



Blandin Foundation™  
STRENGTHENING RURAL MINNESOTA



Grants Over \$50,000

Application Due:

March 15 | June 15 | September 15 | December 15

## Grants Over \$50,000

If you haven't already, please visit our [website](#) to check your project's fit with our eligibility guidelines and areas of focus. Please email all grant applications to [grants@blandinfoundation.org](mailto:grants@blandinfoundation.org). Supporting information may be mailed separately or scanned and sent as attachments. **If you do not receive acknowledgment of your application in 2-3 business days, please call us at 218-326-0523.**

### Organization Information

Grand Rapids Economic Development Authority

*Name of organization*

*Name on articles of incorporation, if different*

420 N. Pokegama Avenue

Grand Rapids, MN 55744

41-6005201

*Address*

*City, State, Zip*

*Employer Identification Number (EIN)*

218 326-7622

218 326-7621

[www.grandrapidseda.com](http://www.grandrapidseda.com)

*Phone*

*Fax*

*Website*

Rob Mattei

Executive Director

218 244-2924

[rmattei@ci.grand-rapids.mn.us](mailto:rmattei@ci.grand-rapids.mn.us)

*Name of Executive Director, CEO,  
Board Chair, or Lead Organizer*

*Title*

*Phone*

*E-mail*

(Same)

*Name of contact person regarding  
this application*

*Title*

*Phone*

*E-mail*

Is your organization an IRS 501(c)(3) nonprofit? ☐ Yes ☒ No

If no, is your organization a public agency, tribal government entity, or unit of government?

☒ Yes ☐ No

If no, list name and address of fiscal agent, including EIN number:

*EIN Number*

If working through a fiscal agent, please attach an email or letter confirming they have agreed to be fiscal agent for your organization.

## Proposal Summary

Duration of project: May 2023 to December 2028

Please give a 2-3 sentence summary of your proposal:

*The Grand Rapids Economic Development Authority (GREDA) proposes to establish a fund for the purpose of providing medium-term loans of up to \$50,000 to commercial building owners in the Downtown to fund State Building Code mandated improvements to existing commercial buildings in the Downtown. The loans would be designed to be entirely forgiven if the recipient maintains ownership for the full term.*

Please give a 1-2 sentence summary of the geographic area your proposal will serve:

*Throughout the Downtown Plan process this year, the public engagement has affirmed that the strong establishment of Downtown entertainment events, such as the Riverfest, is a high priority that will serve to attract new business investment and strengthen existing businesses in the heart of the City. The businesses in this area serve a retail trade-area population of 49,000 residents in Itasca, Aitkin and Cass and St. Louis counties.*

*Furthermore, according to a data source subscription obtained by VGR, the City and Itasca County that extracts cell phone data within geofenced areas, downtown Grand Rapids is the most visited point of interest in Itasca County, attracting over 85,000 unique visitors traveling from further than 50 miles away, in 2021.*

Please give a 1-2 sentence summary of how your board and staff are representative of the population you serve.

*The Grand Rapids Economic Development Authority is a public body established under Minnesota Statute Chapter 469 and enabling resolutions enacted by the City Council of the City of Grand Rapids. The seven member GREDA Board of Commissioners includes: two City Council members, a business financial officer, an accountant/business owner, a business owner, an economic development loan officer and a retired power industry CEO. All GREDA members are appointed by the Mayor and approved by the City Council and must demonstrate an interest and concern about present and future development of the economy, an ability to keep an open and objective mind, and have linkages with neighborhood, citizen groups and the business community.*

*The Director of Community Development serves as the GREDA Executive Director, their Bond and Economic Development Counsel, Gina Fiorini (Kennedy and Graven) and the City Finance Director provide staff support to GREDA.*

## Budget Summary

Fiscal Year of Organization or Project:	2022 to 2022
Total project budget:	\$375,000
Total dollar amount requested of Blandin Foundation:	\$350,000
Total annual budget (organization operating budget):	\$16,000

## Signature

\_\_\_\_ Rob Mattei \_\_\_\_\_  
Name of CEO/Executive Director or Board Chair



\_\_\_\_\_  
Signature (scanned/electronic signature acceptable)

## Proposal Narrative

### **Organizational Profile**

*The mission of GREDA is to promote growth in our local economy through efforts focused on business recruitment and attraction, and business retention and expansion within the corporate limits of the City of Grand Rapids. A summary of the types of activities in which GREDA engages is as follows:*

