

2006 Annual Report

Hutchinson Economic Development Authority



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EXECUTIVE SUMMARY

2006 was a busy year for the Hutchinson Economic Development Authority.

In the downtown the Streetscape project was finished with the completion of the 1 block of Washington Avenue west of Main Street. In addition, the half block of streetscape work that had to be done around Cornerstone Commons was finished up.

The Cornerstone Commons redevelopment was principally complete by the fall of the year. Exterior work is now complete and three of a projected eight tenants have moved in, significantly increasing the amount of activity in that part of downtown.

Just north of Cornerstone Commons, Main Street Antiques got a facelift thanks to an EDA Storefront Revitalization Matching Grant. Finally, on the north end of the block, the EDA was able to purchase and demolish the former Pet Clinic building, removing a semi-blighted property that was located in the flood plain of the Crow River.

The EDA also launched several initiatives to assist Hutchinson retail businesses. The first step was organizing a "Retail Roundtable" to learn more about the concerns of retailers in the community. The process continued with two programs that were jointly sponsored by the Hutchinson Downtown Association, the Chamber of Commerce and the EDA: a "Retail Trade Analysis" of Hutchinson, followed by the "Small Store Success Strategies" seminar – both put on by the University of Minnesota Extension Service.

In addition to the projects noted above, EDA staff continued to provide staff assistance to the Hutchinson Downtown Association. The HDA itself had another busy and successful year, sponsoring such events as the downtown Farmer's Market, Picnic in the Park and Main Street Christmas.

A goal that had been in place since the inception of the EDA was achieved with the implementation of an EDA levy beginning in 2007. This will put EDA funding on a secure footing for the foreseeable future.

Out in the industrial park, the EDA notched a major victory with the recruitment of Warrior Manufacturing to the community. Warrior is expanding their business by building a new 92,000 square foot production facility in Hutchinson. Ultimately the project could result in up to 30 to 40 jobs being created.

Other industrial park activities include the purchase of 5.7 acres of industrial park land from Mr. Virgil Goebel and soil corrections being made on a 3.8 acre parcel the EDA owns. Making these soil corrections now will make the lot easier to sell later. In addition, the EDA continued its Business Retention & Expansion program, visiting 17 Hutchinson companies over the course of the year.

Finally, the EDA was able to pull in \$345,000 in grant dollars from two sources: a Redevelopment Grant to fund the Pet Clinic project and a grant from the Minnesota Investment Fund to aid the Warrior Manufacturing project.

Overall, the year was a busy one, and 2007 promises more of the same!

GOVERNANCE

The Hutchinson Economic Development Authority is governed by a 7-member Board of Directors. Members serve 6-year terms and are appointed by the Mayor and City Council upon recommendation by the EDA.

Table 1, below, details the makeup of the EDA Board as well as their positions. The offices of Assistant Treasurer and Secretary need not be held by EDA board members, and were assigned as indicated below.

Table 1 – EDA Board of Directors, 2006

<u>Director</u>	<u>Position</u>	<u>Occupation</u>	<u>Term</u>
Tim Ulrich	President	Banker	2008
Mike McGraw	Vice-President	Insurance	2011
Steve Jansick	Treasurer	Banker	2009
Don Walser	Director	Attorney	2006
Duane Hoversten	Director	Small Business Instructor	2009
Casey Stotts	Director	City Council / Public Safety	2008
Jim Haugen	Director	City Council / Architect	2006

Assistant Treasurer – Ken Merrill, Hutchinson Finance Director

Secretary – EDA Intern

Finance Team

All financial matters of the economic development authority are overseen by the EDA's finance team. This team reviews all applications to EDA grant and loan programs, oversees the Authority's annual budget and puts together financial packages for businesses the EDA is assisting financially. Members of the finance team are appointed by the EDA Board and serve an open-ended term. Meetings of the finance team take place on the third Wednesday of each month.

Table 2 – EDA Finance Team, 2006

<u>Member</u>	<u>Position</u>	<u>Occupation</u>	<u>Affiliation</u>
Jim Young	Chair	Certified Public Accountant	James Young & Associates
Mike Cannon	Member	Banker	Citizens Bank
Anthony Hanson	Member	Banker	Wells Fargo Bank
Don Walser	Member	Attorney	Kraft, Walser, Hettig & Honsey
Steve Jansick	Member	Banker	Wells Fargo Bank
Gus Wurdell	Member	Banker	First Minnesota Bank
Mike Retterath	Member	Plant Manger	3M

Industrial Park Team

In addition to the Board of Directors and the Finance Team, the Industrial Park Team helps direct economic development activities in the community by overseeing all industrial park activities. This includes formulating plans for industrial park development and assisting in business recruitment. The Industrial Park team is appointed by the EDA

Board of Directors and serve open ended terms. The team meets on an “as-needed” basis, with no regular meetings scheduled.

Table 3 – EDA Industrial Park Team, 2006

<u>Member</u>	<u>Position</u>	<u>Occupation</u>	<u>Affiliation</u>
Diane Gordon	Chair	Attorney	Jensen & Gordon Law Office
Ron McGraw	Member	Attorney	McGraw Law Office
Josh Gehlen	Member	Banker	Wells Fargo Bank
Dan Steele	Member	Manager	Hutchinson Telephone
Randy Voller	Member	Banker	Citizens Bank
Jim Haugen	Member	City Council / Architect	Haugen Architecture
Tina Heubner	Member	Manager	Cenex
Dick McClure	Member	Realtor	ReMax Today's Realty

ACTIVITY REPORT

Business Retention & Expansion Program

The retention and expansion of existing business remains the most effective economic development strategy a community can have. To that end, the Hutchinson EDA continues to implement an active Business Retention & Expansion program. This involves visiting Hutchinson businesses on a regular basis to communicate our appreciation, learn more about their business, identify and resolve any potential issues between the business and the city, and identify opportunities for business expansion.

In 2006 a total of 17 companies were visited, as detailed in Table 4, below.

Table 4 – BR & E Visits, 2006

	<u>Company</u>	<u>Contact</u>	<u>Date of Visit</u>	<u>Emp.</u>	<u>Comments</u>
1	Crow River Printing	Mark Tice	1/3/06		
2	Nordic Components	Jermo Kumpula	2/22/06		Needs building / 15,000 SF
3	NAPA	Bob Powell	4/21/06		Very open to relocation
4	Frank Motors	Gordon Frank	4/21/06		Very open to relocation
5	Standard Printing	Brian Lenz	4/21/06		Very open to relocation
6	Erickson Auto Inc.	Kevin Erickson	4/21/06		Very open to relocation
7	Cenex	Mike Conner	6/20/06		
8	Ashwill Industries	Tony Ashwill	6/26/06	1	
9	Lynn Card Company	Eric Knudson	7/19/05	5	Toured facility
10	3M	Mike Retterath	9/6/06	1,650	Adding 80,000 SF
11	American Energy Systems	Mike Haefner	10/12/2006	30	Looking to add 20,000 sf
12	RD Machine	Jeff LeWay	10/13/06	16	Open to serve on a board
13	Buffalo Creek Spices	Bev Mueller	12/8/06	1	
14	Baklund Tool & Design	Dale Baklund	12/12/06	3	In township Fertilizer Application Equipment
15	Ag Systems, Inc.	Craig Lenz	12/18/06	100	
16	Unique Tool, Inc.	Curt Wendland	12/21/2006	6	Needs specialized training Medical devices, could locate in industrial park
17	C & C Machine	Charles T. Hausladen	12/22/2006	3	

Grant Writing



Bringin' home the bacon!

Hutchinson, which in turn will loan the money to Warrior Manufacturing for the purchase of new equipment. As the loan is repaid, the proceeds will become a permanent part of Hutchinson's Economic Development Revolving Loan Fund. This will significantly enhance the EDA's ability to assist businesses in the future.

