

Hutchinson Economic Development Authority



2015

Annual Report

Prepared by

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TABLE OF CONTENTS

Executive Summary	1
Governance	1
Table 1 - EDA Board of Directors	2
Table 2 - EDA Finance Team	2
Staffing	2
Activity Report	3
Business Retention & Expansion Program	3
Table 3 - Business Retention & Expansion Visits, 2015	3
Community Development Block Grant Support	4
JumpStart Manufacturing Business Plan Contest	4
Old Medical Clinic Redevelopment	5
Skilled Workforce Development	6
Downtown Signage & Wayfinding Master Plan	7
Business incubator Project	7
Manufacturers Summit	8
Marketing	8
Loan & Grant Programs Updated / Business Subsidy Policy Revised	9
Hutchinson Downtown Association	10
Table 4 - Downtown Association Board of Directors	10
Job Creation Report	10
Table 5 - Job Creation, 2005 - 2015	10
Economic Development Loan Programs	11
Downtown Grant and Loan Programs	11
Table 6 - Sign & Awning Grant Program, 2015	11
Table 7 - Façade Improvement Program, 2015	12
Table 8 - Commercial Rehabilitation Loan Program, 2015	12
EDA Operations Budget	12
Table 9 - EDA Budget Analysis, 2015	13
Summary	13
Appendix A - EDA year-end Financial Statements, 2015	ii
Appendix B - Report on 2015 Work Plan & Goals	iii
Appendix C - Adopted 2016 Work Plan & Goals	iv

EXECUTIVE SUMMARY

The Hutchinson EDA launched several new initiatives in 2015 focused around maintaining a vibrant downtown, skilled workforce development and stimulating the creation of new manufacturing businesses. Highlights for the year included:

- Provided \$175,000 to HRA for downtown housing/commercial rehabilitation
- JumpStart Manufacturing Contest held
- Website updates / FORMSTACK added
- Downtown redevelopment effort launched / TIF District modified
- Downtown Levee & Trail Evaluation completed
- Provided \$30,000 for Signage & Wayfinding project
- Provided \$300,000 for High School Career & Technical Education Center

GOVERNANCE

The Hutchinson Economic Development Authority is governed by a seven-member board of directors. Two members of the EDA are City Council members and serve as a liaison to that body while five members are appointed by the Mayor from the community at large. Members serve 6-year terms.

After 17 years of service to his community, Tim Ulrich retired from the EDA Board of Directors after serving one partial and two full six-year terms. It is a testament to his vision and leadership that the EDA Board elected Tim as President (a one year term of office) for 17 consecutive years.

At the close of 2015 Mike Cannon, longtime member of the EDA Finance Team and its current chair, was appointed to the EDA Board of Directors to replace Steve Jansick, who had to step down due to scheduling conflicts with work. EDA Board membership for 2015 is detailed in Table 1:

Table 1 – Economic Development Authority Board of Directors, 2015

Member	Position	Years of Service	Affiliation
Steve Jansick	President	10	Wells Fargo Bank
Mike McGraw	Vice-president	10	State Farm Insurance
Chad Czmowski	City Council liaison	7	City Council/Downtown
Daron Vanderheiden	Member	5	ISD 423
Mary Christensen	City Council liaison	4	City Council
Jonny Block	Member	3	HTI
Corey Stearns	Member	1	Stearnswood

Handling all financial matters of the city's economic development authority is the EDA Finance Team. The EDA's annual budget, all grant awards, downtown loans and business assistance loans are all reviewed by the Finance Team prior to consideration by the EDA Board. Two members of the Finance Team are members of the EDA Board of Directors, serving as a liaison between the two bodies.

Matt McDougall, an attorney for Melchert, Hubert, Sjodin law firm, was appointed to the Finance Team in February, but had to resign due to work scheduling conflicts at the end of the year. Scott Ziegler, accountant with Piehl, Hanson, Beckman was appointed in June. EDA Finance Team membership for 2015 is detailed in Table 2, below.

Table 2 – EDA Finance Team, 2015

Member	Position	Affiliation
Mike Cannon	Chair	Citizens Bank
Anthony Hanson	Member	Citizens Bank
Josh Gehlen	Member	Home State Bank
Gus Wurdell	Member	Hutchinson Mall
Steve Jansick	EDA Board liaison	Wells Fargo Bank
Corey Stearns	EDA Board liaison	Stearnswood
Matt McDougall	Member	Melchert, Hubert, Sjodin
Scott Ziegler	Member	Piehl, Hanson, Beckman

STAFFING

After two years pursuing other career interests, Miles Seppelt rejoined the Hutchinson EDA as the city's Economic Deployment Director in January.

Jeffrey Page, intern for the second half of 2014 stayed on with the Hutchinson EDA in a part-time capacity as the EDA Program Assistant for the entire year. Jeff's responsibilities include taking care of the EDA's downtown revolving loan fund, two downtown grant programs, the Farmer's Market, Depot

Marketplace and the popcorn wagon. In addition, Jeff assists the EDA Director with business retention visits, business recruitment, research, and many other tasks.

Due to Jeff's excellent work, and the difficulty in recruiting qualified interns, Jeff will continue as the EDA Program Assistant for the foreseeable future.

ACTIVITY REPORT

Business Retention & Expansion Program (BR&E)

The retention and expansion of existing businesses is at the core of the Hutchinson EDA's economic development strategy. Research shows that existing businesses are the number one source of new job creation within a community. For 2015 EDA staff made a total of 26 BR&E (Business Retention & Expansion) visits to local companies. The goal of such visits is three-fold: communicate the community's appreciation for the company, identify any potential challenges the EDA could help resolve, and finally, assess any potential for future expansion that the EDA could potentially assist with. Business Retention visits for 2015 are summarized in Table 3, below.

