

Grand Rapids Economic Development Authority

2024 Annual Report



Prepared by:

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Director of Community Development
GREDA Executive Director

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Mission

The Mission of the Grand Rapids Economic Development Authority (GREDA) is to advance the growth of our local economy through efforts focused on business recruitment, retention, and expansion.

As the City of Grand Rapids' economic development agent, GREDA strives to provide a high level of service, to encourage economic investment and prosperity in the City and surrounding region. GREDA works closely with businesses to identify creative solutions to challenging problems, generate enhanced opportunities for growth, and help them achieve their short and long-term goals.

Governance

The Grand Rapids Economic Development Authority is a public body governed by Minnesota Statute chapter 469, and Enabling Resolutions enacted by the City Council of the City of Grand Rapids.

The management of all the affairs, property and business of GREDA is vested in a Board of Commissioners consisting of 7 members, 2 of which must be members of the City Council. GREDA annually elects its President, Vice President, and Secretary/Treasurer. Staff support is provided to GREDA primarily through the Community Development Department, with the Director of Community Development acting as the GREDA Executive Director, and with the Community Development Administrative Assistant acting as the Recorder.

The GREDA Board of Commissioners includes the following volunteers:

Member	Position	Affiliation/Occupation	Term Expires
Sholom Blake	President	Private Business Owner/CPA	3/1/25
Dan Mertes	Commissioner	City Council/Business Manager	12/31/28 Concurrent with Council Term
Wayne Bruns	Commissioner	Banking Executive	3/1/31
Al Hodnik	Vice President	Ret. Business Executive	3/1/27
Bill Martinetto	Commissioner	Business Financial Officer	3/1/27
Malissa Bahr	Commissioner	GR Area Chamber President	3/1/30
Rick Blake	Commissioner	City Council/Retired Engineer	12/31/28 Concurrent with Council Term

*The Director of City Finance serves as the Asst. Treasurer

Also providing valued service to the GREDA during 2024 was City Council Members Tom Sutherland and Molly MacGregor.

Article VII, Section 1, of the Bylaws of the Grand Rapids Economic Development Authority establishes that: "GREDA shall prepare an annual report describing its activities and providing an accurate statement of its financial condition, together with additional matters and recommendations it deems advisable for the economic development of the City of Grand Rapids."

This report summarizes GREDA's activities and financial condition for the year ending December 31, 2024.

Respectfully submitted,



Sholom Blake, Grand Rapids EDA President



Development Property and Leasable Assets

Beginning in 1969, GREDA and its predecessor organization, the Grand Rapids Industrial Park Commission, have invested in the creation of four industrial park areas in Grand Rapids. Those industrial parks have become the home for 24 businesses, providing over 1,000 jobs in our community.

The attraction of industrial business to our community is pursued by GREDA within a competitive environment. Communities in the Arrowhead Region, including Grand Rapids, have had to counterbalance weaknesses, such as our distance from major market areas, by providing incentives to businesses for locating in our community. A primary means of providing that incentive involves providing development sites for business at a competitive rate, most often below actual cost.

GREDA has also actively pursued the development of underutilized properties in the Downtown and Mississippi Riverfront areas. As examples, the GREDA has sold land, which led to the development of the Glorvigen office building, KAXE Northern Public Radio station, the Rapids Brewing project and the Blocks 20/21 apartments. GREDA also exercised their authority to purchase and sell lands in support of the private redevelopment of Block 37, located at the corner of TH 2 and TH 169. GREDA also owns and markets for sale and development the former North Country Recycling property, a site referred to as the Block 5 Site and the former VFW/Rose properties within Block 18 downtown, following the fire that destroyed those buildings in March of 2020.

Land Inventory Summary:

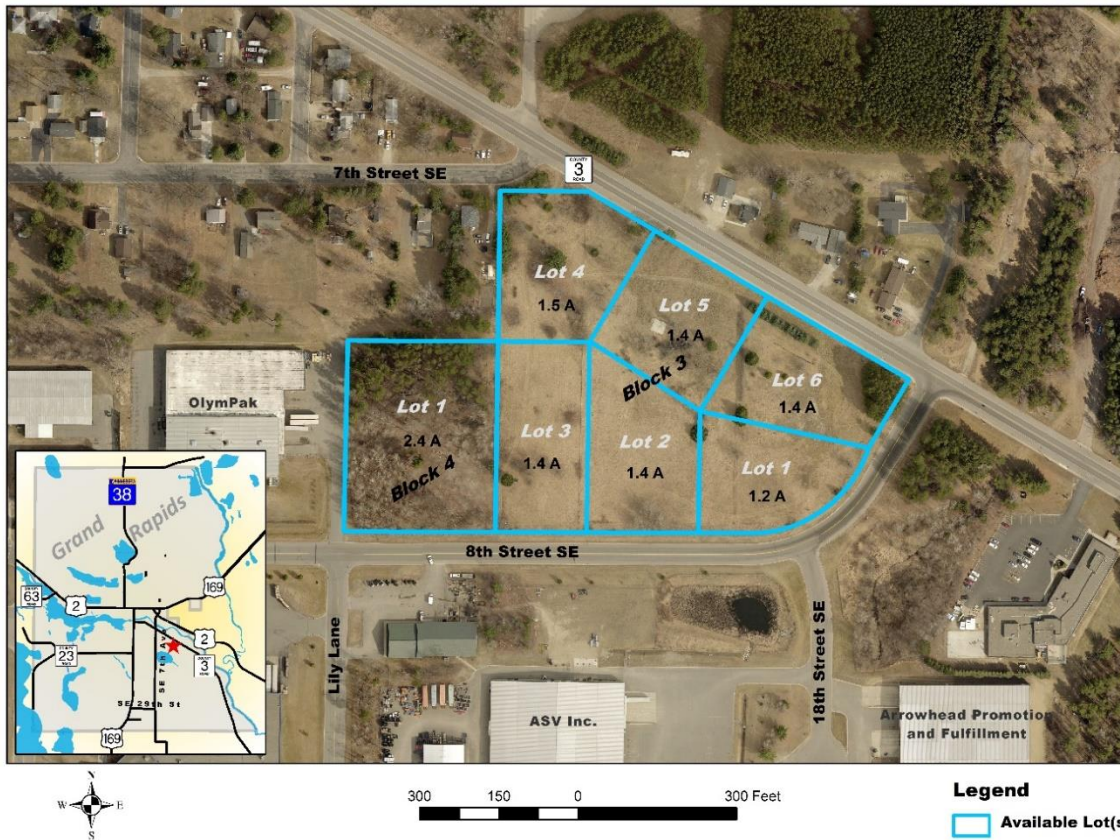
Site Description	Number of Developable Lots (GREDA Owned)	<u>Acreage Total</u>
Industrial Park Two	1	2.4
Industrial Park East	6	8.3
Airport South Industrial Park — Phase 1 & 2	7	11.0
Airport Property (unplatted)	1	35.0
Block 5 Riverfront Dev. Site	1	1.8
Block 23 — Third Division Commercial Site	1	0.6
Block 18 — Downtown Site	1	0.2
Totals:	18	59.3

