



Spring Grove Economic Development Authority 2023 Annual Report

The Spring Grove Economic Development Authority (EDA) had a very busy 2023! The year began in recovery mode from the December 2022 fire, when EDA and City staff immediately began assembling economic development tools to support redevelopment. In addition to a \$250k state recovery grant and a state sales tax exemption on building materials, EDA staff successfully authored a \$313k DEED Redevelopment grant and began preparatory documentation for tax increment financing that will pave the way for a new, three-story, mixed-use building. Staff have also been working to identify a new hardware store owner and store location, meeting with three different franchise brands and a number of interested entrepreneurs.

Over the past few years, the EDA has been working hard to attract more dining establishments to the community, and in fall 2023, Fiesta Rosita opened in downtown Spring Grove! Marketing efforts and the creation of the Restaurant Challenge program brought in more than 25 interested parties, and of those 25, eight were given tours of vacant spaces, five requested and received support on business planning and financing, and we assisted two with negotiating a potential lease agreement. Ultimately Fiesta Rosita was able to occupy the former Doc's and Norski's spaces, and hungry Spring Grove residents rejoiced. Fat Pat's Brewery, who received Restaurant Challenge grant funding, will open in a new downtown location in spring 2024.

In addition to business development, the Spring Grove EDA has also dedicated staff time to the Spring Grove 2030 subcommittee, administering an \$80k grant from the Blandin Foundation. Grant funds are currently being used for community engagement, planning, and a feasibility study for community and cultural center amenities.

["How do you grow a small town? Spring Grove is finding out."](#) This was the title of an article published on the front page of the Star Tribune newspaper in late 2023. Despite the challenges in recovering from the fire and the layoffs at Northern Engraving, there remains a feeling of hope and progress in Spring Grove. We have a lot to be proud of! Thank you for your continued support of the Spring Grove EDA and dedication to the City of Spring Grove.

With gratitude,
Courtney Bergey Swanson and Rebecca Charles

BUSINESS SUPPORT AND DEVELOPMENT

Retail Startup Incentive Program

In May of 2023 the EDA launched a new program intended to assist small business startups with forgivable loans of up to \$2,000 to bring new retail businesses to Spring Grove. An application for this program was submitted by Josh Myhre for his new bar The Lions' Pub. The request was made for the maximum of \$2,000. This application was approved at the August EDA meeting.



2022 Restaurant Challenge

At the conclusion of 2022, three potential winners were identified. Only one applicant ended up purchasing a site and moving ahead with their project. This winner was Patrick Longmire of Fat Pat's BBQ. Patrick is expanding his business to include pizzas and a new brewery. Patrick was awarded a \$15,000 grant for equipment.



Fat Pat's

In addition to winning the Restaurant Challenge, in June Patrick Longmire submitted a request for an EDA loan in the amount of \$40,000 to assist in the upgrades needed to complete and open the new Fat Pat's restaurant and brewery. Loan closing took place in October of 2023. Support from the EDA helped to leverage over \$1.3million in investment in the space, a former auto body shop on Main Street in downtown.



Fiesta Rosita

In October, the EDA approved a forgivable loan of \$7,000 to be made to the owners of Fiesta Rosita wherein all equipment purchased with the loan funds will remain property of the Spring Grove EDA for a period of five years.

Old Norse Ltd

In May the EDA accepted an offer of \$15,000 from Mark Borreson (Old Norse Ltd) for the western, highway-frontage parcel in the industrial park. Mark plans to build a 50' x 72' workshop for his metal fabrication business.

Northern Engraving

In October, the city received notice from Northern Engraving that they will be laying off 80 employees at their Spring Grove facility. The state DEED office sent a response team to the area to help with finding new work for workers. EDA staff worked with the state response team and continue to work on development of additional local jobs to ensure those who wish to stay in Spring Grove are able to do so.

Spring Grove Soda Pop

Spring Grove Soda Pop owners met with the EDA in November to inform them of plans to build a new facility and discuss the potential expansion of the industrial park to accommodate this expansion. To prepare for this potential development as well as complete the roadways in the existing industrial park, EDA staff began working on the process to apply for a Federal Economic Adjustment Assistance (EAA) grant. The program offers a 50% matching grant of eligible project costs (up to 80% in some cases of extreme need). Staff drafted a Request for Proposals for an engineering study on the site in order to apply, as approved by Council and EDA in November 2023.

