216		-		-		-			
290.4650.240		-		-		-			
290.4650.303	3,000	-	3,000	-	3,000	-		1,000	
290.4650.304	4,000	454	4,000	1,350	4,000	-		2,500	
290.4650.321	500	410	500	329	500	109		500	
290.4650.325	200	120	200	227	200	177		200	Postage
290.4650.333	2,000	-	500	16	500	-		400	
290.4650.334	3,150	356	500	416	500	396		500	
290.4650.343	-	-	-	-	-	-		5,000	
290.4650.351	-	180	-	75	-	51		100	
290.4650.352	-	-	-	-	-	-		-	
290.4650.360	360	314	360	339	360	291		400	
290.4650.380		-		-		-			
290.4650.414			20,000	2,000	20,000	2,000		10,000	Commercial Programs
290.4650.413	2,000	-	-	-	-	-		-	
290.4650.430	4,500	3,076	4,500	1,265	4,500	1,654		3,500	includes \$500 SMIF
290.4650.440	500	270	500	2,967	500	285		800	Marketing
290.4650.444		41,124	42,500	42,355	42,500	21,814		43,750	CEDA
290.4650.720						20,000			
Operations Subtotal	20,910	46,859	77,260	51,767	77,060	46,960		69,250	
Total ECONOMIC DEVELOPMENT	71,488	60,198	91,602	60,098	92,533	53,374		88,223	



To: City Council

Date: 9/23/2020

Agenda Heading: City Administrator's Report

“Happily, we bask in this warm September sun,
Which illuminates all creatures...”

— **Henry David Thoreau**

- **State Revenues Exceed Forecast for First Two Months of Fiscal Year.** As cities prepare to set their preliminary budgets and property tax levies for 2021, the state released some positive budget news on Sept. 10 with the monthly revenue memo for August. According to Minnesota Management and Budget, net general fund revenues for the state totaled \$1.571 billion for the month of August, which is \$202 million (14.8%) more than projected in the May Interim Budget Projection.

The May Interim Budget Projection, which was prepared to begin to analyze the economic impacts of the pandemic, indicated the state would end the current biennium on June 30, 2021, with a deficit of roughly \$2.426 billion. In that projection, state general fund revenues were expected to be \$3.611 billion lower than what was projected in the February 2020 Budget and Economic Forecast. The state's \$2.359 billion budget reserve remains available to mitigate the budgetary impact of the crisis and would have to be depleted before unallotment reductions in state appropriations could be implemented.

- **New 5-year Plan.** I have asked the PWD and City Engineer to prepare a new 5-year plan for CIP including street reconstructions and utility improvements. Our previous plan culminated with the completion of 16th Street to the east. The primary objective is to see where negative street conditions coincide with utility breaks and undersized storm sewer. Additionally, the Water Tower Expansion project will be a part of this consideration. Overall, a certain amount of operational budget can be used for supplementing our debt levy and this should allow the overall budget needs to remain relatively flat. With regular growth that we are seeing, I expect the tax rates to remain generally stable for the next 2 years. As the ZED facility comes online, it should support additional growth and the current lot count projections also can be seen as a positive. If you have input or residents have questions about their street, please let me know and we can take a look at it.
- **Preliminary Levy and Budget.** Nancy and I have taken the feedback from the Council and prepared a budget which should meet many of the targets that have been set. My goal is to keep the tax rate as low as possible without neglecting the services that our residents have come to expect. It's clear that there are many needs and we will not be able to get everything that everyone wants. This is a fiscal impossibility, however that vast majority of services will be maintained pending a change in fiscal outcomes at the State of MN. One key concern is the status of the wall project, absent

substantial private investment, its costs will be borne by the taxpayers, which for many seems rather unpalatable. However, there are some options and if a certain amount of funding could be realized privately, it might make the project easier to support. In addition, the City will not be receiving healthcare costing until later this fall. If our estimate is high it should allow us to come under budget in that area.

- **Fourth Special Session Concludes Without Bonding.** Lawmakers did not take up a bonding bill, which is needed to fund essential city projects, but they could return later this month to act on such a bill. The Legislature did not pass any new chapters of law before adjourning sine die after about four hours. The Senate, however, took up and rejected the confirmation of one of Gov. Tim Walz's cabinet members, Department of Commerce Commissioner Steve Kelley. This means Commissioner Kelley must leave his position, just as former Department of Labor and Industry Commissioner Nancy Leppink did after the Senate denied her confirmation in August.

The timing was poor for lawmakers to take up a bonding bill during the session. According to Minnesota Management and Budget (MMB), the soonest the state could pass a bonding bill is Sept. 21. Senate Majority Leader Paul Gazelka (R-Nisswa) and Gov. Walz have both publicly stated they would like to pass a bonding bill in 2020. At the end of the fourth special session, Sen. Gazelka announced his desire to have Gov. Walz call a special session for Sept. 21 for this purpose. Passage of a bonding bill requires a supermajority (three-fifths) of votes in the House and Senate. It is not clear if leaders in both bodies have the votes to pass a bonding bill. This will be a determining factor in whether to hold a special session on Sept. 21. The next likely special session date beyond Sept. 21 will be on or around October 11 unless the governor opts to allow the peacetime emergency to expire.

- **Facility Upgrade Proposals.** The Council requested more information on the next steps to be taken. I communicated with both firms to ask what a design/planning phase would cost. Contained in your packet is their reply. Advancing on this project is something the Council has indicated that it is interested. However, by taking this in steps, it allows us to stop the project at various intervals if deemed vital and judicious. I believe it is a good idea to finalize the discussion at our meeting if possible and allow us to move forward. However, if the Council has other concerns, we certainly can pause this project for now.
- **First CARES Act Reimbursement Request.** Staff prepared and submitted our first payment report to the State. Nancy indicated that it went smoothly and was actually under the preliminary budgeted amount. We are preparing contingency plans to use the funding if our costs continue to fall under the budgeted amounts.
- **City Hall Facility Modification Moving Forward.** One of the approved projects that is moving forward is the facility upgrades that the Council requested for the former police garage. Linda, our City Clerk, is leading the working group and will be facilitating a Pre-Con meeting next week. Right now, we anticipate work to begin in early October and the facility should be ready for use by the beginning of January. This is a huge upgrade and will allow us to socially distance properly, have more in-person attendees, and provide for greater distance integration as it proves necessary. Thanks to Linda for working on this project and to all of the contractors and vendors.

Meetings and Events Attended or Planned

September 17	City Engineer Phil Hoey/Hy-Vee
September 18	Library Facility Review Gordon Simonton-County Solar Project Budget and Rate Review
September 21	CMPAS Review
September 22	CEDA Kathy O'Malley-old school proposal
September 23	Preliminary Levy Hearing Regular Council