Central School:

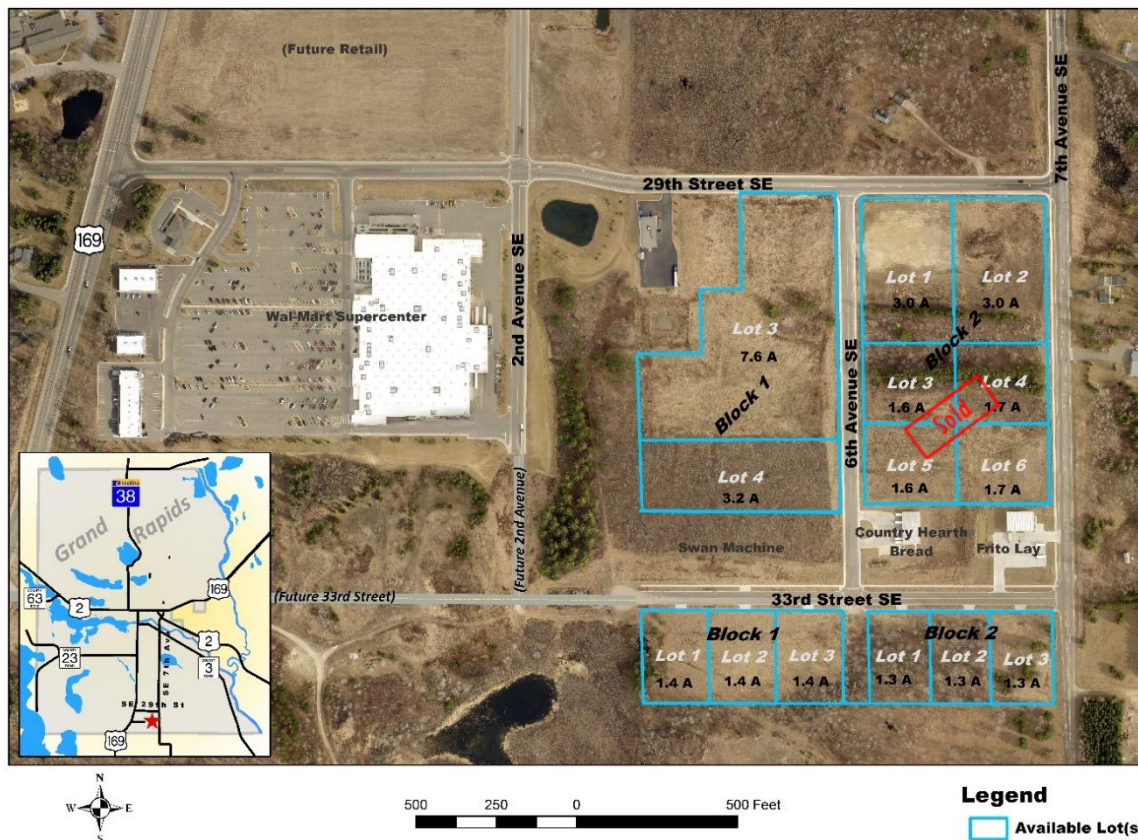
The City redeveloped Central School in 1983 and has since operated it as a multi-tenant leased space for a mixture of commercial retail and office uses. Central School contains 15 suites totaling 10,250 square feet of leasable space. In 2014, the City Council tasked GREDA with the management of leasing. At the time of this report, 65% of the Central School space is occupied.



