

**City of Sandstone
EDA Meeting Minutes
December 4, 2024**

CALL TO ORDER: 6:00 p.m.

ROLL CALL: Val Palmer, Julena Rahier, Matt Anderson, Cassie Gaede, Peter Spartz, Randy Riley
Members absent: Tim Schmutzer

Staff present: Executive Director Kathy George

Others present: None

PLEDGE OF ALLEGIANCE

APPROVE AGENDA

Motion Riley, second Rahier to approve the Agenda as presented. Motion carried 6-0.

APPROVE MINUTES

Motion Rahier, second Gaede to approve the minutes of the October 23, 2024 Regular EDA meeting. Motion carried 6-0. The EDA did not meet in November.

PUBLIC HEARING/PRESENTATION: None

313 Commercial Avenue North Lot Purchase

Executive Director George reported that property owner Kathy Jensen informed her that she is not ready to move forward with the sale of her building to the EDA at this time.

Demolition Proposals: 302 Main Ave

An RFP has been issued for the demolition of 302 Main. There has been much interest. Originally, the deadline for proposals was November 15th; however, it became apparent that a pre-demolition hazardous materials survey was necessary in order for contractors to bid the project appropriately. Core Advantage was hired to conduct the pre-demolition hazardous materials survey for \$4,920 plus lab testing. The survey is complete and the final cost is \$5,860. The survey was been shared with all interested contractors. The deadline to submit proposals was extended to December 2nd.

The scope of work/instructions included:

- (1) Demolition of the structure and removal of all debris.
- (2) The foundation does not need to be completely removed.
- (3) The basement should be filled and packed with class 3, with 6" of class 5 on top.
- (4) The gas company and the power company have been notified to remove their services and meters.
- (5) The Water service comes into the southwest corner of the building and can be capped off in place (with review by the Public Works Director).
- (6) The Sewer service comes into the back of the building from the alley and must be capped off or sealed (with review by the Public Works Director).

Eight proposals were received:

\$ 78,088.80 MPJ Enterprises, Sandstone, MN
\$ 79,900.00 LinnCo, St. Joseph, MN
\$ 89,361.00 Hosier Worldwide, Deer River, MN
\$ 97,000.00 Urban Companies, St. Paul, MN
\$105,000.00 Sarah Thompson Contracting, Sturgeon Lake, MN
\$136,505.00 Veit & Company, Rogers, MN
\$187,798.75 KTM Paving, Hermantown, MN
\$800,000.00 24Restore, Ramsey, MN

EDA Member Spartz and Executive Director George reviewed all 8 proposals and graded them according to (1) Quality, clarity, and conciseness of the proposal, (2) Qualifications and experience of individual/firm, (3) Demonstrated understanding of the Scope of Services, (4) Capacity and ability to complete the work, and (5) Proposed cost of services.

After conducting this evaluation and analyzing each proposal, Spartz and George recommend moving forward with the proposal from Veit & Company for \$136,505.00.

Motion Riley, second Gaede to accept the proposal from Veit & Company for demolition of the structure at 302 Main Avenue for \$136,505.00. Motion carried 6-0.

True Value Building Remodel: Blackhawk Professional Construction Services Pay Applications

The EDA contracted with Blackhawk PCS to redevelop the True Value Building for use as a business incubator. New Life Thrift Store is celebrating their one year anniversary operating in the building.

The original proposal from Blackhawk of \$195,000 included a new roof on the main building, parapet repairs, alley door and threshold, replacing exterior blocks by the alley door, core fill all cement blocks, sandblast and skim coat block exterior, replace windows, plumbing, heating, hazardous materials removal.

A change order for additional work was previously approved in the amount of \$78,597.50, which included adding metal caps to parapet walls, adding rebar to core-filled walls, wire lathe and stucco finish on south wall, new bathroom, and a deduct for sandblasting and skim coating the block exterior.

The EDA also previously approved additional items in the amount of \$123,243.75, which included removing carpet and asbestos tiles, build walls at 3 exterior walls (including framing, insulate, sheetrock, tape & paint), prepping the floor and installing new carpet tiles and base, adding air conditioning, a new metal roof between store and garage, adding 10 electrical outlets, installing 30 new LED lights, new ceiling tiles and repair existing grid.