- 1) *Administration of the GREDA Commercial Building Improvement Loan Program.*
- 2) *Act as a redevelopment agency in the promotion, encouragement and development of sound industry and commerce through governmental action to prevent the emergence of, or to correct, conditions of blight or marginal land. Acting as a redevelopment agency, some of the GREDA's abilities include:*
  - a) *Acquire, construct, and hold lands, buildings, easements, improvements to lands and buildings to be located on designated sites.*
  - b) *Issue revenue bonds to finance some or all costs of acquisition, construction, and reconstruction.*
- 3) *Involvement in the development and implementation of local business retention and expansion (BRE) programs.*
- 4) *The development of industrial parks in the City of Grand Rapids, including activities such as:*
  - a) *Site selection*
  - b) *Land acquisition through purchase or lease, with powers of eminent domain if necessary, and with the powers to issue general obligation bonds with City Council authorization.*
  - c) *Enter into contracts for the development of: subdivision plats, extensions of infrastructure, building construction.*
  - d) *Business recruitment followed by sale or lease of real or personal property*
- 5) *Study and analyze the economic development needs in the City and propose actions to meet those needs.*
- 6) *May participate with public or private corporations or other entities whose purpose is to provide seed or venture capital to small businesses located or to be located in an economic development district within the City.*

*GREDA has taken the lead role for the City of Grand Rapids in the creation of four industrial park areas in Grand Rapids, beginning in 1969. Industries and facilities already located in these industrial parks include ASV Inc., Arrowhead Promotion, Olympac, Minnesota Diversified Industries, Viking Electric, Schroeder Log Home Supply, and the US Forest Service Fire Training Center. Within the two industrial parks, developed on the north side of Lily Lake between 1992 and 2002, six industries are now operating, providing over 650 jobs to residents of the Grand Rapids area. In April of 2007, GREDA*



*entered into a public/private partnership with Round Development and the City of Grand Rapids to create the Airport South Industrial Park. This forty acre industrial park is located in southeast Grand Rapids adjacent to the south side of 29<sup>th</sup> St. SE, and the west side of 7<sup>th</sup> Ave. SE (Airport Rd.). Since the development of this park, GREDA has attracted the location of Swan Machine, Country Hearth Bread distribution and Frito Lay distribution. In 2010, Itasca Economic Development Corporation (IEDC) requested GREDA's purchase of a 25-acre portion of the former Ainsworth OSB plant to improve IEDC's cash position following their acquisition of the site. GREDA achieved shovel-ready certification for the site and within three years had sold it to two businesses, DC Manufacturing and Hammerlund Construction, and delivered IRRR grants to both projects.*

*GREDA has also been active in promoting re-development of underutilized, publicly owned, property along the Mississippi riverfront, following the recommendations within the Riverfront Framework Plan. This effort led to the development of the Glorvigen Office building at the corner of 1<sup>st</sup> Ave. E. and 2<sup>nd</sup> St. North. Adjacent to the Grand Rapids Area Library, the GREDA also successfully negotiated the sale of GREDA riverfront property, leading to the development of the KAXE public radio broadcast center and outdoor performance amphitheater. The Block 20/21 site, north of the Library, and the Block 5 site, east of 3<sup>rd</sup> Ave, are additional sites currently available for development in this area.*

*The objective of revitalizing the Downtown Central Business District has been a consistent area of focus for GREDA. The Downtown Redevelopment Master Plan establishes a collection of fundamental objectives for directing redevelopment in the Downtown, and specifically identifies key redevelopment opportunity sites in the Downtown with strategies for the use of public and private investment. The Plan also provides guidance for improvements to the public realm (streetscape) and public parking areas to create a renewed Downtown.*

*In addition to the improvements the public realm in the Downtown, GREDA has been engaging private interest in the larger task of securing the redevelopment of deteriorated, underutilized, properties within the opportunity sites identified in the Plan. Past successes include:*

- Block 37 Redevelopment Project - Block 37 is the block bordered on the north by Highway 2, on the east by Highway 169 and on the west by First Ave. W. GREDA assembled/purchased vacant properties for conveyance to Rennix Corporation, the developer and assisted Rennix with a short-term (18-month) acquisition loan, provided through the Downtown Redevelopment Loan PRI with the Blandin Foundation. With GREDA's recommendation, the City of Grand Rapids created a Tax Increment Financing Redevelopment District to support the acquisition and private renovation of two substandard commercial buildings (now the Crossings Marketplace and the Crossings buildings), the demolition of one substandard commercial building, and the new construction of a commercial building which is now Members Cooperative Credit Union.*
- Block 19 Redevelopment Project - GREDA and the City sold a building (abandoned Township Hall) to the Rapids Brewing development, secured an IRRR grant used to fund the demolition of two buildings and provided a Small Cities Development Program (SCDP) deferred/forgivable loan as well as a low interest CBIL loan to Rapids Brewing for the renovation of the former Rialto Theater building. Now that Rapids Brewing has established their business, they have purchased the adjoining building to the south and are planning an expansion of brewing capacity and seating. In addition, GREDA provided a SCDP deferred/forgivable loan to Wayne's Automotive for their façade improvements.*