Table 3 – Business Retention & Expansion Visits, 2015

	Company	Contact	Date of Visit	FT/PT Emp.	Comments
1	Crow River Signs	Jordan Benage	1/12/2015	2	Sold apparel division
2	Hillyard	Scott Haag	1/15/2015	38/10	10 employed from home
3	Redline Systems	Tony Ashwill	1/16/2015	3	10,000 sf
4	Warrior Mfg.	Paul Soukup	1/20/2015	70	expansion is on the horizon.
5	Stearnswood	Corey Stearns	1/20/2015	23	Potential expansion
6	Vivid Image	Steve Gasser	1/21/2015	16	Growing & busy!
7	Stamp-N-Storage	Brett Haugen	2/2/2015	7/2	Growing fast, 8,000sf
8	MITGI	Eric Lipke	2/10/2015	56	Exceeding all expectations.
9	Reynolds Logistics, Inc.	Tom Reynolds	2/24/2015		Might bring warehouse project back.
10	3D C-N-C	Randy Dague	2/25/2015	28	80+ customers nationwide
11	Hutchinson Mfg.	Tom Daggett	2/26/2015	180	Going well.
12	3 M	Mike Magnuson	3/4/2015	1,650	Company doing very well - happy.
13	Ohly	Jay A. Wickeham	3/6/2015		Looking at potential expansion
14	HTI	Rick Penn	3/17/2015	855	Looking to sell manufacturing bldg..
15	NuCrane Mfg.	Steve Mann	4/2/2015	40	Going well. Good visit.
16	Pride Solutions	Daryl Peterson	4/3/2015	24	4 divisions
17	RD Machine	Jeff Leway	4/8/2015	30	Looking at potential expansion
18	Goebel Fixture Co.	Matt Field	5/4/2015	90	Workforce is a concern
19	Innovative Foam	Dean Bertrum	5/13/2015	1/2	Company doing well. Needs space.
20	Customer Elation	Pete Hainey	5/27/2015	275	Company doing well. Pete is happy.
21	Lynn Card Company	Eric Knutson	6/10/2015	4/2?	Doing well - happy.

22	Curtiss-Wright NDT	Jeremy Timm	6/10/2015	1	About 10 emp. throughout Minnesota.
24	Hutchinson COOP	Mike Conner	7/21/2015	40/67	Labor force becoming an issue.
23	Hutch Iron & Metal Done-Rite Powder	Jay Freedland	7/21/2015	10	Scrap business is down.
25	Coating	Joe Bucholz	7/28/2015	3	Needs additional space.
26	Applied Kinetics	Ryan Jurgenson	8/3/2015	5	Purchase lots of stuff from 3D C-N-C

Community Development Block Grant Support

As part of its continuing efforts to keep downtown Hutchinson vital, the EDA contributed \$175,000 as part of a local match for a grant application being submitted by the Hutchinson Housing and Redevelopment Authority to the Minnesota Department of Employment & Economic Development (DEED). Grant dollars would be used for the rehabilitation of rental units in and around downtown, including apartments above main street businesses – thereby enhancing the revenue producing capacity of those properties.

The EDA's \$175,000 match came from still-federalized Minnesota Investment Fund dollars originally obtained from DEED, lent to NuCrane Manufacturing and since repaid to the City.

The HRA's Community Development Block Grant of \$364,359 was approved by DEED in May and the property rehabilitation program will roll out over the course of 2016.

JumpStart Manufacturing Business Plan Contest

To promote the creation of new manufacturing businesses in Hutchinson the EDA launched a business plan contest called "JumpStart Manufacturing," modeled on its highly successful "JumpStart Downtown" business plan contest. As the main prize for the contest the EDA allocated \$20,000 from its pool of federalized Minnesota Investment Fund dollars.

As designed, the contest winner receives \$20,000 for working capital, a free website & social media campaign, free business cards, letterhead & envelopes, a free 1-year membership to the Hutchinson Chamber of Commerce and extensive business training, coaching and mentoring provided by the Small Business Development Center and the Southwest Initiative Foundation.



Roger Schmitz (left) co-founder of Fortori Design won the 2015 JumpStart Manufacturing contest.

Sponsors of the contest included the Hutchinson Economic Development Authority, Vivid Image, Crow River Media, the Hutchinson Area Chamber of Commerce, the Small Business Development Center and the Southwest Initiative Foundation.

The winner of the business plan contest was Fortiori Design LLC, an early-stage technology company and inventor of the MOXY Muscle Oxygen Monitor. Fortiori, founded by Mr. Roger Schmitz and Mr. Stuart Giere, has developed an easy-to-use wearable device that measures the amount of oxygen in muscle tissue. Given that athletic performance is limited by the capacity of the heart, lungs and muscles – this information helps athletes adjust their training so they can maximize their performance. By measuring the amount of oxygen (the “fuel” that all muscles need to operate) in various muscles, the Moxy Monitor helps athletes understand which of those three systems (heart, lungs or muscles) is limiting their performance so they can adjust their training regime accordingly.

The \$20,000 in working capital was provided as a loan, which would be forgiven after two years if Fortiori Design LLC management completes a program of small business training and meets job creation and wage goals.