EDA staff wrote and won two grants for the city in 2006, totaling \$345,000.

Utilizing the state's Redevelopment Grant Program, the EDA was able to secure a grant in the amount of \$145,000 for the acquisition and demolition of an old veterinary clinic in downtown Hutchinson.

The second grant obtained was for \$200,000 from the Minnesota Investment Fund to assist Warrior Manufacturing with their expansion project in the industrial park. The State of Minnesota will provide a grant of \$200,000 to the City of

Retail Business Support

In partnership with the Hutchinson Area Chamber of Commerce and the Hutchinson Downtown Association, the EDA implemented several initiatives designed to aid Hutchinson's retail business community.

The process began in June when a "Retail Roundtable" discussion was organized between downtown retailers, mall area retailers and EDA staff. Discussions were held at the offices of the Chamber of Commerce to evaluate the retail environment here in Hutchinson. The group assessed Hutchinson's retail strengths and weaknesses and gave consideration to two programs offered by the University of Minnesota Extension Service for possible implementation in our community.

Summary results of the Retail Roundtable discussion can be found in Appendix G.

After consideration by the Retail Roundtable, it was decided to move ahead with the two programs offered by the U of M's Extension Service. These were "Retail Trade Advantage" and "Small Store Success Strategies." Implementation of the two programs was jointly sponsored by the Hutchinson Chamber of Commerce, the Hutchinson Downtown Association and the Hutchinson EDA.

Retail Trade Advantage

In early October an open house was held at the Hutchinson Event Center to unveil the results of the retail trade study which is at the core of the "Retail Trade Advantage" program. Mr. David Nelson of the U of M's Extension Service presented the results to a group of about 25 local businesspeople.



Retailers participate in the "Retail Trade Advantage" seminar – one of two programs presented in 2006 to assist Hutchinson merchants.

The retail trade study utilizes local sales data from the Department of Revenue to show how Hutchinson compares to other similar communities from a retail sales perspective. In addition, the study provided detailed information on Hutchinson's retail strengths and weaknesses. Among the findings: Hutchinson is very strong in certain retail sectors such as building materials, general merchandise and food. Conversely, Hutchinson is comparatively weak in other retail sectors, such as dining, vehicle sales and apparel.

Overall, Hutchinson is seen as a classic "moderate hub" city for retail sales. Gross retail sales in the community increased from \$120 million in 1990 to \$350 million in 2004.

The full report can be downloaded from the Hutchinson EDA web-site, at www.hutchinsoneda.com.

Small Store Success Strategies

A second seminar was held later in October to provide retailers with tips on how to grow their retail business and to help them compete effectively in the world of "big box" discount retailers.

Small Store Success Strategies provided approximately 23 local business owners and store operators with a "best practices" approach to marketing, merchandising, customer service and business operations.

The seminar also provided local retailers with information on how they can take advantage of the enlarged trade area created by "big box" retailers when they draw more potential customers into the community. By harnessing and adding some of that increased traffic, local retailers can add to their own customer base and keep more of their local customers shopping with them. The seminar also provided ideas for how local businesses can prosper by refocusing around services and products big box retailers typically avoid.

Copies of the presentation are available at City Center in the offices of the EDA.

EDA Levy Implemented

When the Economic Development Authority was first established in 1998 it was intended that it be funded by a levy, as permitted by State law. Unfortunately, because McLeod County's property tax computer system was limited in the number of lines that could appear on a tax statement, an EDA levy could not be implemented at that time.

By 2006 that limitation had been removed.

Acting upon a request and recommendation by the EDA Board of Directors, the Hutchinson City Council authorized a levy in the amount of \$140,000 for the support of EDA operations in 2007. Now that it is in place, the levy will provide a number of benefits to both the City and the Economic Development Authority. These include:

- ✓ Greater transparency in the City Budget
- ✓ Elimination of the annual transfer from the General Fund to the EDA
- ✓ City can reduce its tax rate
- ✓ Provides a more stable funding source for the EDA
- ✓ Protects EDA from city budget pressures
- ✓ Gives EDA Board of Directors greater control over their own budget
- ✓ Allows for better financial management of EDA resources
- ✓ Moves the EDA towards financial self-sufficiency.

Most importantly, it is the EDA's tax rate that will remain constant at the 2007 level. Thus, as the community's tax base grows each year, the dollar amount of the EDA levy will grow in a corresponding manner.

With the levy now in place, the EDA will enjoy a secure and stable source of funding for the foreseeable future.

Downtown Redevelopment

2006 saw the completion of three redevelopment projects in downtown Hutchinson.

Completion of Streetscape

The Downtown Streetscape project, initiated in the fall of 2005, was completed in 2006 when one block of Washington Avenue west of Main Street received new sidewalks and streetlights. In addition, new plantings were added and a concrete crosswalk was put in between the two segments of alley at mid-block – creating a pedestrian link between a city parking lot and nearby retail uses.



The Washington Avenue portion of the downtown Streetscape project was completed in the spring of 2006.

The final section of the downtown streetscape project was completed in October with the addition of new sidewalk and streetlights on the half-block around the Cornerstone Commons redevelopment. Construction of the new Cornerstone building necessitated delaying the streetscape project in that area until all exterior work on the structure was completed.

With those two segments wrapped up, the downtown Streetscape project is now complete.

At some point in the next several years, the three block segment of Washington Avenue east of Main Street will receive a very similar streetscape treatment with new sidewalks and streetlights being installed. In addition, there will be a roundabout at the intersection with Adams Street, providing a nice landmark as the eastern boundary of downtown.

Cornerstone Commons

After approximately fourteen months of work, principle construction of the new Cornerstone Commons building was completed in the fall of 2006.

Utilizing a redevelopment tax increment financing district and a loan of \$130,000 from the downtown revolving loan fund, the EDA was able to provide needed gap financing to make this project possible.

Tenants in the new building include a Marine Corps recruiting station, Quizno's Sub, a Dunn Brothers coffee shop, Snap Fitness and American Pastime BBQ

restaurant, which is scheduled to open in the second quarter of 2007. In addition, three upper level office spaces have been rented out. When its completely occupied, there will be eight tenants in the building.

The Cornerstone Commons project has added considerable vitality to the north end of Main Street. In addition to dramatically improving a blighted corner of downtown, the project has resulted in significant job creation and significantly increased the activity level in the downtown. What once was a quiet part of Main Street has now become a corner bustling with activity!

Pet Clinic Removed

After being vacant for a number of years, the building on the north end of Main Street that once housed a veterinary clinic was very much showing its age. In the late 1990's the owners had approached the City requesting that the building be purchased under a flood-plain buy out program, but funds were not available. Because the building was located within the flood-plain of the Crow River, opportunities to redevelop the property were extremely limited.

Utilizing a grant from Minnesota's Redevelopment Grant Program, the EDA was able to purchase the property in late 2006 and have the building demolished. In the future, the site will be redeveloped as a municipal parking lot that will serve the Cornerstone Commons redevelopment as well as other businesses on that block. In addition the lot



The project changed one of the most run down corners of downtown Hutchinson (top photo) into one of the most attractive areas on Main Street (above).

will provide much needed parking for the adjoining city park and the planned Crow River dam overlook.



Before and After: Removal of the old Pet Clinic Building will facilitate the creation of additional public parking on the north end of Main Street.

Post Office Update

For many years it has been the goal of the Hutchinson EDA to facilitate the establishment of a new post office in the downtown. In 2006 EDA staff continued working on this project, learning in the process that a new postal facility is probably not going established anytime soon.