2023 Fix Up Fund

Applications and guidelines for the 2023 Fix Up Fund were approved at the January EDA meeting with all applications being due no later than April 4th. Awards were decided at the April board meeting. In 2023 the board awarded four projects a total of \$4,900, leveraging \$26,620 of private investment. The following applications were reviewed and awarded:

- Ye Olde Opera House: Awarded up to \$2,000 to renovate the front of their building with a new roofline, trim, artwork, doors and windows. The total project cost was \$17,780.
- Western Son, LLC. was awarded up to \$1,700 for exterior lighting and window awnings. Total project cost was \$6,500.
- Spring Grove Chamber of Commerce was awarded up to \$500 for the repair of their front window. The total project cost was \$1,000.
- Top Dog Custom was awarded up to \$700 for new storefront signage. The total project cost was \$1,340.

DOWNTOWN PROPERTY DEVELOPMENT**Hardware Store Fire Recovery**

EDA staff have been involved in all aspects of recovery from the December 2022 downtown fire. In addition to supporting the business owner in the immediate aftermath, we were able to assist with the sale of property between Bud Mulqueen and the Spring Grove Community Real Estate Fund when Bud decided to retire and not rebuild downtown. The EDA also has been assisting with the creation of the redevelopment plan, including:

- Using community engagement and market data to determine potential uses for the redevelopment plan, which is to build a multi-use structure with commercial on the main floor with apartments above to address the housing shortage in Spring Grove
- Supporting the City in seeking state aid, including researching similar disaster support given by the state in previous years. Ultimately the City was able to secure \$250,000 in relief funds and an exemption on building materials sales tax.

- Working with Mike Bubany on the preparation of documentation for future economic development tools, including declaration of the site as slum & blight to allow for a redevelopment TIF district to be established for the property
- Facilitating a mural on the temporary safety fence by local artist Kaley Cross
- Authoring a \$312,990 DEED Redevelopment Grant, which was awarded in late 2023

Herald Building

In 2020 the EDA acquired and sold the former Herald office building on Main Street in downtown Spring Grove (parcel number 26.0017.000) to Spring Grove residents James & Suzanna Gulbranson. The purchase agreement informed the buyers that they had one year following the sale to begin their project for a retail bakery. After this requirement was not met, the EDA requested legal discussions between the city attorney and the Gulbransons in January 2023. It was made clear that James and Suzanna intended to keep the building even though they had failed to meet their commitments. The city attorney drafted a purchase agreement for the EDA to buy back the building and legal discussions continued for many months, until the Gulbransons responded with a counter offer of \$50,000 which was double the amount the EDA sold the property to them in 2020. Due to the expense of litigation to pursue the matter further, the EDA decided to decline the offer. The EDA still holds a first right of refusal on the property.

COMMUNITY DEVELOPMENT

Housing Development

To address the shortage of housing in Spring Grove, the EDA partnered with MO/EN Design Practice to commission a feasibility study to assist the city in determining the number of housing units that could be added to the existing housing stock. The resulting study will address infill lots in the city and the best use for each parcel for providing different forms of housing to include, but not limited to, single family homes, apartments, townhomes, duplex and patio homes. This report is expected to be completed in early 2024.

To pay for this feasibility study, a grant application was submitted to Compeer Financial for their Rural Feasibility Study Grant Program. The city was awarded \$5,000 to support the study.

Roverud Villas

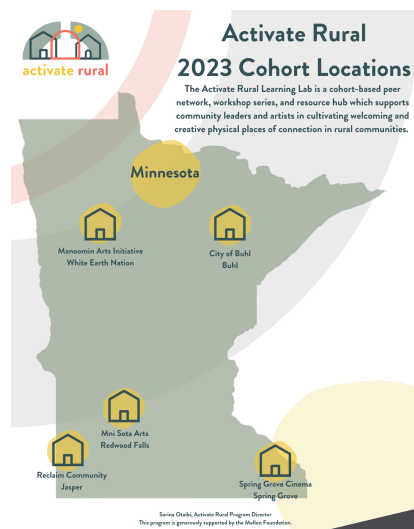
In February of 2023, an application was submitted to the MN Department of Education and Economic Development for the purpose of developing current city property into a privately owned residential development. This project arose from the dire need by the community for affordable housing. The February application did not receive funding, but the state did encourage us to reapply for the next funding cycle.



A second application for this project was submitted for the August 2023 deadline. This application did not receive funding, but due to another Spring Grove application (the downtown hardware store site redevelopment) being awarded, the city expected this. Another application will be submitted in future once the developers have additional capacity for the project.

Property Maintenance Taskforce

A new taskforce was discussed to address blighted commercial and residential properties within Spring Grove. Objectives include updating city ordinances, determining enforcement needs and assisting with rehabilitation programs such as the Small Cities Development Program. This taskforce is expected to convene in 2024.