Old Medical Clinic Redevelopment

Early in the year it was discovered that the downtown SHOPKO TIF District had a significant amount of tax increment dollars available that could be utilized for qualifying downtown redevelopment projects. Cash on hand in the district, plus projected tax increment receipts up to the time the district would be decertified in 2018 would amount to an estimated \$919,000. Such funding could potentially play a significant role in helping implement the recently completed “Imagine Hutchinson” downtown plan.

The EDA evaluated redevelopment opportunities in the downtown area and authorized the modification of the plan for TIF District 4-5 (the SHOPKO Redevelopment) and updating the boundaries of Development District # 4 – both needed steps to make use of the available tax increment.

To capitalize on the Crow River, nearby parks and the newly paved Luce Line State Trail the EDA partnered with the City on an engineering study (at a cost of \$15,495) of the levee and the feasibility of adding a trail



Above: excerpt from “Levee Area Walkway Alternatives” showing a paved trail on the south edge of the Crow River near downtown; below, the Old Medical Clinic redevelopment site.



segment in that area.

In addition to cleaning up the south bank of the Crow River such a trail could become a significant downtown amenity and help facilitate the redevelopment of the surrounding area.

As an initial step towards redevelopment of the area the EDA identified acquisition and demolition of the Old Medical Clinic property as a priority.

Negotiations were initiated with the property owner and were still underway at the end of the year.

Skilled Workforce Development

In the course of conducting regular Business Retention & Expansion visits with local industry, EDA staff confirmed that the biggest challenge currently faced by manufacturers was the lack of sufficient skilled labor. Dozens of skilled positions are currently open, but there are simply no qualified individuals available to fill them.

To gain insights on how other communities are addressing the shortage of skilled workforce, Staff reviewed available literature on the topic and visited high-school based Career & Technical Education facilities in Alexandria, Minnesota and Sioux Falls, South Dakota. A number of best practices were identified and a draft Skilled Workforce Development Plan was formulated and presented to the EDA Board of Directors.



Providing modern equipment is central to the EDA's Skilled Workforce Development initiative.

Several months of discussions followed and a consensus emerged that the Hutchinson EDA had to take a leading role in addressing the community's skilled workforce shortage.

A key element of the EDA's plan to increase the availability of skilled workforce locally was to modernize the technical training area at Hutchinson High School. The identified goal is to get more high school students to explore and hopefully pursue technical education and technical careers. To achieve this goal the EDA allocated \$300,000 and developed a matching grant program to encourage financial participation from the local manufacturing community. The initial goal was to raise approximately \$665,000 to provide state-of-the-art equipment for students to train on at Hutchinson High School.

Perceived benefits of the initiative included the following:

- Directly addresses the shortage of skilled workforce (local industry)

- Draws more talent to Hutchinson
- Makes Hutchinson more attractive for business recruitment
- Helps change the existing negative stereotype of manufacturing
- Potentially keeps more young people in Hutchinson
- Builds on our reputation as ***“Minnesota’s Manufacturing City”***
- Provides positive marketing for the EDA itself

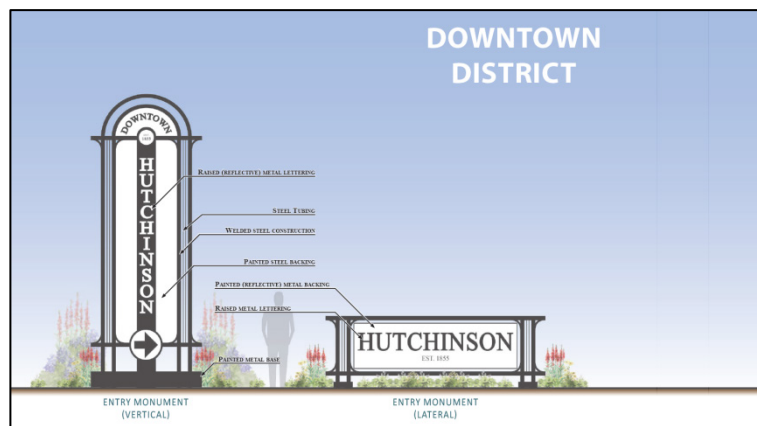
By the close of 2015 five local companies had pledged a total of \$95,000 for the initiative. The fund development effort will continue well into the new year.

Other components of the Skilled Workforce Development Program include implementing a high-school welding camp, an internship program to place high school students with local manufacturers, and ramping up company tours for students, parents, teachers and the general public. Plans called for each of these components to be initiated in 2016 and ramped up in succeeding years.

Downtown Signage & Wayfinding Master Plan

To aid with the implementation of the “Imagine Hutchinson” downtown plan the EDA contributed \$30,000 toward the Downtown Signage & Wayfinding project.

As the plan’s introduction states, its purpose is to provide *“a framework for the phased build out of a unified signage and wayfinding system serving Hutchinson downtown and riverfront districts.”*



Proposed design of new downtown & Luce Line Trail signage.

Total estimated cost for the project was approximately \$130,000, of which the EDA would contribute roughly 23%. Other funders of the project include the City, Chamber of Commerce and the Hutchinson Downtown Association.

New signage is expected to be installed in and around downtown Hutchinson and along the Luce Line State Trail by the fall of 2016.

Business Incubator Project

In 2012 Hutchinson obtained a \$763,750 grant from the State of Minnesota to facilitate the development of a “next generation” small business incubator. Changes in EDA staffing slowed down implementation of the original concept and in 2015 the EDA Board evaluated other potential uses for the funding. In addition, the concept of establishing a small business incubator was reexamined by the Board.