*Some of the items on the GREDA 2022 Work Plan include:*

- *Support the needs of industries looking to occupy portions of the Voyageur Capital building*
- *Ensure an adequate inventory of industrial sites and facilities exist to accommodate full industrial, warehousing & distribution business expansion and relocation potential.*
- *Support the development or redevelopment/infill of strategic commercial sites to achieve growth in the retail sales and service sector.*
- *Support the retention and growth of existing industries*
- *Pursue initiatives that would support existing and new wood product industries*
- *Promote growth and vitality of the downtown*
- *Consider the next steps in supporting local businesses with changes caused by the COVID-19 pandemic*
- *Investigate and advocate for highway transportation route improvements to improve linkages between Grand Rapids and the interstate, the Duluth port and the Iron Range*

*GREDA staff has developed effective partnerships with state, regional and local economic development organizations such as MN IRRR, DEED, and IEDC. A recent example of a collaborative effort involved leading the effort to attract the relocation of ASV Holdings' parts distribution division from a third party logistics vendor in Mississippi to Grand Rapids. GREDA pulled in IRRR and DEED representatives to discuss the project with ASV officials. GREDA applied for and received funds from the DEED Minnesota Investment Fund program, and used those to provide a \$125,000 equipment loan to ASV with forgivable and low interest terms. IRRR provided a \$300,000 business loan with forgivable terms based on specific employment targets.*

*Currently, that same process is being repeated on a larger scale with GREDA leading the effort, together with IRRR, DEED, the City and the County to support ASV's intended expansion. The ASV expansion will involve \$9.5M CAPEX in construction of a 32,000 sq. ft. addition and equipment purchases. The expansion will require significant staffing, approximately 360 FTE, to accomplish a ramp-up of their production of Compact Track Loaders and the relocation of a new Compact Excavator production line from their parent company in Japan, Yanmar.*

### **Purpose of Grant**

#### **A. Background**

*With the support from the Blandin Foundation, the Grand Rapids Economic Development Authority (GREDA) has been engaged in the development of a new, updated, plan for the Downtown. The plan will include specific implementation strategies to enhance public space opportunities in the downtown to create a sense of place and attract and bring people together.*

*We have been fortunate to see a great amount of interest and participation from the community and downtown stakeholders in this process. The level and content of the public input has made it very clear that the community is committed to building upon the Downtown's recent successes of late to improve it's standing as the heart of the community.*

*Discussions with entrepreneurs that own or are interested in purchasing or leasing older buildings in the Downtown have exposed a common challenge that hinders the establishment of new business.*

*The City of Grand Rapids, in 1980, adopted the Minnesota State Building Code which governs the construction, repair and use of buildings and establishes reasonable safeguards for health, safety, and*

welfare of residents. Not that it would be advisable, but State law prohibits communities with a population of greater than 2,500 from repealing their adoption of the Code.

A change of Occupancy Classification, as defined within the Code for a proposed new use within an existing building, most often triggers the need for upgrades to the building that are not anticipated nor budgeted for by the buyer/entrepreneur. These Code mandated building upgrades typically come in the form of establishing compliant handicapped accessibility routes to a building and within, fire protection and fire resistance, improved means of safe egress and bathroom/plumbing additions and remodeling. This is particularly prevalent in the Downtown where buildings are much older, built prior to any of these standards.

The unanticipated expense of these types of building upgrades have had the effect of halting a business' plans for a Downtown location. Absent these upgrades to existing buildings, they are limited to serving as a viable location only for proposed uses that fall into the current/existing Code Occupancy Classification, which doesn't mandate upgrades. Not only does the resulting lack of investment limit the diversification of the business and mercantile mix in the Downtown, it has the effect of perpetuating non-compliance with handicapped accessibility and other life safety standards. In particular, the avoidance of upgrades to meet handicapped accessibility standards has the devastating effect of limiting or prohibiting a person with disabilities from accessing and enjoying what the Downtown has to offer.