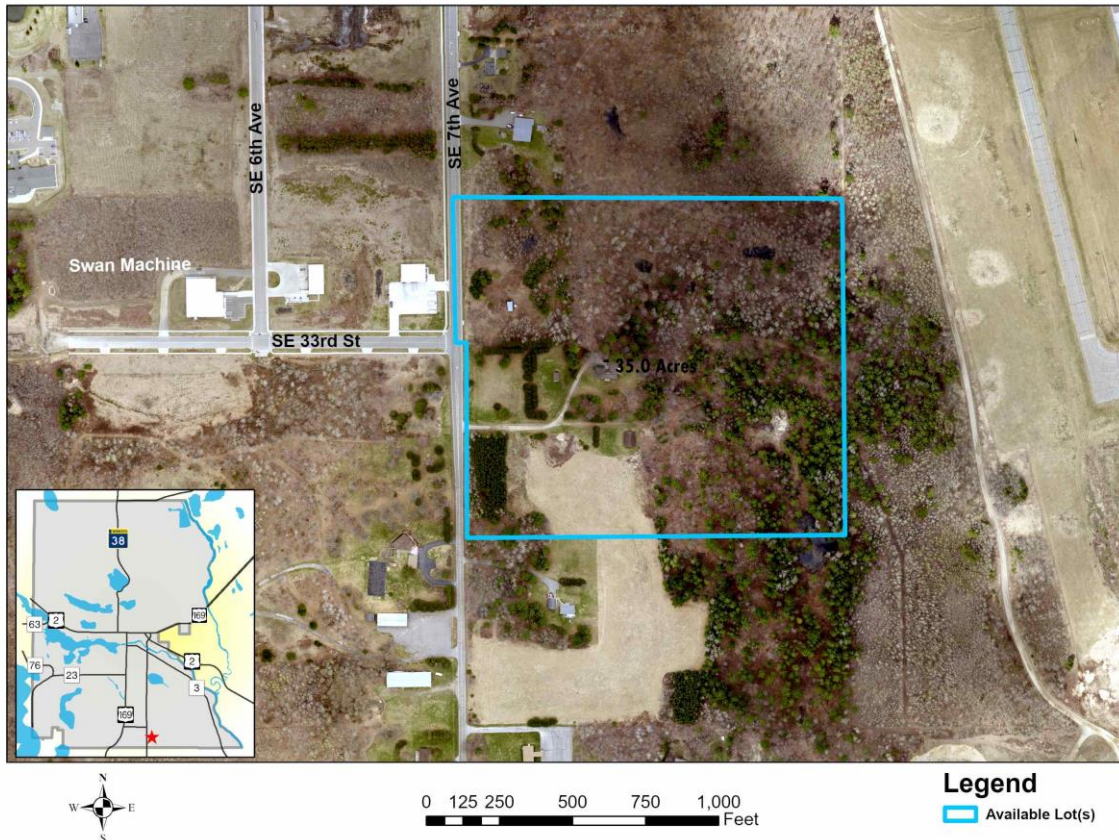
Grand Rapids Industrial Park East



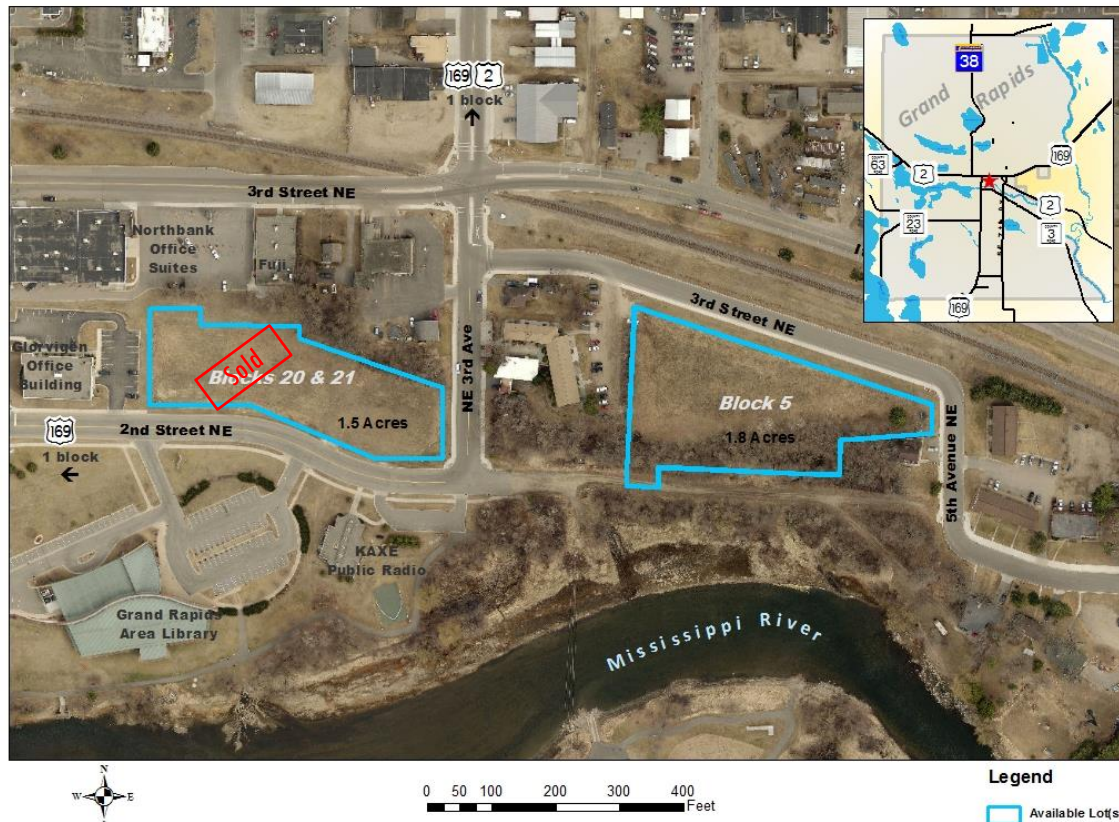
Grand Rapids Airport South Industrial Park: Phases I & II



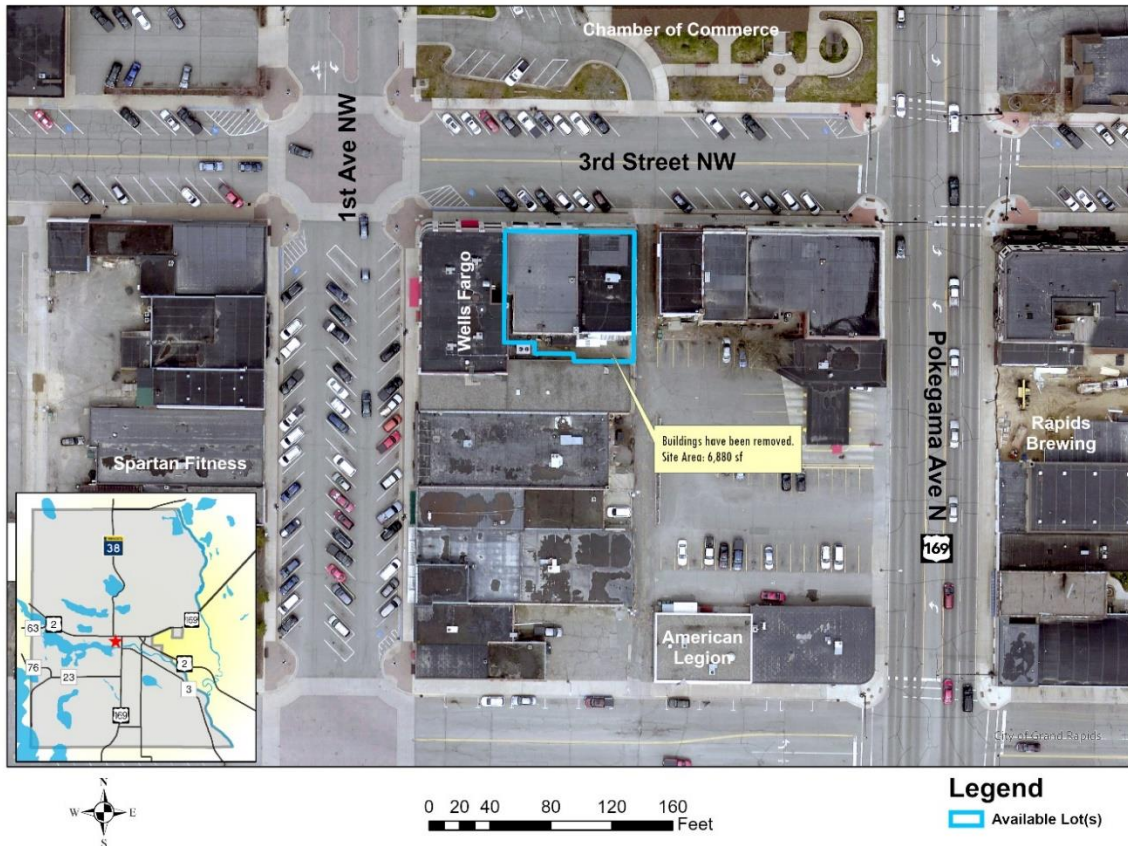
Grand Rapids Airport Property (unplatted)