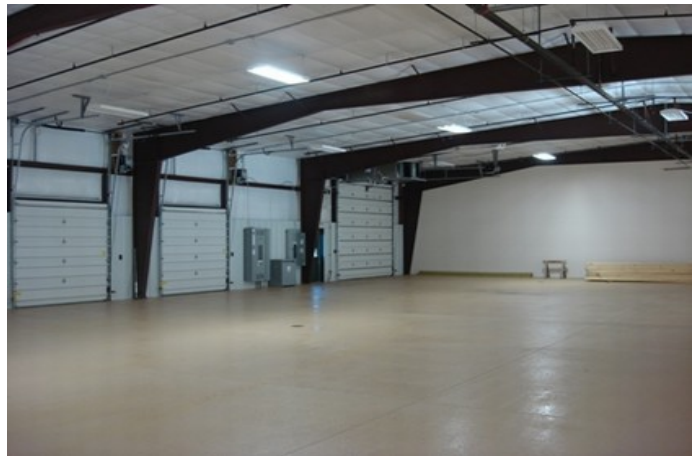
EDA staff visited several incubation programs over the summer to learn about the feasibility of business incubation in a rural area, best practices and outcomes of established programs.

A model for rural small business incubation that appeared to be particularly promising was the “Enterprise Center” concept utilized by the Northwest Regional Planning Commission (NRPC) in Wisconsin. The NRPC operates a network of 10 incubators in very small communities throughout northwestern Wisconsin. Essential to their success are buildings that greatly minimize common areas in favor of revenue-producing rentable space. As such the buildings are very spartan, lacking many of the amenities commonly found in University-based small business incubators.

EDA staff did additional research and drafted a business plan for the proposed Hutchinson Enterprise Center for review by the EDA Board. A final decision as to whether to proceed with the project was anticipated in early 2016.



Exterior and interior views of the proposed Hutchinson Enterprise Center small business incubator.



Manufacturers Summit

In an effort to better inform the local manufacturing community about the multitude of local and state resources available to assist them, the EDA Board authorized funding to sponsor a Manufacturer’s Summit.

Planned for early 2016, the Summit will also provide an opportunity for networking and relationship building between manufacturers, provide an update on the EDA’s skilled workforce development initiative and convey the EDA’s appreciation for everything manufacturer’s do for the community.

Marketing

Recognizing a need to better tell Hutchinson’s story to corporate site selectors, the EDA participated in a Minnesota Department of Employment & Economic Development (DEED) marketing initiative: a magazine entitled “MINNESOTA, Thriving in the North.” The magazine and its on-line counterpart contains a number of articles detailing Minnesota’s business climate and economy, as well as economic development advertisements from cities and counties from all over the state. The piece is designed to

be DEED's primary marketing piece for trade shows, site selector conferences and so forth. Copies were mailed to corporate real estate firms across the United States. The Hutchinson EDA purchased a prominent full-page ad highlighting the community's shovel-ready industrial park space, available building space and extremely reliable utilities.

In addition, significant updates were made the EDA's website. To better promote the city's "shovel ready" industrial park a new [Site Selectors](#) tab was added on the front page of the site. By clicking on that tab, site selector professionals (or business owners & managers) can find all the documentation and supporting information for the city's shovel-ready industrial park. This includes maps and surveys of the industrial park, environmental site assessments, geotechnical reports, information on the individual lots, zoning information, as well as information on the building permit and site plan review processes. The page is designed to be a one-stop-shop for anyone looking for information about Hutchinson's industrial park.



EDA marketing included participation in DEED's MINNESOTA magazine.

Furthermore, a detailed [Economic Development Resource Profile](#) was formulated and added to the website as a flipbook and downloadable pdf. In the profile businesses can learn about available land and buildings, local utility rates and capacity, and why Hutchinson is "Minnesota's Manufacturing City."

Finally, to make the website more user friendly, on-line application forms for the EDA's grant and loan programs were added using a software package known as FORMSTACK.

Loan & Grant Programs Updated and Business Subsidy Policy Revised

To make things more user-friendly the EDA took steps to update its grant and loan programs. The Façade Improvement Program, which had been structured as a forgivable loan, was made into a straight grant – significantly reducing the time and paperwork involved in using the program.

In a move to streamline the application process for industrial loans the EDA merged its two loan programs (the Economic Development Loan Program and the Equipment Loan Program) into a single revolving loan program. In addition, the requirement to fill out a loan application was eliminated, replaced by a release form allowing the EDA to obtain copies of all materials the applicant submits to its bank. Because bank participation is required for any EDA loan, any information needed to evaluate the credit-worthiness of a borrower can be obtained from the bank.

Finally, the EDA Board recommended updates to the city's Business Subsidy Policy, specifically the elimination of all language related to the now defunct JOBZ program and updating Hutchinson's job creation and wage requirements. Recommended changes will be acted upon by the Hutchinson City Council in early 2016.

Hutchinson Downtown Association

The Hutchinson EDA continued to provide staff support for the Hutchinson Downtown Association in 2015.

Comprised of 36 members, the Hutchinson Downtown Association (HDA) seeks to maintain and enhance the vitality of downtown Hutchinson. To that end, the HDA sponsors the downtown Farmer's Market each summer at the Depot as well as "Picnic in the Park," the Library Square Popcorn Wagon and "Main Street Christmas."

The 2015 Board of Directors for the HDA is shown in Table 4, below.