With assistance from the Blandin Foundation, GREDA would like to establish a fund for the purpose of providing loans to building owners in the Downtown to make these improvements to their buildings.

## **B. Implementation**

GREDA would use the requested Blandin Foundation grant funds to establish a loan fund, the Downtown Mandated Improvements Loan Fund. GREDA would create a policy for the administration of the Fund; however, it will have the following general elements:

- The Fund would provide medium-term (10-year) loans of up to \$50,000 for direct costs of Code mandated improvements to existing retail focused buildings in the Downtown, the geographic limits of which are established in the 2023 Downtown Plan.
- Loans will be secured through a recorded loan/lien agreement or mortgage executed by the property owner and GREDA.
- The principal amount of the loans will carry an interest rate of 2% over the 10 year term.
- Repayment of principal and interest on the loans will be deferred during the 10-year term. Furthermore, 10% of principal balance of the loan will be forgiven each year the owner maintains his or her ownership of the building during the term.
- In the event that the owner sells, transfers or otherwise conveys the property during the term, the remaining balance and accumulated interest will be paid back to GREDA. GREDA will then deposit those funds into the program for their continued use.

GREDA, with assistance from the City Finance Department, will service the loans issued and administer the program. GREDA will market the availability of the program through its website, and direct communication with all property owners in the Grand Rapids Downtown.

## **Assessment**

The goal for the fund is to provide funding for seven or more projects over the next three to five years, thereby removing barriers to business looking to establish and grow in the Downtown, improved building safety and remove longstanding impediments to access by individuals with disabilities.

### **Project Budget**

<b>Revenue:</b>	
Blandin Foundation	\$350,000
GREDA (in-kind)	25,000
<b>Total:</b>	<b>\$375,000</b>
<b>Expenses:</b>	
Loans issued	\$350,000
<b>Total:</b>	<b>\$350,000</b>

### **Organizational Budget – GREDA Operating Budget**

<b>CITY OF GRAND RAPIDS ECONOMIC DEVELOPMENT AUTHORITY</b> <i>Actual 2017-2020 Expenditures, 2021 Budget And Proposed 2022 Budget</i>						
	2017 ACTUAL	2018 ACTUAL	2019 ACTUAL	2020 ACTUAL	2021 BUDGET	PROPOSED 2022 BUDGET
<b>Fund Balance 1/1/XX:</b>	42,310	28,558	30,968	17,096	2,880	17,330
<b>REVENUES:</b>						
Taxes						
Current		15,000	-	-	30,000	
Fiscal Disparities		-	-	-	-	
Total Taxes	-	15,000	-	-	30,000	-
Intergovernmental						
Supplemental Aid		-	-	-	-	
Total Intergovernmental	-	-	-	-	-	-
Miscellaneous Revenue						
Miscellaneous Revenue	1,995	779	-	-		
Interest - Investments	310	345	427	164	400	200
Total Miscellaneous	2,305	1,124	427	164	400	200
Other Sources						
Fund Balance Usage	-	-	-	-	-	-
<b>TOTAL REVENUES</b>	<b>2,305</b>	<b>16,124</b>	<b>427</b>	<b>164</b>	<b>30,400</b>	<b>200</b>
<b>EXPENDITURES:</b>						
Supplies/Materials	7	31	23	13	50	50
Professional Services	138	153	229	150	400	400
Accounting/Auditing Services	3,013	2,360	3,183	3,697	3,200	3,800
Legal	2,432	779	752	220	1,500	1,200
Consulting	10,000	10,000	10,000	10,000	10,000	10,000
Seminars/Meetings	-	-	-	-	250	250
General Insurance	22	17	17	20	50	50
Other Charges & Services	446	374	94	280	500	500
<b>TOTAL EXPENDITURES</b>	<b>16,057</b>	<b>13,714</b>	<b>14,298</b>	<b>14,380</b>	<b>15,950</b>	<b>16,250</b>
<b>REVENUES &gt; EXPENDITURES</b>	<b>(13,753)</b>	<b>2,410</b>	<b>(13,871)</b>	<b>(14,216)</b>	<b>14,450</b>	<b>(16,050)</b>
<b>FUND BALANCE 12/31/XX</b>	<b>\$ 28,558</b>	<b>\$ 30,968</b>	<b>\$ 17,097</b>	<b>\$ 2,880</b>	<b>\$ 17,330</b>	<b>\$ 1,280</b>

### **GREDA website (list of board members)**

[www.grandrapidseda.com](http://www.grandrapidseda.com)





*Audited Financial Statement was provided earlier this year. The same is available again if required.*

