# **Hutchinson Economic Development Authority**

2019 Annual Report

Prepared by

Miles R. Seppelt, EDA Director Madison Newcomb, EDA Program Manager

### **Table of Contents**

Table of Conte	nts	i
Executive Sumi	mary	1
Activity Report Business New Bus Business Grant W Technolo Hutchins	Retention & Expansion Program iness Recruitment Expansion	2 2 3 4 5 6 6
Marketir	•	10
Sign & Av Façade Ir	nt & Loan Programs wning Grant Program nprovement Program cial Rehabilitation Loan Program	10 10 11 12
Hutchinson Dov	wntown Association	12
Farmer's Marke	et	13
EDA Annual Bu	dget	14
EDA Governanc	e	14
Summary		15
Appendix A Appendix B Appendix C	EDA year-end Financial Statements Senate File 2775 (annotated) Report on 2019 Work plan & Goals 2020 Work plan & Goals	ii iii iv

#### **EXECUTIVE SUMMARY**

2019 was a productive year for economic development in Hutchinson. A new company was brought to town, a local manufacturer launched a major expansion and Hutchinson's skilled workforce initiative continued to advance. Highlights for the year include:

- Completion of 19 Business Retention & Expansion (BR&E) visits
- Zephyr Wind Services recruited to Hutchinson
- Warrior Mfg. initiated a 41,000 sf expansion
- The EDA obtained a \$322,650 grant for the construction for Technology Drive
- Technology Drive was constructed, greatly benefitting TDK-HTI and UPONOR
- Improvements were made to the Hutchinson Enterprise Center
- The EDA continued its leadership in the TigerPath Skilled Workforce Development initiative by spearheading development of the TigerPath parent's guide.
- The TigerPath 2.0 Skilled Workforce Conference was successful
- EDA staff continued to promote the TigerPath concept as a solution to the skilled workforce shortage by making several presentations around Minnesota.
- The EDA provided continued staff support for the Hutchinson Downtown Association and Hutchinson Farmers Market.

### **ACTIVITY REPORT**

### **Business Retention & Expansion (BR&E)**

It is well established that the retention and expansion of existing businesses is the number one source of economic growth for a community. As an economic development strategy it is the most cost-effective method and provides the biggest dividends. An added benefit is that a set of "happy customers" (our existing businesses) become highly effective advocates for the community, aiding in new business recruitment.

EDA staff generally tries to visit each local manufacturer on an 18-24 month rotation. For 2019 a total of 19 BR&E visits were completed, as shown in Figure 1, below:

Table 1 – Business Retention & Expansion Visits, 2019

			Date of	FT/PT	
	Company	Contact	Visit	Emp.	Comments
1	Redline Systems	Matt Cheney	3/13/2019	2	Steel prices high
2	FireLake Manufacturing	Kent Wischmann	3/27/2019	3/2	Possible building project
3	Laser Dynamics	Troy Oberg	7/2/2019	4/1	Difficult year
4	RD Machine	Jeff Leway	7/10/2019	35/2	Needs machinists
5	UPONOR	Kevin Lechner	9/10/2019	40	Busy, continuing building renovations
6	Hutchinson CO-OP	Mike Conner	10/25/2019	50/60	Tariffs and ethanol waivers are hurting
7	Lynn Card Company	Eric Knutson	10/28/2019	2/4	Largest supplier of greeting cards to FD & PD in the USA
8	Crow River Press	Mark Theis	10/29/2019	22/3	Small increase in sales
9	Hutch Iron & Metal	Matt Freedland	10/30/2019	7	Tariffs badly affecting them
10	Impressions, Inc.	Paul Nordin	10/30/2019	74	Looking for mid-skill assistant operators
11	Warrior Mfg.	Paul Soukup	10/30/2019	65	Expanding, looking for engineering & design personnel
12	Rath Racing	Daryl Rath	11/1/2019	5/4	Needs TIG welders; proud of TigerPath.
13	Goebel Fixture Co.	Matt Field	11/4/2019	107	Could hire 10 people today
14	Pro Maintenance, Inc.	Mike Holtz	11/7/2019	25	Growing, could use 4 people immediately
15	Heartland Ag Systems	Craig Lenz	11/18/2019	84/7	New HQ building; needs workers
16	Hillyard	Jonny Block	11/18/2019	24	Steady; could use 1-2 warehouse workers
17	3-D CNC	Tyler Stilson	12/3/2019	25	Could use 4 machinists right now
18	Curtiss-Wright NDT	Jeremy Timm	12/11/2019	10	Growing and gaining market share
19	Zephyr Wind Services	Trevor Armstrong	12/11/2019	9	Looking to add 6-8 people in Q1 of 2020

