



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. 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

Phone

Fax

Website

Rob Mattei

Executive Director

218 244-2924

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: April 2022 to December 2022

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

The Grand Rapids Economic Development Authority (GREDA) proposes to establish a fund with a primary purpose to provide low interest loans for entertainment events in the Downtown. The loans would be designed to reduce the level of risk to the organizations that organize these events that benefits the entire community.

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 affirms 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, Martha Ingram (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:	\$300,000
Total dollar amount requested of Blandin Foundation:	\$300,000
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 29th St. SE, and the west side of 7th 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 1st Ave. E. and 2nd 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 3rd 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 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.

One particularly important aspect of the of the fledgling Downtown resurgence has been entertainment, both at a large and small scale. Small scale events are occurring with increasing frequency in Downtown establishments. From a business standpoint, the economics of these small events appear to be sustainable and a net benefit to the hosting businesses.

Large outdoor music events, like the Riverfest, have also begun to establish themselves in the Downtown landscape over the past three years. These events provide significant, positive, socio-economic benefit to the Grand Rapids area through their high levels of attendance by residents and tourists. Area hotels,

restaurants, retail businesses all benefit from the commerce these events generate. These events strengthen the community by creating an opportunity to gather, socialize and enjoy high quality live entertainment.

These types of notable experiences in the Downtown are an example of creative placemaking, in our rural context, which is gaining momentum as an economic development strategy on a national scale. By creating quality shared spaces, places, and events in our Downtown, residents and visitors become more connected to the community and Grand Rapids maximizes its appeal as a place where people want to live, work and visit. As an example, the Riverfest event attendance in 2022 approached 3,000, with approximately 70% of the attendees coming from outside our area. The feedback from many of those attendees, through a KAXE survey, was very positive, with regard to both the event and the community.

The high cost of these events, however, does present risk to the entities that take on the task of organizing and promoting them. Because these events provide a community-wide benefit, GREDA would like to take steps to ensure that the risk is not born entirely by the organizers. By limiting this risk, the organizers will be better positioned to sustain, build, and establish these events as a trademark feature of a strong Downtown.

B. Implementation

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

- The Fund would provide short-term (less than one year) loans of up to \$50,000 for entertainment events held in the Downtown.*
- Qualifying entertainment events will involve a cross-sectional collaboration of public, private and non-profit entities, are creative and will attract a broad and substantial audience of residents and visitors from outside of our area.*
- The notes issued by GREDA for each loan from the fund would carry a low interest rate, in the range of 1% - 2%.*
- If the event fails to earn a profit, a portion or up to all the loan balance will be forgiven to reach a breakeven point.*
- Loan repayments would be retained in the Fund for its 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 non-profits and businesses in Grand Rapids.

Assessment

To become successful and sustainable, entertainment events must establish public awareness and a positive reputation. Much like a small business start-up, that process often can take several years. Maintaining a consistent, high quality, experience during the initial years of the event is key to its long-term success and sustainability. The goal for the fund is to bridge that start-up period by providing limited risk funds to ensure the quality of the event. Success of the Downtown Entertainment fund will be measured by the economic impact of the entertainment events it supports, in terms of attracting resident and visitor attendance and local sales.

Project Budget

Revenue:	
Blandin Foundation	\$300,000
GREDA (in-kind)	25,000
Total:	\$325,000
Expenses:	
Loans issued	\$325,000
Total:	\$325,000

Organizational Budget – GREDA Operating Budget

CITY OF GRAND RAPIDS ECONOMIC DEVELOPMENT AUTHORITY Actual 2017-2020 Expenditures, 2021 Budget And Proposed 2022 Budget						
	2017 ACTUAL	2018 ACTUAL	2019 ACTUAL	2020 ACTUAL	2021 BUDGET	PROPOSED 2022 BUDGET
Fund Balance 1/1/XX:	42,310	28,558	30,968	17,096	2,880	17,330
REVENUES:						
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	-	-	-	-		-
TOTAL REVENUES	2,305	16,124	427	164	30,400	200
EXPENDITURES:						
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	84	280	500	500
TOTAL EXPENDITURES	16,057	13,714	14,298	14,380	15,950	16,250
REVENUES > EXPENDITURES	(13,753)	2,410	(13,871)	(14,216)	14,450	(16,050)
FUND BALANCE 12/31/XX						
	\$ 28,558	\$ 30,968	\$ 17,097	\$ 2,880	\$ 17,330	\$ 1,280

GREDA website (list of board members)

www.grandrapidseda.com

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