Total Change Orders: \$201,841.25

Blackhawk PCS has submitted Pay Application No. 3 for final payment on this initial contract of \$23,138.56.

During construction, additional work was necessary and discussed with the contractor, to include leveling the floor, additional electrical outlets, replacing breakers, cleaning up the electrical panel, painting hallway, new concrete floor for bathroom, rebuild southeast corner of the building (new

footings, foundation wall and block work), pouring concrete slab for air conditioning unit for a total of \$54,150.00.

Blackhawk Tile & Stone has submitted a Pay Application for \$54,150.00 for this additional work.

Motion Rahier, second Spartz to approve Pay Application No. 3 from Blackhawk PCS in the amount of \$23,138.56 and Pay Application No. 1 from Blackhawk Tile & Stone in the amount of \$54,150.00 for the renovations at 310 Main Avenue North (the former True Value Building). Motion carried 6-0.

Board Member Terms

EDA Membership consists of the 5 Council Members plus 2 members from the community. These 2 members from the community serve staggered 3-year terms. Matt Anderson's term expires this year. He has expressed interest in serving another 3-year term.

Motion Spartz, second Gaede to approve the re-appointment of Matt Anderson to the EDA board for 2025 through 2027. Motion carried 6-0.

Historic Sandstone School: Project Updates

Construction Fencing: The City has purchased the construction fencing that has been used by the contractors working on the 1-story demolition and the roof repair/replacement projects, rather than continue renting it. It will stay in place until the housing redevelopment is complete, then the City will reuse the fencing elsewhere wherever and whenever deemed appropriate.

The Essentia Health grant in the amount of \$179,400 has been APPROVED.

Regarding the MN Housing Workforce Housing Grant, a subgrant agreement will be needed between the City and Meghan Elliott/Jillpine.

A master subgrant agreement will be crafted covering all of the grants the City has received for the housing redevelopment project, as many of their stipulations and requirements will transfer to Elliott when she takes ownership of the building.

Elliott plans to apply for a T-Mobile grant for the sidewalk and drive lane. Applications are due 12/31.

George is working on an application to the US EDA for a renewable energy grant.

DEED's Small Cities Development Program: After further review, it is felt that the requirements for this grant will conflict with the Workforce Housing Grant.

The team is working to promote the new State Housing Tax Credit Program that allows Minnesota taxpayers to allocate their State tax obligation to specific projects; namely, the Historic Sandstone School project. This is a unique and wonderful way for people to dictate to the State how they want their State tax dollars to be used. Elliott has secured over \$1,113,000 so far.

Elliott is working with LHB on the designs for the housing conversion. The preliminary plan of installing an elevator has been changed; there will not be an elevator in the building. Additionally, there will only be one laundry room and it will be on the first floor. LHB is working with City Building Official Richard Drotning on code analysis.

The tin ceiling tiles at the Colonial are being reviewed by Elliott for potential use in the Rock.

City staff will conduct weekly walk-thru inspections of the property, now that there is a pause in contractors being present.

Elliott is working with Minnesota Power and has submitted a request to the Minnesota Climate Innovation Finance Authority for assistance with a geothermal energy system for the housing project.

George will solicit an artist to design a mural for the exterior of the 2-story north addition. Once the artist is on board, she will apply for a grant from the East Central Regional Arts Council (ECRAC).

Changing the address of the building is being explored. Currently, it is 501 Court; however, the building faces Commercial Ave. Implications of an address change are being explored before proceeding further.