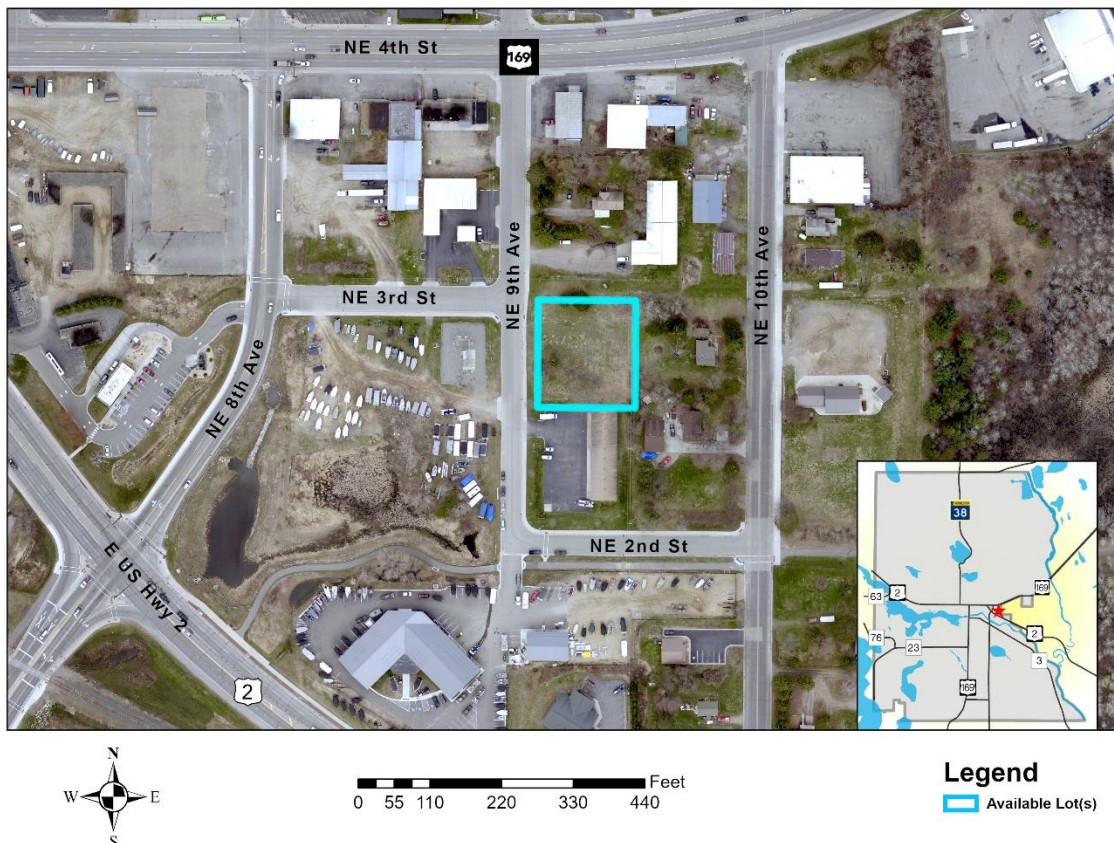
Grand Rapids "Blocks 20 & 21" and "Block 5" Commercial Sites



Grand Rapids "Downtown Block 18"



Block 23 Third Division



Business Assistance Programs

To advance their economic development goals, GREDA pools their resources together with those of other local, state and federal economic development agencies. Examples of those business assistance programs are listed in the following table:

Source	Program
Federal EDA	<ul style="list-style-type: none"> Public Works Grant Economic Adjustment Grant Economic Development Planning Grant
Iron Range Resources and Rehabilitation Board	<ul style="list-style-type: none"> Commercial Redevelopment Program Development Infrastructure Program Business Financing
Department of Employment and Economic Development (DEED)	<ul style="list-style-type: none"> Business Development Public Infrastructure Grant Minnesota Investment Fund Small Cities Development Program Job Creation Fund Redevelopment Grant Program Contamination Investigation and Cleanup Job Skills Partnership Program
Itasca Economic Development Corporation (IEDC)	<ul style="list-style-type: none"> Building Development Loan Program
City of Grand Rapids	<ul style="list-style-type: none"> Tax Increment Financing Tax Abatement

Commercial Building Improvement Loan (CBIL) Program - In certain situations, the underwriting standards used by private financial institutions would constrain their willingness or ability to provide a complete, attractive, financing package to a small business seeking to invest in property improvements. GREDA has created and maintains a revolving loan fund, named the Commercial Building Improvement Loan (CBIL) Program, which is intended to leverage private sector investment. The GREDA CBIL Program fills this capital market void by providing below market rate financing to eligible commercial enterprises within the City of Grand Rapids.

The CBIL is intended primarily to help building owners and tenants improve the appearance and function of their existing buildings. Secondary benefits of the CBIL program include: the removal of blight, increased competitiveness, strengthening of the tax base and improved viability of small businesses in the Grand Rapids commercial districts.

Eligible improvements to any retail/commercial building or site are qualified for consideration under the CBIL, within the following business zones: (LB, GB, CBD, SGB, SLB, I-1, SI-1). Program funds may be used for: building construction and expansion, building renovation and remodeling, landscaping and parking lot improvements and signage.

The Commercial Building Improvement Loan Program funds may finance up to 75% of the project cost, or \$40,000, which ever may be less. The interest rate for improvement loans is currently set at two percent (2%), with a maximum term of 5 years. Loans are amortized over a twenty-year period with a balloon payment due at the end of the term, and no penalty for early repayment.

There currently is a portfolio of twenty loans with a combined principal loan amount of \$777,754.



Downtown Mandated Building Improvement Loan (MBIL) Program — With a grant provided by the Blandin Foundation in 2023, GREDA has established a loan program to assist entrepreneurs with funds for additional improvements mandated by the Minnesota State Building Code. These additional required improvements, such as to address handicapped accessibility, are more common in older buildings. The costs of these improvements are often unanticipated by entrepreneurs and tend to limit or stifle investment in and new uses of these buildings. Downtown MBIL Program funds may finance up to \$50,000 of these costs. The interest rate for MBIL loans is currently set at one percent (1%), with a term of 10 years.