Table 4 – Hutchinson Downtown Association Board of Directors, 2015

Director	Position	Affiliation
Mike Cannon	President	Citizen's Bank & Trust
Joanne Willmert	Treasurer	The Village Shop
Kris Haag	Director	
Matt Pulkerbek	Director	Hometown Realty
Kevin True	Director	Hutchinson Leader
David Mach	Director	Hutchinson Family Dentistry
George Quast	Liaison	Historic Hutchinson
Mary Hodsden	Liaison	Chamber of Commerce
Mary Christensen	Liaison	City Council
Tim Rhode	Liaison	Farmer's Market

JOB CREATION REPORT

By the end of 2015, four business development projects in which the EDA had significant direct involvement had produced a total of 406 jobs with a total annual payroll in excess of \$7.8 million. Details for each of these projects are summarized in Table 5, below.

Table 5 – Job Creation, 2005 – 2015

Project Year	Company	Job Creation	Average Wage	Avg. Weekly Hours	Annual Payroll
2005	Ashwill Industries	1	\$16.83 / hr	40	\$35,000
2007	Warrior Mfg.	71	\$22.97 / hr	40	\$3,392,563
2008	Customer Elation, Inc.	301	\$10.00 / hr	30	\$2,967,574
2009	NuCrane Mfg.	33	\$20.77 / hr	40	\$1,425,840
TOTAL		406			\$7,820,977

ECONOMIC DEVELOPMENT LOAN PROGRAMS

In 2015 the Hutchinson EDA maintained two separate pools of funding for its industrial loan programs.

Economic Development Loan Fund

The EDA's Economic Development Loan Fund finished the year with total assets of \$461,769, divided between cash on hand of \$426,638 and one loan receivable in the amount of \$35,131.

MIF Loan Fund

The EDA's MIF Loan Fund saw its total assets grow to \$1,078,206. Cash on hand at the close of the year totaled \$902,583 and the one loan in the fund's portfolio was performing as required, with a year-end balance of \$175,623.

DOWNTOWN GRANT AND LOAN PROGRAMS

The Hutchinson EDA continued its strong support for downtown by providing a total of \$8,500 in grants and \$65,356 in loans to Main Street businesses throughout 2015.

Sign & Awning Grant Program

The Sign & Awning Grant Program provides up to \$1,000 to applicants wishing to replace or upgrade their signage or awnings. For 2015 a total of six grants were awarded totaling \$6,000. Table 6, below, provides details.

Table 6 – Sign & Awning Grant Program, 2015

Approved	Recipient	Amount
1/28/2015	Below Zero Frozen Yogurt	\$1,000
3/25/2015	Bonnie Westmiller (227 Main St. S.)	\$1,000
4/22/2015	River of Hope	\$1,000
6/24/2015	Landy Lodge	\$1,000
6/24/2015	Crow River Title	\$1,000
10/29/2015	Thrivent Financial	\$1,000
TOTAL		\$6,000

Façade Improvement Program

Requiring a dollar-for-dollar match from applicants, the Façade Improvement Program provides up to \$2,500 for building owners wishing to upgrade the "curb appeal" of their downtown properties. In 2015 only one such grant was made, totaling \$2,500, as detailed in Table 7, on the following page:

Table 7 – Façade Improvement Program, 2015

Approved	Recipient	Amount
5/27/2015	Landy Lodge	\$2,500
TOTAL		\$2,500

Commercial Rehabilitation Loan Program

The Commercial Rehabilitation Loan program provides very low interest loans to property owners who desire to make more substantial improvements to their downtown buildings. Loan terms can be for up to 10 years at the Prime Interest Rate, which for 2015 stayed at 3.25%.

For the year, the Downtown Revolving Loan Fund finished with \$183,696 in cash available, \$201,329 in capital assets (comprised of the former Cenex and Wright properties located on 3rd Avenue NW), \$755,727 in loans receivable and total assets of \$1,140,752. With one exception, all downtown loans performed as required.

Three loans were made in 2015 totaling \$65,356. Loan activity for the year is listed in Table 8, below.

Table 8 – Commercial Rehabilitation Loan Program, 2015

Approved	Recipient	Amount
1/28/2015	Lamplighter	\$30,000
4/2/2015	LA Meyer Properties	\$13,356
6/24/2015	BARTCO	\$22,000
TOTAL		\$65,356

EDA OPERATIONS

For 2015 the Hutchinson EDA had \$159,037 in revenue (primarily from property taxes) and \$169,204 in expenditures, resulting in an operating loss for the year of \$10,168.

The loss for the year is the result of two factors: lower than budgeted revenues and higher than budgeted expenditures, as shown in Table, 9, on the following page:

Table 9 – EDA Budget Analysis, 2015

	Budgeted	Actual	Variance
Revenues	\$162,542	\$159,037	\$3,505
Expenditures	\$162,542	\$169,204	\$6,662
Balance	\$0	(\$10,168)	\$10,168

The main culprit in the EDA's revenue shortfall was lower than forecast revenue from renting out industrial park land. Rental income was projected to be \$6,000 while actual revenue was \$2,348 – a negative variance of \$3,652.

On the expenditure side, the EDA Board made a conscious decision to spend more than initially budgeted for advertising (please see the Marketing Section of this report for details). \$500 was budgeted and the EDA ultimately spent a total of \$8,137 – a variance of \$7,637. The main component of this additional advertising was participation in DEED's "MINNESOTA – Thriving in the North" initiative, which cost \$5,500.

At the close of the year the EDA had an operating fund balance of \$168,769; equal to 99.74 % of the 2016 operations budget. With a fund balance of that magnitude, the Hutchinson Economic Development Authority is in a very healthy financial position.

Complete 2015 financial statements for the Hutchinson Economic Development Authority can be found in the appendix.