According to officials of the Postal Service, two factors are working against the establishment of a new downtown post office. First, the postal service is finding that postal volumes probably will not be increasing significantly in the foreseeable future, due to the impact of the internet and advent of private package carriers. Second, due to advances in postal sorting technology, the postal service simply does not need the same amount of physical space in which to sort mail.

At this point, it appears that the existing postal facility will be adequate for many years to come. At the most, the postal service may look at establishing a new “retail” postal store somewhere in downtown Hutchinson (for which they would just rent existing space) and devote the existing post office facility exclusively to mail handling.

The bottom line is that prospects a new post office facility in Hutchinson are dim at best, if they exist at all.

Industrial Park Development

Recruitment of Warrior Mfg.

The Hutchinson EDA scored a major victory in 2006 with the recruitment of Warrior Manufacturing to the community. The process actually began in the spring of 2005 when the EDA pulled together a “recruitment team” to meet with an owner of Warrior Mfg. to detail all that Hutchinson had to offer. After a number of meetings and thorough due diligence on the part of the company, Hutchinson was chosen as the location for Warrior’s new production facility. Due to the nature of the project, confidentiality had to be maintained for an extended period and Warrior was known simply as “Company X” for many months.

In late fall of 2005, Warrior moved ahead with its project by purchasing 10.85 acres of industrial park land from the Hutchinson EDA. The site had previously been designated as being part of the JOBZ program, which provides certain tax advantages for companies locating within the zone. This was a key factor in Warrior choosing Hutchinson as the location for its expansion. The groundbreaking ceremony for Warrior’s new facility was held on September 15, 2006.

Plans call for the company to maintain its existing manufacturing facility in Redwood Falls while establishing a new 92,000 square foot production facility in Hutchinson. Warrior will expand two of its three product lines at the new facility and will add other product lines that will complement its existing business. The new plant will more than triple Warrior’s manufacturing capacity and will feature the very latest in material handling and production technology. The facility will feature a large internal drive-thru bay allowing semi tractor-trailers to drive into the building to unload their cargos of raw steel. Large overhead cranes will off-load the flatbed trucks, rotate the steel beams 90 degrees and slip them into storage bays that make up the eastern ¼ of the building. From there, raw steel will be transported via overhead crane to various departments for plasma cutting, welding, drilling, sand blasting and painting.

Table 5 – Warrior Recruitment Team

<u>Team Member</u>	<u>Affiliation</u>
Tim Ulrich	EDA President
John Rodeberg	City Public Works Director
Mike Kumm	Hutchinson Utilities
Pat Bestick	Hutchinson Job Services
Mike Boehme	Ridgewater College
Dr. Bob Cannon	Ridgewater College
Marc Vaillancourt	Chamber of Commerce
Miles R. Seppelt	EDA Director

Recruitment Team members worked together to successfully make the case that Hutchinson should be the location for Warrior’s new facility.



Warrior Mfg. Groundbreaking Ceremony: (L to R) Doug Karsky and Sherri Schueller of MinnWest Bank; Greg & Paul Soukup, owners of Warrior Mfg.; Tim Ulrich, President of the EDA and Mayor Steve Cook.

Warrior Mfg, LLC was founded in the mid-1970's to manufacture agricultural "Quick Hitches" – which are designed to make the attachment of large farm implements onto tractors easier and safer. In 1978 a partnership of Lawrence Guetter, Orrin Estebo and Dave Wood bought the company and continued its focus on agriculture related attachments – expanding Warrior's relationships with John Deere and other large manufacturers of farm machinery.



Construction began on Warrior's new 92,000 square foot production facility in the fall of 2006.

In February of 2002, Paul & Greg Soukup purchased the company and began a process of diversifying its product offerings. Today, in addition to Quick Hitches, Warrior is a leader in designing and manufacturing structural steel used for construction projects as well as catwalks, bridges, walkways & support towers – most often seen at ethanol plants, grain elevators and other processing facilities.

Due to the rapid growth of the business, Warrior Mfg. is in a position where it needs to undertake a considerable expansion of its manufacturing facilities.

Owing to the successful efforts of the EDA, this project is taking place in Hutchinson.

Industrial Park Expansion



The EDA added 5.7 acres to its land holdings in 2006.

Utilizing proceeds from its sale of industrial park land to Warrior Manufacturing, the Hutchinson EDA was able to purchase a total of 5.7 acres from Mr. Virgil Goebel.

The site is platted into two lots and is located on 5th Avenue SE in Hutchinson's industrial park. The lots come with water and sewer service already in place, and are free of assessments.

This transaction gives the EDA a total of almost 90 acres for future industrial development. Of this, slightly more than 36 acres are designated as JOBZ lots, which provide a number of tax breaks for companies locating there.

Property Management

The EDA owns a total of 89.127 acres of land that is suitable for industrial development. About 1.8 acres of the former Wetherell property is leased back to the original owners, providing \$6,000 of revenue for the EDA each year. In addition, 77.76 acres of the former Stritesky property is leased out, providing an additional \$8,122 in revenue annually.

Industrial Park Improvements

Due to poor soil conditions, it was necessary to excavate and bring in new fill on a 3.87 acre lot owned by the EDA. The project was initiated in the fall of 2005 and continued throughout 2006 as free fill material was made available.

Braun Intertec has completed a geotechnical evaluation of the lot, and the site is now suitable for construction purposes. The EDA has invested a total of \$27,741 to make the needed improvements, and this amount has been built into the price of the lot so that the EDA will be able to recoup its investment once the lot is sold.



Soil corrections underway on an EDA owned lot in the industrial park.

Marketing & Promotions

EDA Web-site

The Hutchinson EDA continues to expand and enhance its presence on the internet. Over the past four years a website has been developed that is designed to be the ultimate “one-stop-shop” for businesses looking for information on Hutchinson. On the site they can learn about available land and buildings, financing options, workforce resources, and local utility rates and availability. In addition the site contains information on downtown redevelopment, a community profile, links to other economic development resources and EDA Board minutes & agendas from 1999 to the present.

A significant update and redesign of the web site is planned for 2007.

Community Venture Network

As part of its on-going efforts to recruit new businesses to Hutchinson, the EDA continued its membership in the Community Venture Network (CVN). Four times a year EDA staff attend a meeting / presentation at which six growth-oriented companies provide information about their history, product and prospects for growth. Companies also detail their building & financial requirements, and provide information on how many jobs they plan to create. Hutchinson’s membership in the CVN is a cost-effective means to gain exposure to at least 24 companies each year that are growing and open to relocation.

EDAM Third Thursday Event

The Hutchinson EDA was able to host the September “Third Thursday” educational event of the Economic Development Association of Minnesota (EDAM). Between 30 and 35 economic development professionals from around Minnesota came to Hutchinson to learn about our Downtown Revitalization Master Plan, how it was created

and how it was implemented. Activities included a slide presentation at the State Theatre, a panel discussion with city directors and a walking tour of downtown redevelopment projects.

Downtown Recognized Again

For the third year in a row, students from St. Cloud State University visited Hutchinson to see a textbook example of how to promote downtown redevelopment. On October 16th Professor Kent Robertson brought 19 students from his Community Development class to tour and learn about downtown Hutchinson. Activities included a question & answer session with city directors and a walking tour of downtown redevelopment projects.

Farmer's Market Recognized

The University of Minnesota Extension Service is in the process of putting together a "Farmers Market Guide" for communities, and they are using the Hutchinson Farmer's Market as the model to follow. Extension Service representatives came out to Hutchinson during the summer of 2006 to observe the Farmer's Market first hand. They were so impressed with what they saw that they've decided to highlight our market as the model to follow as communities set up their own Farmer's Markets. A number of ideas, including the Farmer's Market by-laws and having an on-site market manager will be featured in the new guide.