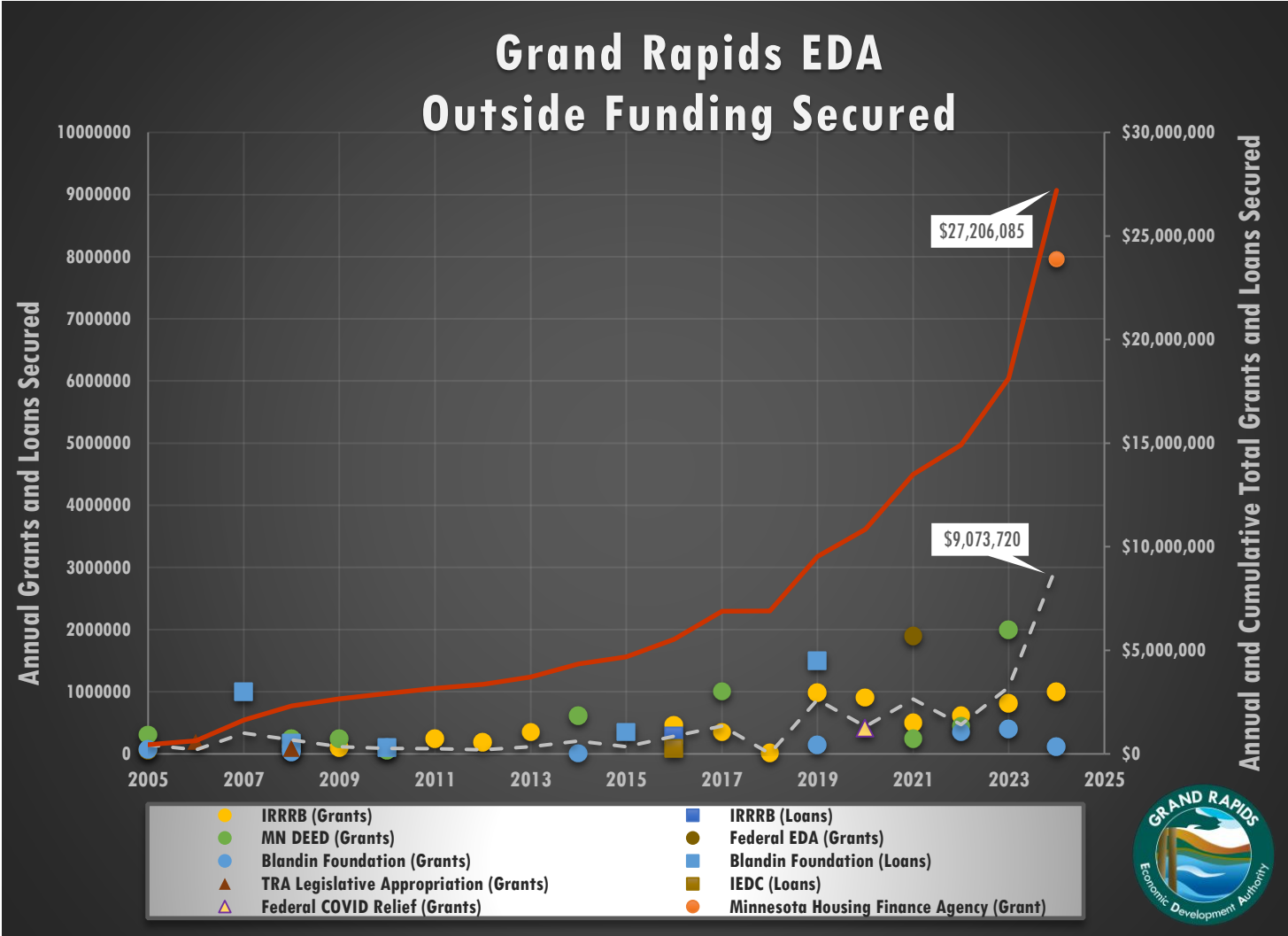
Repayment of principal and interest is deferred during the 10-year term, with 10% of the principal balance forgiven each year the building owner maintains ownership.

There currently is a portfolio of four loans with a total principal loan amount of \$200,000.



Additional Project Funding

The following chart provides a eighteen year history of the outside funding secured by GREDA:



Summary of 2024 Funding Represented Above

Source	Project	Grant/Loan	Amount
Minnesota IRRR	Oppidan Housing	Grant	\$600,000
	Downtown Organization Project	Grant	\$15,000
	Eclipse Building @ 12 NW 3 rd St.	Grant	\$130,000
	Ledger & Ladle, The Tide @ 16 NE 3 rd St. & 210 N. Pokegama	Grant	\$220,000
	Evans Insurance @ 300 Block of E. Hwy 2/169	Grant	\$30,000
Minnesota Housing	Oppidan Workforce Housing	Grant	\$7,964,000
Blandin Foundation	Hwy 2 West Land Use and Economic Development Plan	Grant	\$114,720
Total:			\$9,073,720



2005-2024 Outside Funding Summary

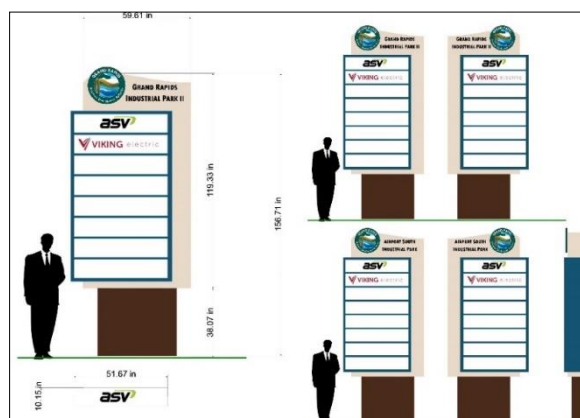
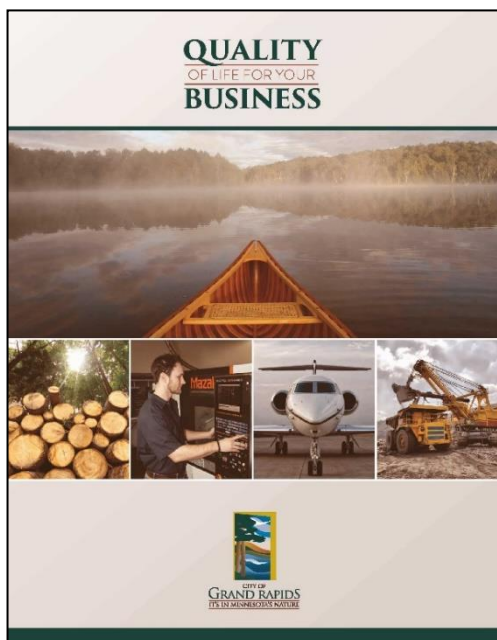
Source	Loan	Grant	Amount
TRA Legislative Appropriation		X	\$282,000
Minnesota IRRR		X	\$6,656,486
Minnesota IRRR	X		\$293,000
Minnesota DEED		X	\$5,181,697
Federal EDA		X	\$1,960,607
Federal COVID Relief		X	\$411,000
Blandin Foundation		X	\$1,242,295
Blandin Foundation	X		\$3,125,000
Minnesota Housing		X	\$7,964,000
IEDC	X		\$90,000
Total:			\$27,206,085