SUMMARY

In 2015 the Hutchinson EDA took bold steps to directly address several local economic development needs. First and foremost is the need for skilled workforce by our local manufacturers. The EDA made a major financial investment and is deploying significant staff time to develop and implement a wide ranging program designed to help create the skilled, technical workforce our local employers need. Secondly, the EDA make several sizable investments in the downtown area as part of its continuing effort to keep Main Street Hutchinson an attractive, vibrant place to live, work and play. Finally, the EDA is evaluating a major initiative to aid in the creation of manufacturing businesses: a small business incubator that would be called the Hutchinson Enterprise Center.

In multiple areas of local economic development, the stage was set for success in 2015. Stay tuned.

APPENDIX A

**EDA year-end Financial Statements
2015**

HUTCHINSON ECONOMIC DEVELOPMENT AUTHORITY**Balance Sheet****As of December 31, 2015*****FULL ACCRUAL - INTERNAL USE ONLY***

	December 2014	December 2015	2015 Change
ASSETS			
Cash	\$ 186,212	\$ 175,073	\$ (11,139)
Accounts Receivable	1,605	1,726	121
TOTAL ASSETS	187,817	176,799	(11,018)
LIABILITIES			
Accounts Payable	1,012	3,551	2,539
Accrued Payroll & Vacation	7,869	4,479	(3,390)
TOTAL LIABILITIES	8,880	8,030	(851)
EQUITY			
Reserved - Land (Warrior Sale)	56,736	56,736	-
Unreserved Fund Balance	122,201	112,033	(10,168)
TOTAL FUND BALANCE	178,937	168,769	(10,168)
TOTAL LIABILITIES & FUND BALANCE	\$ 187,817	\$ 176,799	\$ (11,018)

HUTCHINSON ECONOMIC DEVELOPMENT AUTHORITY

Statement of Revenues & Expenditures

As of December 31, 2015

FULL ACCRUAL - INTERNAL USE ONLY

Description	Budget	December	YTD	Available Balance	
REVENUES					
Current Ad Valorem Taxes	\$ 152,442	\$ 74,471	\$ 151,498	\$ 944	
Delinquent Ad Valorem Taxes	-	209	1,147	(1,147)	
Rentals-Property	6,000	-	2,348	3,653	
Interest Earnings	500	575	893	(393)	
Refunds & Reimbursements	3,600	1,831	3,151	449	
TOTAL REVENUE	162,542	77,086	159,037	3,505	97.8%
EXPENDITURES					
Full-time Employees-Regular	92,315	8,122	85,280	7,035	
Temporary Employees-Regular	18,200	1,632	16,750	1,450	
Holiday Pay	-	1,509	3,639	(3,639)	
Sick Pay	-	666	1,265	(1,265)	
PERA - Coordinated	7,607	895	7,091	516	
FICA	6,850	729	6,555	295	
Medicare	1,600	170	1,533	67	
Worker's Comp Insur Premiums	710	72	620	90	
Health	6,560	777	6,127	433	
HSA Contribution	1,000	112	881	119	
Admin Fees - HSA/FLEX	-	13	25	(25)	
TOTAL SALARIES & FRINGE BENEFITS	134,842	14,696	129,766	5,076	96.2%
Office Supplies	-	-	317	(317)	
Operating Supplies	2,500	356	2,298	202	
Small Tools & Minor Equipment	500	1,055	1,185	(685)	
TOTAL SUPPLIES, REPAIRS, & MAINT.	3,000	1,411	3,800	(800)	126.7%
Other Professional Services	1,500	(46)	3,955	(2,455)	
Phone Services	1,200	224	1,217	(17)	
Postage	200	35	201	(1)	
Software & Licensing	1,500	(156)	1,072	428	
Travel/Conference Expense	3,500	1,896	5,573	(2,073)	
Advertising	500	-	8,137	(7,637)	
Printing & Publishing	1,500	-	1,255	245	
Utilities	800	155	797	3	
Contractual R&M	1,500	113	1,345	155	
TOTAL OTHER SERVICE & CHARGES	12,200	2,220	23,552	(11,352)	193.0%
Dues & Subscriptions	750	-	860	(110)	
Property Taxes	6,250	-	5,488	762	
Donations to Civic Org. (SWIF)	5,000	-	5,000	-	
Miscellaneous Expense	500	7	383	117	
Other Projects	-	-	356	(356)	
TOTAL MISCELLANEOUS	12,500	7	12,087	413	96.7%
TOTAL OPERATING EXPENDITURES	162,542	18,334	169,204	(6,662)	104.1%
NET OPERATING REVENUE (LOSS)	\$ -	\$ 58,752	\$ (10,168)	\$ 10,168	

ECONOMIC DEVELOPMENT LOAN FUND**Balance Sheet**

As of December 31, 2015

FULL ACCRUAL - INTERNAL USE ONLY

	<u>December 2014</u>	<u>December 2015</u>	<u>2015 Change</u>
ASSETS			
Cash	\$ 416,934	\$ 426,733	\$ 9,799
Accrued Receivable	923	721	(202)
Loans Receivable - Redline Systems	40,000	35,131	(4,869)
TOTAL ASSETS	<u>457,857</u>	<u>\$ 462,584</u>	<u>4,727</u>
LIABILITIES			
Accounts Payable	-	170	170
TOTAL LIABILITIES	<u>-</u>	<u>170</u>	<u>170</u>
EQUITY			
Unreserved Fund Balance	457,857	462,414	4,557
TOTAL FUND BALANCE	<u>457,857</u>	<u>462,414</u>	<u>4,557</u>
TOTAL LIABILITIES & FUND BALANCE	<u>\$ 457,857</u>	<u>\$ 462,584</u>	<u>\$ 4,727</u>
	-	-	-

