

**MELROSE AREA DEVELOPMENT AUTHORITY/
COMMUNITY OPPORTUNITIES COMMITTEE
REGULAR MEETING
THURSDAY, OCTOBER 10, 2024 – 6:00 A.M.**

A.I. #1 CALL TO ORDER/ROLL CALL

The Melrose Area Development Authority/Community Opportunities Committee (MADA/COC) met in a Regular Meeting on Thursday, October 10, 2024, at 6:00 a.m. at the Melrose City Center pursuant to due notice being given thereof. Present were MADA Members Bob Mayers, Jerome Duevel, Dave Rahn, Joe Woeste, Jose Morelos, Travis Frieler, Mayor Joe Finken, City Administrator Colleen Winter, and Community Development Director Sheila Hellermann. Nate Hiltner with Northstars Property was also in attendance. There are no active COC members. President Bob Mayers called the meeting to order.

A.I. #2 APPROVAL OF AGENDA

A motion was made by Mr. Rahn, seconded by Mr. Travis Frieler and unanimously carried to approve the agenda as submitted.

A.I. #3 APPROVAL OF MINUTES

A motion was made by Mr. Finken, seconded by Mr. Woeste and unanimously carried to approve the minutes from the September 12, 2024, Regular Meeting as submitted.

A.I. #4 REPORTS

- a. City Administrator Winter stated that currently staff is working on the 2025 budget. The 2025 preliminary budget has been submitted to the county.

Administrator Winter provided the following update.

We are currently hiring for the following positions:

Police Officer –

Part time Street Worker

Electric Line Lead -

Journey Lineworker –

Union Negotiations – Our next meeting with AFSCME and LELS will take place in October.

League of MN Cities Insurance claims – Currently working with LMC on the power plant repairs.

Deposition – City Administrator Winter, Ryan Meyer former Finance Director and Susan Danzl (SEH) and Tim Vogel former VWW Supervisor have all been served depositions by the attorney representing Melrose Community LLC
Melrose Community LLC – Rose Park is claiming that their sewer charges are excessive. This has been going on for quite some time and the depositions were

completed the week of Sept. 29th. Next step is mediation and then court. I'm hoping our attorney will file a summary motion to have the case dismissed.

Water/WWTF – We still have not closed out the WWTF upgrade project. Currently we are working through issues with the Clarifier, driveway and screens. Well No. 7 has been taken offline. It is scheduled to be replaced in the next few years and is not running properly and causing issues with air in the lines, so we just took it out of service. We have 4 other wells that we use and they are all running well. Hauling has started for the WWTF and should be wrapped up by next week.

Electric – We are currently operating with two full time journey lineworkers and one apprentice. Steve Scholz is working one day a week in the power plant. Finishing up construction projects for the season – Carstens at the Industrial Park, and up in Highlands.

- b. Community Development Director Sheila Hellermann stated that Planning & Zoning approved the final plat of KL Properties and it will be going before the Melrose City Council at the October 23, 2024, meeting for approval of the final plat. There is a strong interest for those lots.

Planning and Zoning has continued discussions on electronic billboards. Currently billboards are not allowed in the Industrial Park.

The TIF District for the Roach Development has been approved. The Development Agreement and Authorization for closing will come before the Council in October.

Austin Floral has moved in on Main Street. Midwest Screen Printing has moved to a new location in town, and Casey's North still has not been sold. Lake Wobegon apartment complex is filling fast. The final phase will be completed around November.

We have completed 3rd quarter and building permits year to date are \$28.9 million. We surpassed last year which had been the 2nd highest year ever at \$27.1 million.

A.I. #5 ACTION ITEMS

None

A.I. #6 UNFINISHED BUSINESS

- a. At the Planning & Zoning Commission's April 24, 2023, meeting, it was recommended that the city develop a vacant building registration process. At its July 20, 2023, meeting, the Council decided not to pursue the Vacant Building Registration ordinance that was presented. Given the recent concerns with a collapsing roof on commercial property, staff is asking Council to re-consider an ordinance, with modifications, to provide a process to keep on top of the condition of vacant structures. The City Council will be holding a work session in October to work on this ordinance.

The Planning & Zoning Commission, at its September 30, 2024, meeting remained strongly supportive of the ordinance and were open to adjustments by the City Council to make it acceptable, including the removal of snow bird properties.

MADA by consensus was in support of an ordinance. MADA Member Duevel believes you need to have an end came. You will need a way to enforce it. This will be onerous on the city.