State Theatre Recognized

The historic State Theatre was one of 19 winners of the "Minnesota Preservation Award," which recognizes efforts to preserve historic structures in Minnesota. EDA staff nominated the State Theatre for the award, which is presented annually by the Preservation Alliance of Minnesota. The State Theatre was originally built in 1937, closed down in 1999 and was restored and reopened in September 2005 with the assistance of the Hutchinson EDA.

Hutchinson Downtown Association

The Hutchinson EDA continued to provide staff support for the Hutchinson Downtown Association (HDA) during 2006.

The HDA is an association of businesses and individuals working together to support and promote Hutchinson's downtown. Key activities for the HDA include sponsoring the Farmer's Market and the Popcorn Wagon as well as organizing downtown events such as the annual Picnic in the Park and Main Street Christmas.



The Downtown Association is governed by an 11 member board of directors. The board members for 2006 are listed in Table 6, found on the following page.

Table 6 – Downtown Association Board of Directors, 2006

<u>Director</u>	<u>Position</u>	<u>Affiliation</u>	<u>Term</u>
Matt McMillan	President	Hutchinson Leader	2007
Mark Cormier	Vice-president	Hagar Jewelry	2008
Ian McDonald	Treasurer	Cornerstone Mortgage	2006
Dan Robertson	Director	Wells Fargo Bank	2008
Jackie Jensen	Director	Mid-Country Bank	2006
Nina Meyers	Director	Coffee Company	2006
Tina McMillan	Director	Hutchinson Leader	2007
Marc Vaillancourt	Director / Liaison	Chamber of Commerce	open
George Quast	Liaison	Historic Hutchinson	open
Hugo Rusch	Liaison	Farmer's Market	open
Jim Haugen	Liaison	City Council	open

Farmers Market & Popcorn Wagon

The Farmer's Market enjoyed another successful year in 2006. Hugo Rausch once again served as the Farmer's Market manager, providing day-to-day oversight of the market and collecting season and daily pass revenue. For the year there were a total of 44 Farmer's Market days. Overall the market generated \$2,943 in gross income, with expenses of \$812, providing a net profit for the year of \$2,131 for the Downtown Association.

The Popcorn Wagon was operated by the Hutchinson Area Girl Scout Trippers during the summer of 2006. The recently refurbished popcorn wagon was open for most key downtown events, including Music in the Park and the annual Water Carnival Parade.

Downtown Events

The annual "Picnic in the Park" was once again organized by the Hutchinson Downtown Association. Several hundred people came out on a hot summer day to enjoy rib sandwiches and hot dogs in Library Square. Local musicians provided musical entertainment while Beans the Clown was on hand to entertain the children.

"Main Street Christmas" enjoyed its best year yet – with nearly 450 people coming out to participate in the sleigh rides and other exciting winter events.

Retail Support

The Hutchinson Downtown Association also provided significant direct assistance to local retailers during 2006. The HDA participated in the "Retail Round Table" discussions and co-sponsored the "Retail Trade Analysis" and "Small Store Success Strategies" seminars. In addition, the HDA sponsored additional advertising to promote downtown shopping opportunities during the Highway 7 construction and Crow River bridge replacement projects.

HDA Finances

The financial condition of the Hutchinson Downtown Association remained very solid in 2006.

Revenues for the organization come from two principle sources: membership dues and profits from the operation of the Farmer's Market. Farmer's market revenues were down slightly for the year, possibly due to the closure of the Main Street bridge for reconstruction. 2005 Farmer's market revenues were \$3,420 while in 2006 they were \$2,943. As of the end of 2006, membership dues collected were down appreciably from 2005. In that year \$7,000 in membership dues were collected while by the end of 2006 only \$4,640 in membership dues were pulled in. Reasons for this decline are somewhat unclear, although HDA staff was able to pull in an additional \$1,200 of membership revenue in early 2007.

As of this writing, total HDA membership revenue collected was at \$5,840 and staff is quite confident that at least another \$1,000 of membership revenue can be realized. This will put HDA revenues pretty much on par with those of last year.

On the expenditure side, there was a small overall increase in the cost of operations this year for the HDA. The majority of the increase can be seen in the advertising and donation expenditures. The advertising budget, which was set at \$3,500 saw an actual expenditure of \$4,173 – this due to a decision by the Board of Directors to provide more advertising to help minimize the impact of the Hwy 7 / Main Street Bridge project. This included additional print advertising as well as sponsoring a weekly construction update on the local radio station.

Overall expenditures for 2006 were \$12,499, compared to a 2005 number of \$12,195.

The Hutchinson Downtown Association ended 2006 with \$550.52 in checking and \$9,165.23 in savings.

Internship Program

The Hutchinson EDA's internship program continued in 2006 with two St. Cloud State Students participating. Jessica Evans served from January until May, followed by Dan Sexton, who held the position until the end of December.

Interns provide staff support for the Hutchinson Downtown Association, administer the EDA's downtown grant & loan programs, assist with coordinating the restoration of the Harrington-Merrill House and provide valuable help to the EDA Director and other city staff.

The Hutchinson internship is highly sought after because students are given considerable responsibility and are exposed to many facets of municipal government. Most interns go from Hutchinson directly into their first full-time community development position.

EDA LOAN & GRANT PROGRAMS

The Hutchinson Economic Development Authority offers a number of financial programs to help downtown businesses as well as manufacturers in the community.

Downtown Commercial Rehabilitation Loan Fund

Over the past several years a number of high profile projects have been assisted utilizing the Downtown Revolving Loan Fund. These include the historic State Theatre, the former Hennen's Building, the historic Jorgensen Hotel, and more recently, the Cornerstone Commons redevelopment project. Probably because most of the major projects have already been done, no new loans were made during 2006.

At the end of the year, the Downtown Revolving Loan Fund had \$596,215 in cash available and had 39 loans outstanding with a balance of \$633,633. All loans were performing as required.

A summary report on the status of all downtown loans can be found in Appendix A.

Economic Development Loan Fund

Hutchinson's Economic Development Loan Fund is designed to assist manufacturers by providing accessible and affordable gap financing.

During 2006 only one company was utilizing the loan fund. Ashwill Industries obtained funding in 2005 for the purchase of new equipment, and the loan is performing as required.

In early 2007, Warrior Manufacturing will be accessing the Economic Development Loan Fund for \$50,000 in order to purchase some equipment for its new production facility.

In addition, the Hutchinson EDA will be providing an additional \$200,000 of low interest funding, made possible by a grant from the Minnesota Investment Fund. As this loan is repaid, the principle and interest will be permanently added to the Economic Development Loan Fund. Having these additional dollars in the loan fund will dramatically enhance the ability of the EDA to provide loans in the future for Hutchinson manufacturers.

Sign & Awning Grants

The Hutchinson EDA provides Main Street businesses with up to \$2,000 each for new signs and / or awnings. In 2006 a total of twelve downtown businesses benefited from the program, with an average grant amount of \$1,697. Table 7, below, summarizes the Sign & Awning grants awarded in 2006.

Table 7 – Sign & Awning Grants, 2006

<u>Approved</u>	<u>Recipient</u>	<u>Grant Amt.</u>	<u>Purpose</u>
1/27/2006	The Glass Apple	\$300	Grant Adjustment
1/27/2006	Venus Salon & spa	\$975	Signage
3/29/2006	Security Coin & Pawn	\$1,660	Signage
3/29/2006	Name Your Frame & Photography	\$2,000	Signage
4/28/2006	Venus Salon & Spa	\$350	Grant Adjustment
9/29/2006	Quizno's Sub	\$2,000	Signage
9/29/2006	Performance Chiropractic	\$2,000	Signage
9/29/2006	Main Street Antiques	\$2,000	New Awnings
12/1/2006	Grove Street Music Studio	\$2,000	Signage
12/29/2006	Snap Fitness	\$2,000	Signage
12/29/2006	Little Country Store	\$830.98	Signage
12/29/2006	Maria's Hair Salon	<u>\$1,500</u>	Signage
	TOTAL	<u>\$17,615.98</u>	

Storefront Revitalization Matching Grants

The Storefront Revitalization Matching Grant Program is intended to offer dollar-for-dollar matching funds for property owners in the downtown area so they can make exterior improvements and generally improve the “curb appeal” of their property. For 2006 a total of five matching grants were made, with an average award of \$3,726. Table 8, on the following page, provides details on the grant recipients.