ECONOMIC DEVELOPMENT LOAN FUND**Statement of Revenues & Expenditures***FULL ACCRUAL - INTERNAL USE ONLY*

<u>Description</u>	<u>Budget</u>	<u>December</u>	<u>YTD</u>	<u>Available Balance</u>
REVENUES				
Loan Interest Income	\$ -	\$ -	\$ 1,915	\$ (1,915)
Interest Earnings	-	2,015	2,642	(2,642)
TOTAL REVENUE	<u>-</u>	<u>2,015</u>	<u>4,557</u>	<u>(4,557)</u>
EXPENDITURES				
	-	-	-	-
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET REVENUE (LOSS)	<u>\$ -</u>	<u>\$ 2,015</u>	<u>4,557</u>	<u>\$ 4,557</u>

ENERGY LOAN FUND - DOWNTOWN LOAN FUND

Balance Sheet

As of December 31, 2015

FULL ACCRUAL - INTERNAL USE ONLY

	December 2014	December 2015	2015 Change
ASSETS			
Cash	\$ 220,770	\$ 231,927	\$ 11,157
Accrued Receivable	327	313	(14)
Loans Receivable	722,306	709,385	(12,922)
Cenex Property - Capital Asset (\$150K due to City)	157,195	157,195	-
Wright Property - Capital Asset	44,134	44,134	-
TOTAL ASSETS	1,144,732	1,142,954	(1,778)
LIABILITIES			
Accounts Payable	-	1,074	1,074
TOTAL LIABILITIES	-	1,074	1,074
EQUITY			
Invested In Capital Assets	201,329	201,329	-
Reserved for Approved/Unpaid Loans & Grants	78,000	-	(78,000)
Reserved for Signage & Wayfinding project		30,000	30,000
Unreserved Fund Balance	865,403	910,551	45,148
TOTAL FUND BALANCE	1,144,732	1,141,880	(2,852)
TOTAL LIABILITIES & FUND BALANCE	\$ 1,144,732	\$ 1,142,954	\$ (1,778)
	-	-	-

ENERGY LOAN FUND - DOWNTOWN LOAN FUND

Statement of Revenues & Expenditures

FULL ACCRUAL - INTERNAL USE ONLY

Description	Budget	December	YTD	Available Balance
REVENUES				
Loan Interest Income	\$ -	\$ 1,312	\$ 16,532	\$ (16,532)
Interest Earnings	-	816	1,256	(1,256)
TOTAL REVENUE	-	2,128	17,788	(17,788)
EXPENDITURES				
Sign & Awning Grants	-	1,000	20,640	(20,640)
TOTAL EXPENDITURES	-	1,000	20,640	(20,640)
NET REVENUE (LOSS)	\$ -	\$ 1,128	\$ (2,852)	\$ 2,852

MINNESOTA INVESTMENT LOAN FUNDS

Balance Sheet

As of December 31, 2015

FULL ACCRUAL - INTERNAL USE ONLY

	<u>December 2014</u>	<u>December 2015</u>	<u>2015 Change</u>
ASSETS			
Cash			
MIF Loan - NuCrane	\$ 307,607	\$ 176,580	\$ (131,027)
MIF Loan - Customer Elation	453,806	504,138	50,332
MIF Loan - Warrior	219,771	221,071	1,300
Total Cash	981,185	901,790	(79,394)
Accrued Receivable	1,291	1,583	291
Loans Receivable			
NuCrane	233,864	175,623	(58,241)
Customer Elation	47,572	-	(47,572)
Total Loan Receivable	281,436	175,623	(105,813)
TOTAL ASSETS	1,263,912	1,078,996	(184,916)
LIABILITIES			
Accounts Payable	-	374	374
TOTAL LIABILITIES	-	374	374
EQUITY			
Reserved - H.S. CTE Center (Max. contribution)	-	300,000	300,000
Unreserved Fund Balance	1,263,912	778,622	(485,290)
TOTAL FUND BALANCE	1,263,912	1,078,622	(185,290)
TOTAL LIABILITIES & FUND BALANCE	\$ 1,263,912	\$ 1,078,996	\$ (184,916)

MINNESOTA INVESTMENT LOAN FUNDS

Statement of Revenues & Expenditures

FULL ACCRUAL - INTERNAL USE ONLY

<u>Description</u>	<u>Budget</u>	<u>December</u>	<u>YTD</u>	<u>Available Balance</u>
REVENUES				
Loan Interest Income	\$ -	\$ -	\$ 3,804	\$ (3,804)
Interest Earnings	-	3,423	5,906	(5,906)
TOTAL REVENUE	-	3,423	9,710	(9,710)
EXPENDITURES				
Miscellaneous Expense	-	-	20,000	(20,000)
Transfer to HRA Fund	-	-	175,000	(175,000)
TOTAL EXPENDITURES	-	-	195,000	(195,000)
NET REVENUE (LOSS)	\$ -	\$ 3,423	\$ (185,290)	\$ 185,290

TAX INCREMENT FINANCING FUND**Balance Sheet**

As of December 31, 2015

FULL ACCRUAL - INTERNAL USE ONLY

	December 2014	December 2015	2015 Change
ASSETS			
Cash	\$ 319,735	\$ 415,420	\$ 95,685
Accrued Receivable	-	638	638
TOTAL ASSETS	319,735	\$ 416,058	96,323
LIABILITIES			
Accounts Payable	-	151	151
TOTAL LIABILITIES	-	151	151
EQUITY			
Unreserved Fund Balance	319,735	415,907	96,172
TOTAL FUND BALANCE	319,735	415,907	96,172
TOTAL LIABILITIES & FUND BALANCE	\$ 319,735	\$ 416,058	\$ 96,323
	-	-	-