### **New Business Recruitment**

In January it was announced that NuCrane Manufacturing would be shutting down operations at the end of February. This was due to dramatically reduced demand for nuclear power plants and therefore, the cranes NuCrane produced. Key factors in the reduced demand was the 2011 Fukushima Daiichi nuclear disaster in Japan along with the steadily escalating costs of building new nuclear generating plants.

With NuCrane's closure, their 51,000 square foot building became available for sale.

With the assistance of the Hutchinson EDA a new company, **Zephyr Wind Services**, was recruited to Hutchinson.

Zephyr Wind Services specializes in the repair and rewind of the generators found on wind towers. Because of the often extreme height of the towers and a shortage of trained personnel, proper maintenance of wind generators doesn't always happen. The result is a higher than planned generator failure rate, nonfunctioning towers and lost revenue for tower owners / operators. Zephyr Wind Services rebuilds damaged generators, rewinds them when necessary and most importantly, provides storage for critical spares. This allows wind tower owners to send their damaged generators to Zephyr. pick up a spare with the same truck and have the tower operational again within hours instead of weeks, which is the current situation.

The EDA participated with Citizen's Bank in the company's financing package with a \$100,000 equipment loan from its Economic Development Loan Fund. For its part, the company has pledged to create five jobs within two years. As of March 2020 the company had already created nine new jobs and was continuing to hire.





With its 51,000 sf facility, Zephyr Wind Services has the capacity to repair or rebuild any size of wind generator.

### **Business Expansion**

From the time of its recruitment to Hutchinson in 2005 **Warrior Manufacturing** has been one of the EDA's major success stories. Since construction of its 92,000 sf facility in Hutchinson in 2006, the company has added locations in North Dakota, Nebraska and Kiev, Ukraine. As of January 2019 the company had 63 full-time employees in Hutchinson and was continuing to grow.

The company is a manufacturer of bridges, support towers, pipe racks, conveyors, bins and other items related to bulk material handling.



The Warrior Manufacturing expansion includes 35,800 sf of new receiving/warehouse space (at right) and 5,000 sf of additional office space (dark gray structure at left).

In late 2018 Warrior announced that it would be expanding by 40,800 square feet; adding 35,800 square feet of receiving / warehouse space and 5,000 square feet of additional offices. Total project costs were projected to be \$3.43 million.

When the expansion is completed Warrior's Hutchinson facility will total 132,800 square feet.

To make the Hutchinson location competitive with other potential locations, the EDA made available \$287,265 through the establishment of an economic development Tax Increment Financing (TIF) District. Funds will help offset the cost of needed soil corrections. For its part, Warrior has committed to create at least five new jobs at the Hutchinson facility within the next 24 months.

The TIF District is set to expire at the end of 2028.

### **Grant Writing**

For many years the EDA has set a goal of obtaining at least \$100,000 annually in grant dollars.

From 2006 to 2019 the EDA obtained 17 grants totaling \$5,508,664 to facilitate a variety of important economic development projects. These include loans for new businesses, industrial park development, establishment of the Hutchinson Enterprise Center and skilled workforce development. Over the last 13 years the EDA has obtained an average of \$423,743 annually in grant dollars.

The EDA obtained one grant in 2019. This was from the Minnesota Department of Employment & Economic Development's <u>Business Development Public Infrastructure</u> grant program and totaled \$322,650. Funds were used for the construction of Technology Drive, providing direct benefit to TDK-HTI and UPONOR. Table 2 details the sources, uses and amount of grant dollars obtained:

Table 2 – Grant Dollars Obtained, 2006 - 2019

	Year	Amount	Source	Program	Use
1	2006	\$145,000	DEED	Redevelopment Grant Program	Remove blighted building downtown
2	2006	\$200,000	DEED	Minnesota Investment Fund (Federal)	Warrior Mfg.
3	2007	\$500,000	DEED	Minnesota Investment Fund (Federal)	Customer Elation (call center)
4	2009	\$250,000	DEED	Business Development Infrastructure Program	Industrial park infrastructure
5	2009	\$950,000	Federal EDA	Economic Adjustment Assistance Grant	Industrial park infrastructure
6	2009	\$500,000	DEED	Minnesota Investment Fund (Federal)	NuCrane Mfg.
7	2009	\$1,000	MNEDF	Intern Grant program	EDA Intern
8	2010	\$37,500	DEED	Community Development Block Grant	SBDC sub-center
9	2011	\$250,000	DEED	Business Development Infrastructure Program	Industrial park infrastructure / Industrial Blvd.
10	2011	\$1,000	MNEDF	Intern Grant program	EDA Intern
11	2012	\$292,764	DEED	Contamination Cleanup Grant	Depot Redevelopment
12	2012	\$763,750	DEED	Business Development Capital Projects	Incubator
13	2016	\$600,000	3M Gives	Grant Program	Ridgewater / Center for Technical Excellence
14	2018	\$150,000	3M Gives	Grant Program	Applied engineering classroom @ HHS
15	2018	\$95,000	MN DLI	Youth Skills Training Grant	Internships / TigerPath Coordinator
16	2018	\$450,000	DEED	Minnesota Investment Fund (State)	UPONOR
17	2019	\$322,650	DEED	Business Development Public Infrastructure	Technology Drive
	TOTAL	\$5,508,664			

Currently the EDA has one grant application submitted to FEMA for \$510,587 to aid flood mitigation efforts near the Crow River (removal of three residences in the 100-year floodplain). FEMA has indicated that they will announce successful grant applications in the September-October timeframe.

### **Technology Drive**

As part of the package of assistance to bring UPONOR to Hutchinson, the Minnesota Department of Employment and Economic Development (DEED) partnered to fund the establishment of Technology Drive. Previously this had been a private driveway and the east access to the Hutchinson Technology campus.

TDK — Hutchinson Technology donated the needed right-of-way for the project, a portion of which had to be annexed to the city. The Hutchinson EDA obtained a \$322,650 grant from DEED's <u>Business Development Public Infrastructure</u> grant program, which funded about half of the



Technology Drive serves MITGI, TDK-HTI and UPONOR. The new city street is 2,400 feet in length and has a 10-ton capacity.

street construction costs. The balance of the project costs will be assessed to UPONOR over a 10-year period. Total project cost was \$786,788.

The new city street, <u>Technology Drive</u>, provides direct public access to State Highway 7 for the three manufacturers located in the north industrial park.

### **Hutchinson Enterprise Center**

The Hutchinson Enterprise Center, the city's small business incubator, enjoyed a successful year in 2019. A key part of the EDA's strategy to grow companies locally, the Enterprise Center provides tenants with business education, coaching & mentoring and a low-cost environment for companies to grow in. The goal is that company owners gain the knowledge to successfully grow their companies and build equity during their residency at the Enterprise Center, enabling them to hopefully one day obtain their own facility in the industrial park.

Of the incubator's 18,000 sf of available rental space, 16,000 sf has been rented out to three companies: Innovative Foam (6,000 sf), Laser Dynamics (8,000 sf) and RD Machine (2,000 sf). In addition, the Enterprise Center provides free office space to the southwest regional Small Business Development Center (SBDC). Table 3, on the following page, provides tenant details.

**Table 3 – Hutchinson Enterprise Center Tenants** 

Company	Square Feet	Lease exp.	Product
Innovative Foam	6,000	12/2020*	Styrofoam signs
Laser Dynamics	8,000	12/2022**	Laser marking services
RD Machine	2,000	9/2021	Waterjet cutting

<sup>\*</sup> with option for two 1-year lease extensions

Two significant improvements were made to the Enterprise Center in 2019: First, to correct a shortcoming that occurred during construction, e2 Electric was hired to replace the mounting screws for all the ceiling light fixtures in the building. The original screws were too small for the task, causing light fixtures to occasionally become detached from the ceiling on one side. Project cost was \$1,082.

Secondly, an attractive monument sign for the building was fabricated and installed by Innovative Foam. Cost to complete the installation was \$2,000 and was funded through the EDA's MIF Loan Fund.