Activate Rural

In early 2023, Spring Grove was selected as one of five communities in MN to receive a \$25,000 grant to participate in the Activate Rural inaugural cohort. This program aims to support publicly-owned spaces in rural communities, infusing capital to develop innovative programming. The grant will be used to support creative community events at the Spring Grove Cinema, including the popular “What’s Happening in SG?!” events, a new design lab course with high school students, and new film series and performances.



2023 Press

- [Tina Smith in Spring Grove, Darian Leddy reports](#)
- [Spring Grove awarded DEED grant after 2022 building fire](#)
- [How do you grow a small town? Spring Grove is finding out.](#)
- [Fiesta Rosita Mexican Restaurant opens in Spring Grove | Local News | hometownsource.com](#)

BOARD MEMBERSHIP

New Members for 2023

In January of 2023 The EDA received four applications for one open seat on the EDA board. Following application review and interviews by the existing EDA members, Myriah Klug was selected. Mayor Saundy Solum made the recommendation to the City Council to approve her addition to the board. A new council member needed to be appointed as well; this was done at the end of January with Council Member Heather Edgington being selected to join the EDA.

To accommodate new board members, the EDA voted to change the monthly meeting time from 5:30 PM to 6:30 PM on the second Tuesday of each month.

Board Attendance

In 2023 board attendance was excellent with all scheduled meetings having a quorum of members in attendance. Below is a chart showing member attendance each month. There was no meeting held in December.

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	# of Absences
Board President Sean Young	Present	Present	Present	Present	Present	Present	Present	Present	Present	Absent	Absent	No Meeting	2
Mayor and EDA VP Saundy Solum	Present	Present	Present	Present	Present	Present	Present	Present	Present	Present	Present	No Meeting	0
Dayna Burtness	Present	Present	Present	Present	Present	Present	Present	Present	Present	Present	Present	No Meeting	0
Scott Van Minsel	Present	Present	Absent	Present	Absent	Absent	Present	Present	Present	Present	Present	No Meeting	3
Dave Morken	Present	Present	Absent	Absent	Present	Present	Present	Present	Present	Absent	Present	No Meeting	3
Councilwoman Heather Edgington	No Meeting	Present	Present	Present	Absent	Present	Absent	Absent	Present	Present	Absent	No Meeting	4
Myriah Klug	No Meeting	Absent	Present	Present	Present	Absent	Present	Present	Present	Present	Present	No Meeting	2
Director Courtney Bergey Swanson	Present	Present	Present	Present	Present	Present	Present	Present	Present	Present	Present	No Meeting	0
Director Rebecca Charles	Present	Present	Present	Present	Present	Present	Present	Present	Present	Present	Present	No Meeting	0
City Administrator Jana Elton	Present	Present	Present	Absent	Absent	Present	Present	Present	Present	Absent	Present	No Meeting	3

Board Terms

Saundra Solum, VP/Mayor – 2-year term ending January 1, 2025

Dave Morken, Commissioner – 6-year term ending April 1, 2026

Sean Young, President – 6-year term ending April 1, 2025

Heather Edgington, Council Member/Commissioner – 2-year term ending January 1, 2025

Scott VanMinsel, Commissioner – 6-year term ending April 1, 2028

Myriah Klug, Commissioner – 6-year term ending April 1, 2024 (assumed Saundra Solum's position)

Dayna Burtness, Commissioner – 6-year term ending April 1, 2027

EDA FINANCIAL REPORT FOR 2023**Financial Report at a Glance**

Fund	Starting Balance	Ending Balance
Operating Fund (290)	\$106,200.20	\$95,217.26
Revolving Loan Fund (295)	\$98,980.58	\$57,305.07
Revenue Bond Acct (320)	\$11,983.82	\$13,242.69

Grant Dollars Awarded in 2023

Project	Grant Funder	Grant Program	Amount Awarded
Cinema Programming	Department of Public Transformation	Activate Rural	\$25,000
Housing Feasibility Study	Compeer Financial	Rural Feasibility Study Program	\$5,000
Fire Restoration	DEED	Redevelopment Grant Program	\$312,990
Park updates	Arlin Falck Foundation	Annual Community Grant Program	\$6,000
Total			\$348,990

EDA staff also created a list of City projects and grant research for potential funding. The EDA also provided research and editing for other grants in the Community:

- Chamber grant request for \$5,000 from ExploreMN
- City grant request for \$1,500 from MiEnergy
- School grant request from the Congressional Earmarks
- School grant request from MN Dept of Education