TAX INCREMENT FINANCING FUND
Statement of Revenues & Expenditures
FULL ACCRUAL - INTERNAL USE ONLY

Description	Budget	December	YTD	Available Balance
REVENUES				
Current Ad Valorem Taxes	\$ -	\$ 60,420	\$ 120,839	\$ (120,839)
Interest Earnings	-	1,202	2,030	(2,030)
TOTAL REVENUE	-	61,622	122,870	(122,870)
EXPENDITURES				
Other Professional Services	-	1,831	26,697	(26,697)
TOTAL EXPENDITURES	-	1,831	26,697	(26,697)
NET REVENUE (LOSS)	\$ -	\$ 59,791	96,172	\$ 96,172

APPENDIX B

Report on 2015 Work Plan & Goals

2015 Work Plan & Goals

PROJECT / GOAL

1 BUSINESS RETENTION & EXPANSION

A Conduct 20 BR & E visits, as many as possible in conjunction with the Chamber of Commerce. **26 completed**

2 DOWNTOWN

A Continue to be a driver of the Depot Marketplace in an effort to maximize utilization of the site. **DONE**

B Continue development of Downtown Gateway. **DONE**

C Continue support of Hutchinson Downtown Association. **DONE**

D Actively participate in the implementation of the Imagine Hutchinson master plan. **DONE**

E Evaluate and consider JUMPSTART DOWNTOWN 2015 business plan contest. **Considered**

F Promote redevelopment of SW corner of the Depot Marketplace block (Schmaeling Oil, etc.) **Building sold to private party**

3 INDUSTRIAL PARK & BUSINESS RECRUITMENT

A ~~Make manufacturing, bio-science, agriculture and renewable energy projects a development priority.~~ **redundant**

A Prioritize efforts to find business for HTI facility, develop & market incentives **DONE**

B Recruit at least 1 new company for industrial park. **FAILED**

C Develop incentive program for park development (i.e. land write down). **Incomplete**

4 Transportation

A Organize and work with stakeholders who would benefit from an improved Hwy 212/TH22 connection **N/A**

B Identify funding opportunities for Inter Regional Corridor enhancement. **N/A**

2015 Work Plan & Goals

PROJECT / GOAL

5 Workforce Development

A Work with stakeholders and businesses to identify & develop initiatives to address skill gaps and workforce shortages in key industries.

DONE

B ~~Work with stakeholders and businesses to develop program(s) to address skill gaps and workforce shortages in key industries.~~

(merged into the one above)

C Work with local schools to expose more students to the world of manufacturing.

IN PROGRESS

5 GENERAL

A Implement loan fund software in conjunction with HRA

IN PROGRESS

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

FAILED (no opportunity)

C Explore alternative uses of Incubator Project funding.

DONE - alternatives rejected.

D Do everything feasible to fill vacant "big box" buildings.

CONTINUING

E Identify and pursue funding opportunities to create additional financing programs for businesses/buildings adjacent to downtown.

N/A

F Promote new development on former Cenex site.

IN PROGRESS

G ~~Merge EDA and Manufacturing City websites into one site.~~

H Ramp up marketing efforts and aggressively promote "Minnesotas Manufacturing City" brand.

DONE

APPENDIX C

Adopted 2016 Work Plan & Goals

2016 Work Plan & Goals

PROJECT / GOAL

STATUS

1 BUSINESS RETENTION & EXPANSION

- A Conduct 24 BR & E visits
- B Implement Hutchinson Manufacturer's Summit event
- C Introduce "Property Assessed Clean Energy" (PACE) program

2 DOWNTOWN

- A Implement Signage & Wayfinding Master Plan
- B Aid in redevelopment of blighted properties in and around downtown
- C Continue support of Hutchinson Downtown Association
- D Consider JumpStart Downtown Business Plan Contest
- E Continue recruitment efforts for a downtown grocer
- F Promote development of former Cenex Fertilizer Site

3 INDUSTRIAL PARK & BUSINESS RECRUITMENT

- A Recruit at least 1 new company for industrial park
- B Determine feasibility of a small business incubator
- C Advance incubator project if determined feasible / Utilize DEED grant
- D Consider JumpStart Manufacturing Business Plan Contest

4 SKILLED WORKFORCE DEVELOPMENT

- A Continue implementation of Skilled Workforce Development Plan
 - Expand tours of local manufacturers / employers (October)
 - Assist with updates of HHS CTE facilities & equipment
 - Assist with establishing company internships
- B Promote development of an annual "Welding Camp" at HHS

5 MARKETING & PUBLIC RELATIONS

- A Marketing
 - Regular updates to EDA websites
 - Regular Facebook / Twitter updates
 - Year 2 of DEED Marketing Campaign
 - Develop relationships with Corporate Site Selectors
 - Develop strategic partnerships (DEED, SWIF, SBDC, Ridgewater, etc.)
- B Public Relations
 - Speaking engagements to service clubs, etc. - as invited

6 GENERAL

- A Obtain \$100,000 in grants (various uses)
- B Do everything feasible to fill vacant "big box" buildings.
- C Review & update EDA Strategic Plan
- D Staff continues professional development
- E Review & update Business Subsidy Policy