Business Retention, Attraction and Marketing

GREDA views regular interaction with resident companies, such as through a Business Retention and Expansion (BRE) program of structured interviews, as an important component of the Grand Rapids area economic development action plan. The importance of BRE is highlighted by a well-known statistic: “up to 80 percent of new jobs and capital investment in any community is generated by existing businesses”.

This is not to say, however, that GREDA disregards the value of business attraction efforts, as evidenced by their expanding industrial park areas. With a well-rounded inventory of sites to offer, GREDA has begun to dedicate additional resources to their marketing efforts, including:

- ❖ Updated electronic and printed brochures featuring their property.
- ❖ An increased presence on the *northlandconnection.com* regional business portal
- ❖ The GREDA website launched in September 2011 at www.grandrapidseda.com with updated property listing/mapping functions added in 2018.
- ❖ GREDA twitter account launched October 2012: @GR_EconDevAuth
- ❖ Industrial Park entrance signs, completed in 2022.



Summary of Activities - 2024

Industrial Advancement/Support

L&M Fleet Supply Distribution Center

- Completed the removal of FAA encumbrances
- Completed the final land sale
- Groundbreaking (May 7, 2024)
- Construction
- Grand Opening (February 6, 2025)



HWY 35 Cannabis Grow/Manufacturing Facility

- Completed the review and approval of a TIF Redevelopment District
- Reviewed and issued 4 building permits for the buildout, with total work valued at \$105,572,500.
- Construction of site work and first phase of buildout started in fall of 2024.



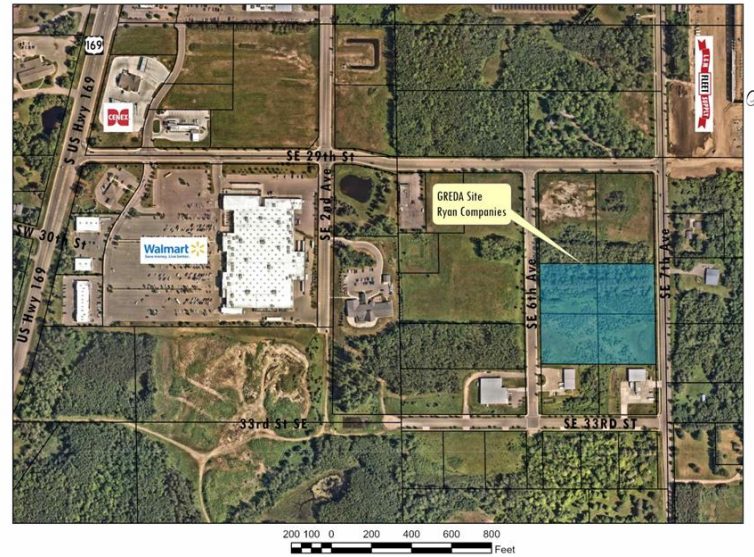
East Airport Road Industrial Site

- Acquired 12.5 — Acre adjacent tract from the Airport to create a 35 — Acre industrial site.
- Completed a survey, environmental study and wetlands determination.
- Collaborated with DEED and IRRR by hosting two visits to Grand Rapids by Niron Magnetics, a new industry considering the site for a manufacturing project.



Airport South Industrial Park

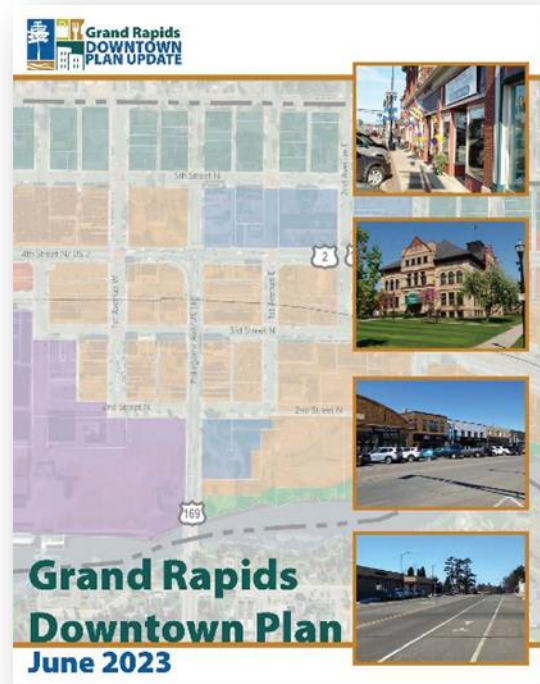
- Approved a Purchase and Sale Contract with Ryan Companies for the sale of four lots totaling 6.6-acres
- Closing on the sale is expected to be in late April.
- Intended 2025 development is a 42,000 sq. ft. distribution facility, employing 75+ FTE positions.