Auditorium:

- A pre-application has been submitted for Small Cities Development Program funds towards the rehabilitation/repurpose for use by the Sandstone History and Art Center
- A State bonding request will be submitted (again), if the State solicits proposals
- At a minimum, in conjunction with the housing project, we should fix up doors and windows, add some outdoor lighting, make temporary repairs to the roof, and install temporary shoring.
- Future parking behind the building could potentially be added after the required 5-year compliance period of the National Park Service when using Historic Tax Credits; currently, they will not allow the parking to extend along the Court Avenue side (the historic front of the property).
- The team is working to figure out the best way to legally separate the auditorium from the rest of the building – which appears to be a minor subdivision using metes and bounds legal descriptions. Elliott will provide new legal descriptions and surveys which George can present to the County to see if anything additional will be required. A public hearing will be held before the Planning Commission once the County's process is confirmed.
 - The auditorium will need its own address as well

Various Updates (General)

222 Main (Furniture Store) – now owned by Matt Gebhart, was demolished on November 27th.

306 Main (Gas Light) – the separation project between the Gas Light and the Colonial is complete. It appears that electric and gas service was provided through the Colonial building. These services have been removed in preparation for demolition. New services will be needed at the Gas Light building, once demolition of the Colonial is complete.

The Colonial lot is 25-feet wide. If the EDA would like to keep the first 10 feet from MN DOT's right-of-way (where the sidewalk ends) clear of structures (as we did for the Furniture store), that would leave the lot width of 15 feet. EDA members expressed interest in joining the remaining 15 feet to the Gas Light property and selling it with the Gas Light.

Ascertain Recovery / JC Bean Scene

The final auction occurred for all remaining coffee shop items, bringing in \$1,436.92. It looks like the remaining items will be disposed of at no cost to the EDA (offering items for free and for scrap metal). Jonathan Lange has been very generous and patient with allowing the EDA to store these items in the Ben Franklin building after he purchased it. Collection action will begin in an attempt to recover the remaining loan balance of \$21,045.04.

Downtown Redevelopment Plan – Next Steps

An application for the streetscape project to participate in an Empowering Small Communities Impact Project has been submitted to the University of Minnesota.

Billboard

The Minnesota Climbers Association was asked to revise the sign design per the sign company's recommendation. The contract has been signed and the \$1,000 set up fee has been sent.

Economic Developers Association of Minnesota Conference

Mike Fischer, LHB, approached the City about featuring Sandstone in a presentation he is proposing to make at an upcoming EDAM conference, either January 23-24 in Minneapolis or June 11-13 in Duluth. The theme is "Growth through Change". Fischer is waiting to see if his proposal was accepted by the EDAM conference planning committee, and if so, which date. EDA President Palmer has expressed interest in participating. Additional EDA members are invited to join the panel discussion as well.

Creosote Cleanup Update – Justin Enwall, Terracon

This year's remedial excavation work (Phase 20) at the 202 Highway 23 S and 806 Highway 123 W properties has ramped down. The last few truck loads left on Thursday (10/31), after which the contractor conducted backfilling and restoring ground surfaces, which finished up on 11/4/2024.

Terracon completed the large annual monitoring well and surface water sampling event on 11/8/2024. They sampled 51 monitoring wells and 5 surface water locations as part of this work across the city. They also sampled 8 potable wells.

Lastly, MDA and Terracon coordinated the final stages to complete additional soil investigation work at the 202 Highway 23 S and 806 Highway 123 W properties, finishing 11/22/2024. Maps were provided showing the general location of the soil investigation areas.

Small Cities Development Program Grant – Program Income

Executive Director George reported that the City received Program Income from the previous SCDP grant that was administered in Sandstone in the amount of \$42,997.50. Previously, George was told that these funds can roll into the EDA's revolving loan fund; however, it has now been clarified that these funds need to be used under the same requirements as the original SCDP grant program. These funds can be added to the current SCDP grant program to benefit commercial properties and owner-occupied residential properties. George stated that the available funds for the EDA's revolving loan fund program have been reduced by \$42,997.50.

Quarry Kids Child Care Center

EDA Member Anderson reported that things are going well at the Day Care Center. He will provide year-end financial reports and future quarterly reports to Executive Director George to comply with the requirements of the Community Economic Development (CED) Loans the Center has with the EDA.

ADJOURN

Motion Riley, second Rahier to adjourn at 7:05 p.m. Motion carried 6-0.

Valerie Palmer, President

Kathy George, Executive Director