Table 8 – Storefront Revitalization Matching Grants, 2006

<u>Approved</u>	<u>Recipient</u>	<u>Grant Amt.</u>	<u>Purpose</u>
3/29/2006	The Glass Apple	\$4,000	Storefront revitalization
5/30/2006	Thimbleberries, Inc.	\$5,000	Storefront revitalization (new windows & exterior)
9/29/2006	Main Street Antiques	\$1,525	Storefront revitalization (painting & repair)
9/29/2006	2 Main Street N. (Lorraine Meyer)	\$3,956.52	New windows, etc.
12/29/2006	Venus Salon & Spa	<u>\$4,150</u>	Storefront revitalization
TOTAL		<u>\$18,631.52</u>	

EDA FINANCES

For the most part EDA revenues and expenditures came in on budget for 2006. Revenues, comprised of rental income and transfers from the city’s general fund and the EDA’s downtown revolving loan fund, were in line with expectations. For the year the EDA had a budgeted income of \$123,400 with an actual income of \$124,830 (exclusive of grant proceeds).

On the expenditure side of the equation the results were more mixed. Salaries and Fringe Benefits, budgeted at \$96,591 came in at \$106,772. There were two contributing factors: first, the budgeted amount for “Wages, Regular Employees” was incorrectly stated as \$63,650 when the correct figure is \$70,385. Secondly, wages for the EDA intern had to be increased to \$11 / hour, partly to offset the higher gas prices seen this year (many times the interns commute from St. Cloud).

In other expenditures: Supplies, Retails and Maintenance, budgeted at \$2,800, came in at \$1,808.

Consulting and other Contractual, budgeted at \$8,000 came in at \$6,617 – this number being exclusive of project costs paid for by grant dollars.

Other Services and Charges, budgeted at \$11,050 came in at \$7,736 for the year.

Transfers – which is our annual contribution to the Southwest Minnesota Foundation, was exactly on budget at \$4,000.

Miscellaneous, the primary component of which is the special assessments on EDA owned Wetherell Property. Back in 2005 the EDA had water and sewer lines extended to service this area. Annual special assessments for this come to \$11,856. Property taxes on the Stritesky property amount to \$2,053.

Capital Outlays, which includes land and improvements to land was also over budget. For the year \$500 was budgeted for this line item, with actual expenditures being \$17,856. This was the result of a decision by the EDA Board to have soil corrections

made on an EDA owned industrial lot, so as to make it more readily marketable. The EDA expects to recoup this investment once the lot is sold for development.

The complete year end financial report can be found in Appendix C.

The EDA's adopted budget for 2007 is found in Appendix D. Significant changes from the 2006 budget include the following:

- The transfer to the EDA from the city's general fund has been eliminated.
- The transfer from the Downtown Revolving Loan Fund has been discontinued, in keeping with the "matching principle" of financial management; i.e. recurring revenues should be matched with recurring expenditures and one-time revenues matched with one-time expenditures.
- The "Wages" line-item for regular employees and the intern have been adjusted to reflect the 2007 rates.
- The "Postage" line-tem was increased \$200 to reflect rising postage rates.
- The "Car Allowance – Travel" line item was increased \$450 to reflect the higher mileage reimbursement rate for travel.

Summary

Overall it was an excellent year for the Hutchinson Economic Development Authority. A quick listing of the various projects shows an impressive list of accomplishments for the year:

- ✓ Downtown Streetscape finished
- ✓ Cornerstone Commons redevelopment finished
- ✓ 12 Sign & Awning Grants awarded
- ✓ 5 Storefront Revitalization Matching Grants awarded
- ✓ Former Pet Clinic acquired & demolished
- ✓ Wrote & won \$145,000 Redevelopment Grant
- ✓ Warrior Manufacturing recruited to community
- ✓ Wrote & won \$200,000 Minnesota Investment Fund Grant
- ✓ Acquired 5.7 acres of new industrial park land
- ✓ Soil corrections made on EDA owned industrial park lot
- ✓ Retail Roundtable meeting organized
- ✓ Retail Trade Advantage seminar held
- ✓ Small Store Success Strategies seminar held
- ✓ 17 BR & E visits conducted
- ✓ EDA levy implemented
- ✓ State Theatre, Farmer's Market and Downtown recognized
- ✓ Staff support for Hutchinson Downtown Association provided

It is our belief that the EDA brings significant value to the community, and we plan to continue that tradition in the new year.

Summary of Results: EDA 2006 Work Plan & Goals

BUSINESS RETENTION / EXPANSION

Visit 20 local companies

VISITED 17

DOWNTOWN

Aggressively pursue a new downtown Post Office

PROJECT DEAD

Complete existing projects

 Cornerstone Commons

DONE

 Streetscape

DONE

Complete _____* project / housing

IN PROGRESS

Support downtown through the bridge closure

DONE

Downtown Redevelopment – Washington Avenue?

CANCELLED

Recruit a nice sit-down restaurant(?)

IN PROGRESS

Get the mural done.

YET TO DO

Old Pet Clinic / Additional Downtown Parking

DONE

INDUSTRIAL PARK

Complete "Company X" building project (Warrior Mfg.)

IN PROGRESS

Get "Company Y" into town and

PROJECT DEAD

 complete building project (this is a medical devices company)

Complete C_____* Project

IN PROGRESS

Complete fill project on Wetherell Industrial Park site

90% DONE

Promote development of Brown's Greenhouse & Goebel Properties

IN PROGRESS

Research possibilities to recruit renewable energy projects

IN PROGRESS

Establish "virtual" business incubator

IN PROGRESS

GENERAL

Support Hwy 7 businesses through construction project.

DONE

Obtain \$100,000 in grants (various uses)

DONE (\$345K)

Anniversary event for "Hutchinson Growth" Founding Fathers

YET TO DO

** Needs to be kept confidential for the time being.*

Proposed 2007 Work Plan & Goals

BUSINESS RETENTION / EXPANSION

- 1) Conduct 20 BR & E business visits, as many as possible in conjunction with the Chamber of Commerce

DOWNTOWN

- 1) Continue Cenex Site Redevelopment
- 2) NAPA / Depot site redevelopment project (Downtown Housing)
- 3) Recruit a nice sit-down type restaurant
- 4) Build the Farmer's Market Pavilion

INDUSTRIAL PARK

- 1) Make Bio-Science & renewable energy projects a development priority
 - a. Research & evaluate existing projects in Minnesota
 - b. Research Little Falls micro-ethanol plant (sustainable plant?)
- 2) Complete Warrior Mfg. expansion project
- 3) Recruit at least 1 new company for the industrial park
 - a. Establish TIF district
 - b. Utilize proceeds to build industrial park access road
- 4) Complete preliminary site-layout for Stritesky Industrial Park
- 5) Working with CALP Team, research & develop a Business Incubator
- 6) Build a 30,000 industrial "spec" building

GENERAL

- 1) Support Hwy 7 businesses through construction project
- 2) Obtain \$100,000 in grants (various uses)
- 3) Pursue development of a McLeod County EDA
- 4) Update EDA marketing brochure and web-site