Redevelopment and Downtown

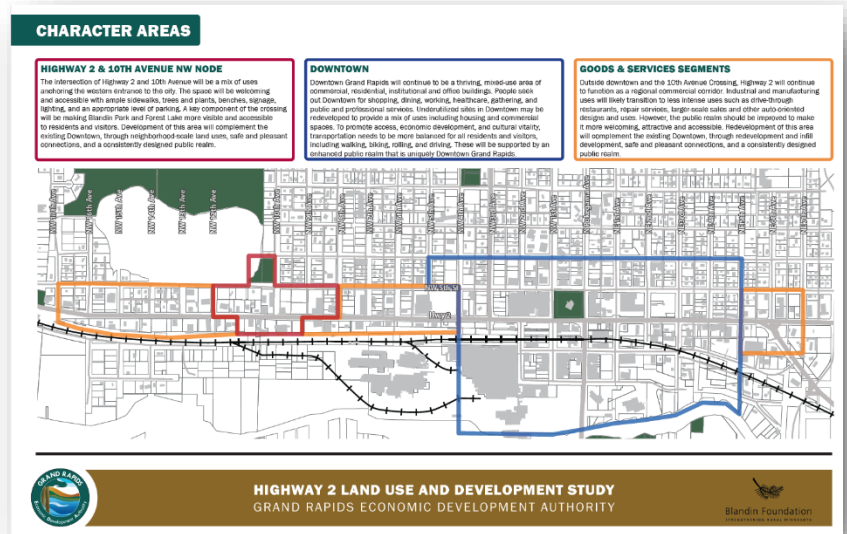
Downtown Plan Initiatives and Projects

- GREDA secured grants from the Blandin Foundation and IRRR to advance a key recommendation of the Plan to form a sustainable organization focused solely on Downtown objectives.
 - Hired Economic Development Services to organize a tour of five similarly sized communities with successful downtown organizations with an advisory group of our Downtown stakeholders.
 - With input from the advisory group a preferred structure for the proposed Downtown Alliance was developed along with a 3-year work plan, a 3-year budget (revenues and expenditures) and proposed job description for an executive director.
 - Funding will be requested for the next phase of forming the Downtown Alliance, which involves assistance with a private fundraising effort, grant applications, registration as a 501c3, adoption of bylaws, hiring staff and selection of membership (not necessarily in that order).
 - GREDA provided \$535K in loans to three anchor redevelopment projects in Downtown: Ledger and Ladle, RBC Dive Bar and The Pines, using GREDA programs made possible through Program Related Investments (PRI) with the Blandin Foundation.
 - Secured three IRRRB grants totaling \$350K for the same three projects.
 - Entered a Purchase and Development Agreement with Free Range Food Co-op for a portion of Block 36 (also a key site in the Downtown Plan).
 - Secured a \$30K IRRR Commercial Redevelopment grant for the demo of the former Caverly Computing building on the 300 Block of E. Hwy 169



Highway 2 West Corridor

- Secured a Blandin Foundation grant and hired Bolton and Menk to lead a community planning effort focused on land use concerns of lack of visual appeal, underinvestment, pedestrian safety and aging infrastructure. Started in Nov.
- Purchased the former Itasca County Farm Co-op (900 W. Hwy 2) from Deerwood Bank.
 - Utilizing a Brownfields Assessment grant to prepare a Hazardous Material Survey and a plan for mitigating the site contaminants.



Housing

Multi-Family Housing

- Oppidan Development Workforce Housing 132 units, \$33.2M
 - Secured a \$7,946,000 forgivable loan from MHFA
 - Secured two grants from IRRR totaling \$800,000
 - Approved Purchase and Development Agreements
 - Reviewed and approved TIF & Tax Abatement
 - Anticipated May construction start (18-month build)
- Grand Rapids Apartments LLC 63 units (Downtown), \$10.2M
 - Approved Purchase and Development Agreements
 - Reviewed and approved TIF
 - Closed on the sale
 - Anticipated May construction start (12-15-month build)
- Commonwealth Development Corp. 32 units (900 blk of SE 4th Ave.)
 - Approved a Preliminary Development Agreement



Single Family Housing

- Entered into a Purchase and Development Agreement with Premier Custom Homes from Elk River for the phased purchase and development of spec housing on the remaining 11 single family home sites owned by GREDA in the plat of Great River Acres.
- Forest Lake Addition
 - Completed the sale of 8 additional lots to the Itasca County HRA
 - ICHRA plans to utilize a new design for the 8 homes to be built in 2025.
 - 18 of the 22 lots have been sold or developed.
- GREDA acquired the former ISD #318 Administration Building on the 800 block of NW 1st Ave.
 - A funding plan for platting, demolishing the building and extending utility services is taking shape.
 - Eight lots for single-family homes will be created and developed in partnership with the ICHRA.



GREDA Financial Summary – 2024 Operating Fund

CITY OF GRAND RAPIDS ECONOMIC DEVELOPMENT AUTHORITY

COMBINING STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE
FOR THE TWELVE MONTHS ENDING DECEMBER 31, 2024
With Comparative Totals for the Period Ending December 31, 2023

Preliminary	2023 ACTUAL TO 12/31/23	YTD ACTUAL TO 12/31/24	2024 ANNUAL BUDGET	
Fund Balance 1/1/XX:	\$ 4,296	\$ 25,287	\$ 25,287	
REVENUES:				
Taxes	35,000	-	-	0%
Supplemental Aid	-	-	-	0%
Miscellaneous	-	-	-	0%
Interest - Investments	128	250	100	250%
Interest - Loans	-	-	-	0%
Mortgage Payment	-	-	-	0%
Fund Balance Usage	-	-	16,050	0%
TOTAL REVENUES	35,128	250	16,150	2%
EXPENDITURES:				
Supplies/Materials	7	20	150	13%
Other Services/Charges	14,130	8,992	16,000	56%
TOTAL EXPENDITURES	14,138	9,012	16,150	56%
REVENUES > EXPENDITURES	20,991	(8,762)	-	
FUND BALANCE				
Fund Balance Usage	20,991	(8,762)	(16,050)	
FUND BALANCE 12/31/XX	\$ 25,287	\$ 16,525	\$9,237	



GREDA Financial Summary – 2024 Capital Projects Fund

CITY OF GRAND RAPIDS ECONOMIC DEVELOPMENT AUTHORITY CAPITAL PROJECTS FUND

*Schedule of Changes in Revenue, Expenditures, and Fund Balance
FOR THE TWELVE MONTHS ENDING DECEMBER 31, 2024*

Preliminary

FUND BALANCE 1/1/24 \$ 352,977

REVENUES:

Taxes	94,549
Supplemental Aid	4,304
ST/MN-IRRRB Grant	15,000
ST/MN Affordable Hsg Aid	144,456
Blandin Foundation Grant	204,442
Interest-Investments	50,282
Interest-Loans	4,844
Nat'l Gas CIAC Fee	1,638
Rent-EDA House	9,934
Miscellaneous	134
Principal-CBIL Payments	83,948
Principal-EWCL Payments	119,484
Loan Proceeds/Repayments	610,000
Sale of Land Held in Inventory	339,264

1,682,279

TOTAL REVENUES

EXPENDITURES:

Miscellaneous	2,906
Central School Redevelopment	98
Commercial Building Improvement Loan Program	47,086
Downtown Block 18-21	343
Airport South Industrial Parks	213,843
Downtown Plan Project	194,719
Great River Acres	25,947
Block 36 Dwtm Redevelopment	7,223
Forest Lake School Redevelopment	3,235
Hwy 2 Corridor Study	30,162
Blandin Foundation PRI Loan	513,091
L&M Distribution Center	77,243
Ainsworth Facility Redevelopment	886
ASV-Yanmar Parts Distribution Center	165
Farm Service Redevelopment	23,596
ISD #318 Adm Redevelopment	1,901

TOTAL EXPENDITURES

1,142,444

2024 REVENUES > EXPENDITURES

539,835

FUND BALANCE 12/31/24

892,812



Work Plan – Overview of Process

The GREDA Board of Commissioners recently completed the development of their 2025 Work Plan. The work plan development process first involved a review of the unfinished business from the 2024 Work Plan, and a review of the goals stated within the Economic Development Element of the Comprehensive Plan. From that exercise, the GREDA Commissioners identified a list of potential objectives for 2025. Those potential objectives were examined and ranked by the individual GREDA members, and, through additional group discussion, GREDA approved a list of priorities and a work approach for the issues they will take a lead role in completing and those that they will partner with others on.

In developing the list of priority issues, the GREDA considered the following criteria:

Community impact: If the goal is achieved, will the impact be substantial in the community?

Chances of success: Is the objective reasonably attainable?

Resource availability: Does EDA/City of Grand Rapids possess adequate resources to achieve this goal?

EDA ownership: But for the EDA, will any other entity, commission or department achieve this objective?

The resulting work plan is shown on the following four pages of this report.







Grand Rapids Economic Development Authority 2025 Work Plan

* Results of Issue Identification and Ranking			* Desired Outcomes/Work Approach/Schedule			
Issue/Task/Work Item	Role	Term (years) Short 1-2 Med. 3-5 Long 6+	Q1	Q2	Q3	Q4
Industry Advancement/Support						
Ensure an adequate inventory of industrial sites and facilities exist to accommodate full industrial, warehousing & distribution business expansion and relocation potential.	Lead	S	<ul style="list-style-type: none"> Complete as needed due diligence to ensure sites are shovel-ready. Scope out development costs for future industrial park expansion. Continue to work on addressing 48C Tax Credit Eligibility. 	<ul style="list-style-type: none"> Consider strategic land acquisitions that will support the need for future industrial sites. Continue to work on addressing 48C Tax Credit Eligibility. 	●————→	————→
Continue to work with HWY 35 on current and future development opportunities.	Lead	S	<ul style="list-style-type: none"> Collaborate with HWY 35 on efforts focused on workforce attraction. Work with spinoff developments/businesses interested in a Grand Rapids location. 	●————→	————→	————→



* Results of Issue Identification and Ranking			* Desired Outcomes/Work Approach/Schedule			
Issue/Task/Work Item	Role	Term (years) Short 1-2 Med. 3-5 Long 6+	Q1	Q2	Q3	Q4
Industry Advancement/Support						
Pursue and support initiatives addressing housing shortages	Lead	S	<ul style="list-style-type: none"> Continue to support private development interest in housing projects by reviewing proposed uses of TIF and/or Tax Abatement. Complete the sale of GREDAs sites and development of multi-family housing by Oppidan and Unique Opportunities. 	<ul style="list-style-type: none"> Work with housing developers, MN IRRR, MHFA, GMHF and Blandin Foundation to incentivize and remove financial barriers for projects. Complete an inventory of sites available for additional housing. Advance the redevelopment of the former School Admin. Building. 	<ul style="list-style-type: none"> Continue to advance the Commonwealth purchase and development of the 4th Ave. SE site. 	
Pursue strategic property acquisitions in key commercial, industrial, and residential areas.	Lead	S	<ul style="list-style-type: none"> Consider requesting a Program Related Investment or grant from the Blandin Foundation to sufficiently capitalize a fund for strategic acquisitions that support both industrial expansion and commercial residential redevelopment and development 			
Continue support of the Yanmar expansion.	Lead	S		<ul style="list-style-type: none"> Collaborate with Yanmar on efforts focused on workforce attraction. Pursue grant funding to support the next phases of expansion, as needed. 		



* Results of Issue Identification and Ranking			* Desired Outcomes/Work Approach/Schedule			
Issue/Task/Work Item	Role	Term (years) Short 1-2 Med. 3-5 Long 6+	Q1	Q2	Q3	Q4
Industry Advancement/Support						
Support initiatives addressing workforce and childcare shortages	Partner	S		<ul style="list-style-type: none">Communicate with major employers on workforce challenges.	<ul style="list-style-type: none">Pursue funding opportunities to support the professional development and implementation of an innovative and aggressive workforce recruitment strategy.	
Provide as needed support for wood product industries.	Lead	S	<ul style="list-style-type: none">Continue ongoing regular communications with Blandin Paper management regarding as needed assistance.			
Transportation/Logistics						
Continue to advocate for highway transportation route improvements to improve linkages between Grand Rapids and the interstate, the Duluth port.	Lead	L		<ul style="list-style-type: none">Consider grant opportunities to sponsor research that examines the economic importance and transportation function of the Hwy 2 corridor between Grand Rapids and the Duluth Port/Interstate Highway		



* Results of Issue Identification and Ranking			* Desired Outcomes/Work Approach/Schedule			
Issue/Task/Work Item	Role	Term (years) Short 1-2 Med. 3-5 Long 6+	Q1	Q2	Q3	Q4
Redevelopment & Downtown						
Downtown Plan Implementation.	Lead	S	<ul style="list-style-type: none"> Provide support and leadership in completing the establishment of the Downtown Alliance. Continue to market the Downtown Mandated Building Improvement Loan and Commercial Building Improvement Loan Programs. 	<ul style="list-style-type: none"> Assist with the redevelopment of downtown sites, specifically the Plumers Building, GREDA lots and Block 36 (Free Range Food Co-op) 		
Support the redevelopment of strategic commercial sites outside of the downtown with a focus on the Hwy 2 West corridor.	Lead	S		<ul style="list-style-type: none"> Pursue funding sources to support the demolition of the former Itasca Co. Farm Co-op building. 	<ul style="list-style-type: none"> Complete the TH2 Land Use and Development Plan. Support investment interest in the redevelopment of sites such as the former Grand Rapids Marine, Itasca County Farm Co-op, Ben's Bait, Don-dellinger Dodge and other sites identified in the TH2 Land use and development Plan 	