- b. On the weekend of July 26-28, 2024, there were murals painted on downtown businesses. At the August 15, 2024, Council meeting, residents spoke with concerns. The existing ordinances are silent on murals. At its September meeting, MADA expressed concern about possible placement on the frontage along Main Street and in residential neighborhoods. This matter was brought to the Planning & Zoning Commission on September 30, 2024. They are proposing the development of a zoning ordinance with the following:

1. No murals facing Main Street
2. No murals in residential neighborhoods
3. A conditional use permit process for all other proposed murals that would include conditions about maintaining it and/or painting over it when faded, a restriction on words, and a process for review of the proposed mural to ensure it is reflective of the Melrose community and/or its history.

With this, during the process the Planning & Zoning Commission could determine if the height is acceptable, etc. MADA to discuss this recommendation of the Planning & Zoning Commission and offer its comments.

MADA by consensus concurred with the Planning & Zoning Commission.

- c. City staff, building officials, and city attorney have been actively involved in discussions about the structural integrity of the building at 406 Main Street East. MADA was updated on the situation, including the status of demolition bids and a possible buyer interested in saving the building. Nate Hiltner with Northstars Property was in attendance to present MADA with his renovation proposal. The current owner is willing to sell the property to Mr. Hiltner for \$1 and would be willing to help Mr. Hiltner fund the renovation. Mr. Hiltner presented a cost estimate for renovations of \$439,000. Community Development Director Sheila Hellermann stated that with Mr. Wiehoff's investment it still leaves a gap of approximately \$175,000 to \$200,000 from the estimated renovated property value. Would MADA be willing to go in with a second mortgage.

After further discussion a motion was made by Mr. Rahn, seconded by Mr. Finken and unanimously carried approving. entering into a Development Agreement with Mr. Nate Hiltner on this project and coming in on the back side with Revolving Loan Funds in the amount of \$75,000.

A.I. #7 NEW BUSINESS

- a. City Administrator Winter discussed the budget. City Staff and Council met in a work session to discuss the 2025 budget. The preliminary levy has been set and submitted to the County.

Proposed Preliminary Levy					
Debt	\$	80,000	\$	90,000	
General		1,550,000		1,400,000	
Preliminary Levy proposed	\$	1,630,000	\$	1,490,000	\$ 140,000 9.40%
Tax Rate		47.67%		44.88%	
Change		2.79%			

Community Development Director Hellermann stated that the Revolving Loan Fund balance is currently at \$650,000. MADA has a MADA fund and revolving loan fund.

MADA Revolving Loan Fund: The MADA Revolving Loan Fund was established in 1999. An original loan from US Bank to get this fund started was paid off in March 2009. In February 2005, the Utilities Commission re-designated the former Demand Side Management funds in the amount of \$471,947.07 as revolving loan funds to be transferred as needed to the MADA RLF Fund. As of July 31, 2024, the Revolving Loan Fund does not have any loans still outstanding.

During 2020, an Emergency Revolving Loan Program was set up as a response to the Covid-19 pandemic and the effect on area businesses. Affected businesses could apply for an up to \$10,000 grant which would be deferred for 6 months and then has a 0% interest rate to be paid off over 4 years. This fund issued four loans with this program. One loan was paid off early with the sale of the business in 2021, another in 2023, and the remainder during 2024.

The actual activity, along with budget information is:

MADA REVOLVING LOAN FUND		Actual		Projected		Budget	
		2022 to prior year	2023	2024	2024	2025	+/-
REVENUE							
Interest Income	\$ (23,145)	\$ 23,822	\$ 19,231	\$ 7,000	\$ 10,000	\$ 3,000	
Total Revenues		(23,145)	23,822	19,231	7,000	10,000	3,000
EXPENDITURES							
Transfers Out	\$	\$ 60,240		\$	\$	\$	
Total Expenditures			60,240				
Net Revenue Over (Under) Expense	\$ (23,145)	\$ (36,418)		\$ 7,000	\$ 10,000	\$ 3,000	

There is still \$40,000 in the rehab fund. Mr. Duevel is recommending using \$8,000 to fund the rehabilitation of 406 Main Street E

A.I. #8 INFORMATIONAL ITEMS

- a. MADA's next meeting is scheduled for Thursday, November 14, 2024, at 6:00 a.m.

A.I. #9 ISSUES OF MADA/COC MEMBERS AND STAFF

None

A.I. #10 ADJOURNMENT

A motion was made by Mr. Rahn, seconded by Mr. Travis Frieler and unanimously carried to adjourn the meeting at 7:10 a.m.


PATRICIA HAASE – CITY CLERK