Loan	Borrower	Originated	Original Loan Amount	Term	Rate	Monthly Pymt.	Outstanding Balance as of 12/31/06	Maturity
1	A	2/1/1990	\$6,670.99	20	0.00%	\$16.81	\$856.72	2/1/2011
2	B	3/10/1990	\$4,626.55	20	0.00%	\$19.28	\$519.91	3/10/2009
3	C	6/1/1991	\$4,965.91	20	0.00%	\$20.69	\$96.78	5/1/2007
4	D	6/10/1991	\$30,101.37	20	0.00%	\$125.42	\$5,017.37	5/10/2010
5	E	12/1/1991	\$3,395.75	20	0.00%	\$14.15	\$565.21	4/1/2010
6	F	5/1/1992	\$7,310.00	20	0.00%	\$30.46	\$2,315.43	5/1/2013
7	G	2/10/1993	\$25,637.10	20	0.00%	\$106.82	\$8,759.54	11/10/2013
8	H	3/10/1993	\$1,772.95	20	0.00%	\$7.39	\$480.23	5/10/2012
9	I	6/1/1993	\$3,749.00	20	0.00%	\$15.62	\$1,202.94	6/1/2013
10	J	1/1/1994	\$1,610.75	20	0.00%	\$6.71	\$563.99	1/1/2014
11	K	5/10/1994	\$2,016.50	17	0.00%	\$59.28	\$246.90	10/10/2008
12	L	1/1/1996	\$3,536.43	20	0.00%	\$14.74	\$1,590.75	12/1/2015
13	M	5/1/1998	\$17,625.26	12.66	0.00%	\$117.90	\$5,363.66	10/1/2010
14	N	8/1/1998	\$59,000.00	10	2.00%	\$542.88	\$10,146.49	7/1/2008
15	O	4/1/2000	\$5,088.90	10	2.00%	\$48.44	\$1,681.31	2/1/2010
16	P	4/1/2000	\$3,000.57	10	2.00%	\$30.00	\$890.15	10/1/2009
17	Q	3/1/2001	\$4,411.00	10	2.00%	\$40.59	\$1,887.68	12/1/2010
18	R	4/10/2001	\$13,033.31	10	2.00%	\$119.92	\$5,859.46	3/10/2011
19	S	5/1/2001	\$1,612.34	10	2.00%	\$14.84	\$719.39	3/1/2011
20	T	5/5/2001	\$53,855.00	10	2.00%	\$49.54	\$25,212.91	6/1/2011
21	U	9/1/2001	\$4,110.00	10	2.00%	\$37.72	\$2,037.49	5/11/2011
22	V	9/1/2001	\$33,580.50	10	2.00%	\$308.99	\$17,374.43	1/1/2011
23	W	9/1/2001	\$8,105.00	10	2.00%	\$100.00	\$2,322.85	9/1/2009
24	X	11/1/2001	\$2,960.00	10	2.00%	\$27.24	\$1,525.31	11/1/2011
25	Y	12/1/2001	\$4,650.00	10	2.00%	\$45.00	\$2,299.27	9/1/2011
26	Z	12/1/2001	\$59,820.00	10	2.00%	\$550.42	\$31,876.70	12/1/2011
27	AA	3/1/2002	\$15,970.23	10	2.00%	\$146.95	\$8,762.41	2/1/2012
28	BB	4/1/2002	\$27,494.00	10	2.00%	\$252.98	\$16,419.21	9/1/2012
29	CC	12/1/2002	\$17,060.00	10	2.00%	\$156.97	\$8,653.56	10/1/2011
30	DD	1/1/2003	\$18,975.00	10	2.00%	\$250.00	\$9,812.19	1/1/2012
31	EE	1/1/2003	\$3,000.00	10	2.00%	\$27.60	\$1,897.80	1/1/2013
32	FF	5/8/2003	\$65,000.00	10	2.00%	\$598.09	\$43,842.20	7/1/2013
33	GG	7/1/2003	\$15,000.00	10	2.00%	\$138.02	\$10,507.92	10/1/2013
34	HH	1/2/2004	\$130,000.00	10	2.00%	\$227.51	** \$120,764.45	1/1/2014
35	II	4/1/2004	\$11,055.52	10	2.00%	\$101.73	\$8,326.55	5/1/2014
36	JJ	9/10/2004	\$130,000.00	10	2.00%	\$1,196.17	\$102,973.71	9/1/2014
37	KK	12/1/2004	\$65,000.00	15	4.50%	\$497.25	\$58,669.03	1/1/2020
38	LL	2/1/2005	\$130,000.00	10	2.75%	\$1,240.34	\$107,475.46	2/1/2015
39	MM	6/1/2006	\$3,950.00	10	5.75%	\$45.00	\$3,742.96	4/1/2016
TOTALS			<u>\$998,749.93</u>			<u>\$7,349.46</u>	<u>\$633,260.32</u>	

**Payment is interest only

Loan	Borrower	Originated	Original Loan Amount	Term	Rate	Monthly Pymt.	Outstanding Balance as of 12/31/06	Maturity
1	A	10/5/2005	\$32,000.00	6	8.25%	\$564.98	\$26,948.42	10/5/2011
TOTALS			<u>\$32,000.00</u>			<u>\$564.98</u>	<u>\$26,948.42</u>	

Hutchinson Community Development Corp - EDA
AS OF December 31, 2006 AUDITED
BALANCE SHEET OPERATIONS

	TOTAL
Assets	
Cash	3,771
Accounts Receivable - Other Governments	145,000
Accrued Interest	774
Mortgages	
- McClure (Year 8 of 10 yr. forgiveness)	4,068
- McClure (DAV)(Year 6 of 10 yr. forgiveness)	5,533
- American Energy System (Year 5 of 10 yr. forgiveness)	67,007
TOTAL MORTGAGES RECEIVABLE	<u>76,608</u>
TOTAL ASSETS	<u><u>226,153</u></u>
 Liabilities	
Accounts Payable	5,115
Accrued Payroll & Vacation	0
Deferred Land Write Down -	<u>76,608</u>
TOTAL LIABILITIES	<u>81,723</u>
 Equity	
Fund Balance	
Reserved - land	199,956
Unreserved	-55,526
TOTAL FUND BALANCE	<u>144,430</u>
TOTAL LIABILITIES & FUND BALANCE	<u><u>226,153</u></u>

Hutchinson Community Development Corp - EDA
AS OF December 31, 2006 AUDITED
Statement of Revenues & Expenditures

Object Code	Description	Budget	DEC	YTD	Available Balance
REVENUES					
4316	RENTS	11,400	500	14,122	-2,722
4625	INTEREST EARNED	1,000	5,563	5,043	-4,043
4720	REFUNDS & REIMBURSEMENTS	1,000	145,004	145,712	-144,712
4825	OTHER FUND TRANSFERS	110,000	0	110,000	0
	TOTAL INCOME	123,400	151,067	274,878	-151,478
EXPENDITURES					
6110	WAGES REG.EMPLOYEES	63,650	3,554	64,388	-738
6122	WAGES TEMPORARY EMPLOYEES	16,100	2,049	19,824	-3,724
6132	HOLIDAY PAY		282	3,822	-3,822
6133	SICK PAY		123	817	-817
6141	PERA-COORDINATED	4,320	338	4,242	78
6145	FICA-CITY PORTION	6,121	472	5,550	571
6150	MEDICARE		110	1,298	-1,298
6160	EMPL.HEALTH & INS. BENEFIT	6,400	388	4,651	1,749
6170	WORKERS COMP INSURANCE		76	540	-540
	TOTAL SALARIES & FRINGE BENEFITS	96,591	7,391	105,131	-8,540
6205	OFFICE SUPPLIES	800	0	403	397
6210	OPERATING SUPPLIES	2,000	375	1,613	387
	TOTAL SUPPLIES, REPAIRS, & MAINT.	2,800	375	2,016	784
6301	PROFESSIONAL SERVICES	5,000	0	12,067	-7,067
6305	OTHER CONTRACTUAL	3,000	0	0	3,000
	TOTAL CONSULTING	8,000	0	12,067	-4,067
6310	COMMUNICATIONS	2,500	254	3,100	-600
6311	POSTAGE	1,800	16	289	1,511
6320	TRAVEL SCHOOL CONFERENCE		200	2,439	-2,439
6321	CAR ALLOWANCE - TRAVEL	2,200	24	680	1,520
6340	PRINTING & PUBLISHING	1,100	138	912	188
6370	CONTRACT REPAIR & MAINTENANC	2,500	425	425	2,075
6385	DATA PROC EQUIPMENT RENTAL	950	810	810	140
	TOTAL OTHER SERVICE & CHARGES	11,050	1,866	8,654	2,396

Hutchinson Community Development Corp - EDA
AS OF December 31, 2006 AUDITED
Statement of Revenues & Expenditures

Object Code	Description	Budget		Available YTD Balance	
6735	SOUTHWEST MN FOUNDATION	4,000	0	4,000	0
	TOTAL TRANSFERS	4,000	0	4,000	0
6901	DUES & SUBSCRIPTIONS	5,000	0	4,192	808
6902	TAXES	0	429	14,841	-14,841
6909	MISCELLANEOUS	500	50	860	-360
	TOTAL MISCELLANEOUS	5,500	479	19,893	-14,393
7010	LAND	0		285,364	-285,364
7015	IMPROVEMENTS TO LAND	0	4,920	22,776	-22,776
7030	MACHINERY & EQUIPMENT	500	-208	0	500
	TOTAL CAPITAL OUTLAYS	500	4,712	308,140	-307,640
	TOTAL EXPENSES	128,441	14,824	459,900	-331,459
	Revenues over (under) expenditures	(5,041)	136,243	(185,022)	179,981

**Hutchinson Community Development Corp - EDA
AS OF December 31, 2006 AUDITED
ECONOMIC DEVELOPMENT LOAN FUND**

Assets			TOTAL
	Cash		128,561
	Mortgage Receivable		
	Ashwill Industries	26,951	
	Plastic Specialties - (Year 7 of 10 yr. forgiveness)	15,811	
	Allied Mechanical	21,560	64,323
	Deposits (MCCF)		25,000
	Accrued Interest		510
	TOTAL ASSETS		<u><u>218,394</u></u>

Liabilities

	Accounts Payable		0
	Deferred Revenues (mortgage receivable)		64,323

Equity

	Fund Balance		
	Reserved	0	
	Unreserved	154,071	
	TOTAL FUND BALANCE		<u>154,071</u>
	TOTAL LIABILITIES & FUND BALANCE		<u><u>218,394</u></u>

**ECONOMIC DEVELOPMENT LOAN FUND
Statement of Revenues & Expenditures**

REVENUES

	TIF/IDR Application Fee		0
	Loan Repayment - Interest		2,428
	Loan Repayments		0
	Reimbursement		0
	Interest earned		2,920
	TOTAL REVENUES		<u>5,348</u>

EXPENSES

	Loan		0
	Transfers		0
	TOTAL EXPENSES		0

	<u><u>5,348</u></u>
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Revenues over (under) expenditures

**Hutchinson Community Development Corp - EDA
AS OF December 31, 2006 AUDITED
ENERGY LOAN FUND - DOWNTOWN LOAN FUND**

Assets		TOTAL
	Cash	614,109
	Mortgage Receivable	
	Mortgages	634,373
	Interest Receivable	2,469
	Due From Other Funds	7,538
	TOTAL ASSETS	<u>1,258,488</u>
Liabilities		
	Accounts Payable	0
	Deferred Revenues (mortgage receivable)	634,373
Equity		
	Fund Balance	
	Unreserved	624,115
	TOTAL FUND BALANCE	<u>624,115</u>
	TOTAL LIABILITIES & FUND BALANCE	<u>1,258,488</u>

**ENERGY LOAN - DOWNTOWN LOAN FUND
Statement of Revenues & Expenditures**

REVENUES		
	Loan Repayments	110,457
	Other Revenue	0
	Interest earned	16,330
	TOTAL REVENUES	<u>126,787</u>
EXPENSES		
	Loan	0
	Downtown Grant Program	35,315
	Misc.	193
	Transfers	10,000
	TOTAL EXPENSES	<u>45,508</u>
	Revenues over (under) expenditures	<u>81,279</u>

Hutchinson EDA 2007 Budget

Updated: 6 December 2006

Dept. Code 2950.

Object Code / Description

		2006	2007	
		<u>Budget</u>	<u>Adopted</u>	<u>Notes</u>
REVENUES				
4316	Rents	14,122	14,122	Stritesky = 73.84 acres @ \$110 = \$8,122.40
4625	Interest Earned	1,000	1,000	Wetherell = 12 mo @ \$500 / mo = \$6,000
4720	Refunds & Reimbursements	1,000	1,000	
4825	General Fund Transfer	100,000	0	
	Downtown Loan Fund Transfer	10,000	0	
4830	EDA Levy		<u>140,000</u>	Estimate 4.5% increase?
TOTAL REVENUES		<u>126,122</u>	<u>156,122</u>	

		2006	2007	
		<u>Budget</u>	<u>Adopted</u>	
EXPENDITURES				
6110	Wages Reg. Employees	70,385	75,242	5% merit increase / market adjustment
6121	Wages, Intern	16,100	21,560	
6122	Wages, Temporary Employees	0	0	
6131	Vacation Pay	0	0	
6132	Holiday Pay	0	0	
6133	Sick Pay	0	0	
6141	PERA - Coordinated	4,777	5,107	
6145	FICA - City Portion	6,768	7,235	
6150	Medicare	0	0	
6160	Empl. Health & Ins. Benefit	6,400	6,400	
Total Salaries & Fringe Benefits		104,430	115,544	
6205	Office Supplies	800	800	
6210	Operating Supplies	2,000	2,000	
Total Supplies, Repairs & Maint.		2,800	2,800	
6301	Professional Services	5,000	5,000	
6302	Legal	0	0	
6305	Other Contractural	3,000	3,000	
Total Consulting		8,000	8,000	
6310	Communications	2,500	2,500	
6311	Postage	1,800	2,000	
6320	Travel School Conference	2,200	2,200	
6321	Car Allowance - Travel	1,050	1,500	
6340	Printing & Publishing	2,500	2,500	
6370	Contract Repair & Maintenance	0	0	
6385	Data Proc Equipment Rental	950	950	
Total Other Services & Charges		11,000	11,650	
6735	Southwest Foundation	4,000	4,000	
6901	Dues & Subscriptions	5,000	5,000	
	Taxes			new
6909	Miscellaneous	500	500	
Total Miscellaneous		9,500	9,500	
7010	Land	0	0	
7015	Improvements to Land	0	0	
7030	Machinery & Equipment	500	500	
7040	Development Cost	0	0	
Total Capital Outlays		<u>500</u>	<u>500</u>	
TOTAL EXPENDITURES		<u>136,230</u>	<u>147,994</u>	

BALANCE	(\$10,108)	\$8,128
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Hutchinson Economic Development Authority

Statement of Financial Position

As of December 31, 2005

ASSETS

Cash

Operations	\$315,517	
Downtown Revolving Loan Fund	\$529,646	
Industrial Revolving Loan Fund	<u>\$116,444</u>	
Total Cash		\$961,607

Deposits

Minnesota Community Capital Fund	<u>\$25,000</u>	
Total Deposits		\$25,000

Loans

Downtown Loans	\$706,776	
Industrial Park Loans	\$31,308	
Land Write-Down Loans (forgivable)	<u>\$90,238</u>	
Total Loans		\$828,322

Real Estate

Wetherell Property (5.667 acres @ \$22K / acre)	\$124,674	
Stritesky Property (77.76 acres @ \$5,208 / acre)	<u>\$405,000</u>	
Total Real Estate		\$529,674

TOTAL ASSETS

\$2,344,603

LIABILITIES

Real Estate

Stritesky Property Contract for Deed	(\$132,000)	
Total Payable		(\$132,000)

TOTAL LIABILITIES

(\$132,000)

EDA EQUITY

\$2,212,603

Hutchinson Economic Development Authority Statement of Financial Position

As of December 31, 2006 (preliminary)

ASSETS

Cash

Operations	\$132,947	
Downtown Revolving Loan Fund	\$596,215	
Industrial Revolving Loan Fund	<u>\$122,664</u>	
Total Cash		\$851,826

Receivables

Redevelopment Grant Reimbursement	<u>\$145,000</u>	
Total Receivables		\$145,000

Deposits

Minnesota Community Capital Fund	<u>\$25,000</u>	
Total Deposits		\$25,000

Loans

Downtown Loans	\$633,633	
Industrial Park Loans	\$26,951	
Land Write-Down Loans (forgivable)	<u>\$64,323</u>	
Total Loans		\$724,907

Real Estate

Wetherell Property (3.87 acres @ \$27,741 / acre)	\$107,358	
Wetherell Property (1.797 acres @ \$22,000 / acre)	\$39,534	
Stritesky Property (77.76 acres @ \$5,208 / acre)	\$405,000	
Goebel Property (5.698 acres @ \$26,585.32 / acre)	<u>\$151,483</u>	
Total Real Estate		\$703,375

TOTAL ASSETS

\$2,450,108

LIABILITIES

Real Estate

Stritesky Property Contract for Deed	(\$86,000)	
Total Payable		<u>(\$86,000)</u>

TOTAL LIABILITIES

(\$86,000)

EDA EQUITY

\$2,374,424

Hutchinson Downtown Association 2006 Budget Report

Updated: 25 January 2007

<u>REVENUE</u>	<u>Annual Budget</u>	<u>2006 Actual</u>	<u>% of Budgeted</u>
Membership Dues	\$6,500.00	\$4,640.00	71.4%
Interest Income	\$80.00	\$113.12	141.4%
Farmer's Market	\$3,300.00	\$2,943.00	89.2%
Donations	\$0.00	\$300.00	
Promotions:			
Crazy Days / Picnic in the Park	\$1,300.00	\$1,041.65	80.1%
Shopping Bags	\$150.00	\$23.50	15.7%
Misc. Income	\$25.00	\$0.00	0.0%
TOTAL REVENUE	<u>\$11,355.00</u>	<u>\$9,061.27</u>	79.8%
<u>EXPENSES</u>	<u>Annual Budget</u>	<u>2006 Actual</u>	<u>% of Budgeted</u>
Administration	\$100.00	\$0.00	0.0%
Farmers Market	\$1,000.00	\$811.56	81.2%
Popcorn Wagon (Cost to Refurbish)	\$100.00	\$0.00	0.0%
Popcorn Wagon (Operations)	\$100.00	\$77.00	77.0%
Insurance	\$615.00	\$570.00	92.7%
Legal Expenses	\$25.00	\$0.00	0.0%
Meeting Expenses	\$500.00	\$688.32	137.7%
Advertising:			
Hutchinson Leader	\$3,500.00	\$4,173.51	119.2%
Other Marketing Expenses	\$150.00	\$1,367.70	911.8%
Office Supplies:			
Letterhead	\$200.00	\$0.00	0.0%
Envelopes	\$200.00	\$2.53	1.3%
Postage	\$200.00	\$235.41	117.7%
Promtions:			
Christmas	\$800.00	\$944.48	118.1%
Crazy Days / Picnic in the Park	\$1,500.00	\$1,263.03	84.2%
Shopping Bags	\$150.00	\$94.00	62.7%
Flowers & Treetops	\$1,500.00	\$930.00	62.0%
Banners	\$0.00	\$0.00	
Dues & Subscriptions:			
Memberships (i.e. Chamber)	\$85.00	\$180.00	211.8%
Newsletters	\$25.00	\$188.50	754.0%
Donations:			
Misc.	\$400.00	\$973.10	243.3%
TOTAL EXPENSES	<u>\$11,150.00</u>	<u>\$12,499.14</u>	112.1%
BALANCE	<u>\$205.00</u>	<u>(\$3,437.87)</u>	

HDA Year-End Financial Condition

Checking Balance	\$550.52
Savings Balance	<u>\$9,165.23</u>
TOTAL	<u>\$9,715.75</u>

Hutchinson Retail Roundtable

Discussion Results

June 20, 2006

Present Were:

Jill Corson	Corson's Clothing (downtown)
Lee Gruenhagen	Vacuum Gallery (downtown)
Mike McGraw	State Farm Insurance (downtown)
Amy Forcier	Manager – Hutchinson Mall
Mayor Steve Cook	Hutchinson Mayor
Councilmember Casey Stotts	Hutchinson City Council
Matt McMillan	President – Hutchinson Downtown Association
Chad Czmowski	Outdoor Motion
Marc Vaillancourt	President – Hutchinson Chamber of Commerce
Janet Lee	Manager – JC Penny (mall)
Kelly Sifferath	Manager – Midwest Vision Centers (mall)

Strengths:

- Hutchinson is a local & regional retail hub.
- Unique shopping experiences.
- Thriving downtown.
- Hutchinson has a mix of national chains & small retailers.
- Large employers (3M, HTI, etc.)
- City is well kept (small town, hometown feel)
- Convenience of major highways (Hwy 15, Hwy 7).
- Strong base of stakeholders (Chamber, Downtown Assn, EDA, etc.)
- Events that draw people downtown.
- Good income base.
- Major institutions (Ridgewater College, Hospital etc.)
- A chamber with full-time staff.
- Assistance programs for businesses (grants & loans downtown).

Weaknesses:

- Empty "Big Box" retail locations.
- Proximity to other regional hubs can work against us
- Empty shops downtown.
- Empty Mall vacancies
- Shortage of retail vs. service merchants in downtown
- Customers looking for more variety.
- Hwy 15 & Hwy 7 draw people out of town.
- Market size of Hutchinson and the surrounding area limits opportunities
- Lack of late night "magnets" Downtown.
- No standardization of hours between Downtown Businesses.
- Recreational Activities drawing customers (+ & -).

- Not enough variety in shopping establishments.
- Separated shopping districts.
- Unrealistic consumer expectations.
- Unpleasant customer service (isolated reports)
- Not enough cooperation between businesses.
- Lack of “trendy” products.
- Hutchinson citizens not buying in Hutchinson.
- People riding bikes & skateboards downtown
- A perceived lack of parking.
- Not enough independent stores.
- Too many national chain Stores.
- Limited community involvement.
- Taxes high compared to other cities

Opportunities:

- Incentives for new businesses starting up (advertise grant & loan programs).
- Opportunity to sell service along with the product (unlike big-box & internet sales)
- We need to “walk our own talk” – being sure to do those things that we counsel others to do.
- Grow existing Hutchinson businesses
- Relax restrictions for downtown businesses (franchise fees).
- Opportunity to capture local income.
- Think outside of the box.
- Look at vacancies as a chance to fill missing retail gaps and / or develop niche markets.
- Pursue national retailers to develop small store formats in Hutchinson
- Owner operated stores.

Threats:

- Online shopping.
- Surrounding regional hubs (St. Cloud, Twin Cities)
- Small communities becoming more competitive
- Small business owner / operators experiencing “burn out”.
- National chains vs. hometown independence.