The monument sign created by Innovative Foam allows for a wide variety of tenant sign configurations that can be easily swapped out.

Federalized MIF dollars are authorized for use on business incubators.

Operationally, the Enterprise Center finished its budget year in the black, with a \$65 positive balance. Budget results for the year are included in the year-end EDA Financial Report, found in Appendix A.

To help fund construction of the Enterprise Center the EDA borrowed \$310,000 internally from its own Economic Development Loan Fund. This is 15-year loan at 2% interest and annual payments totaling \$23,939. In addition, an economic development TIF District was established to help offset costs for needed soil corrections. \$137,966 was fronted from the SHOPKO TIF District and will be repaid over the next 8 years from Enterprise Center tax increment. For 2019 tax increment proceeds were rather small, due to the fact that the facility was just coming onto the tax rolls. Future year tax increment will be significantly larger. The year-end status of both of these loans is detailed in Table 4, on the following page.

<sup>\*\*</sup> with option for a 1-year lease extension

**Table 4 – Status of Enterprise Center Internal Borrowing** 

SOURCE	Original Loan Amount	Term	Rate	2019 Principal Payments	12/31/2019 Balance
ED Loan Fund	\$310,000	15	2%	\$17,999	\$283,146
SHOPKO TIF	\$137,966	8	4%	\$7,181	\$136,285

### **Skilled Workforce Development**

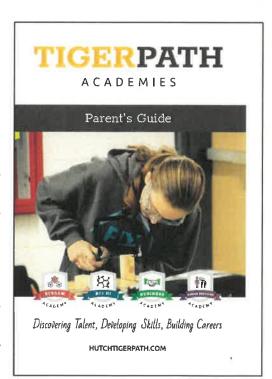
Skilled workforce development continues to be a top priority for the Hutchinson EDA. In 2019 EDA efforts focused on the continued implementation of the TigerPath skilled workforce plan:

- 1. Realign high school education
- Build seamless educational pathways between high school and college
- 3. Change outdated stereotypes about manufacturing, education & career choices, and gender in the workforce
- 4. Build school-employer relationships
- 5. Upgrade technical education facilities and equipment at the high school
- 6. Launch Tiger Manufacturing

Thanks to previous EDA fundraising efforts the high school was able to add a commercial-grade plasma cutting table to their welding & metal working lab. This gives students hands-on experience with real world equipment and significantly enhances the capabilities of Tiger Manufacturing.

Working with school district staff, EDA staff helped develop the **TigerPath Parent's Guide**. This booklet is designed to help parents and students gain a better understanding of the TigerPath concept. It will also help overcome outdated stereotypes about two year educational paths and the careers they lead to.





It was hoped that the new Tiger Manufacturing class would be launched in September, 2019. Unfortunately not enough students signed up to make it a viable class, with a minimum of about 16 students being required. It is hoped that the parent's guide, along with a Tiger MFG independent study and additional marketing efforts will lead to the official launch of Tiger Manufacturing in September 2020.

TigerPath continued to gain significant notoriety beyond Hutchinson. Over the course of the year, EDA staff was invited to make seven presentations about TigerPath at various conferences and community meetings around the state. (see box at right).

In addition, The **TigerPath 2.0 Conference** was successfully held on November 12<sup>th</sup>. Over 100 attendees came literally from the four corners of the state, with representatives from Duluth, East Grand Forks, Slayton, Blue Earth and Lake Crystal in attendance, along with all points in between.

Finally, U.S. Senator Tina Smith visited Hutchinson, toured the Center for Technical Excellence at Hutchinson High School and announced the introduction of

### **2019 TigerPath Presentations**

- New Ulm
- Lake Crystal
- Mora
- ACT Conference
- TigerPath 2.0 Conference
- CTE Works! Conference
- Sourcewell Conference



Top: TigerPath presentations by EDA Staff in 2019.

Bottom: U.S. Senator Tina Smith and Rob Danneker, Hutchinson High School Principal.

S.F. 2775 — a bill closely modeled on TigerPath that would provide "career pathways innovation grants" to local educational agencies and consortia. It looks a lot like TigerPath. See Appendix B.

### **Marketing**

The EDA made a significant change in its marketing strategy in 2019 by discontinuing its annual advertisement in DEED's "Minnesota Thriving in the North" magazine. Research by EDA staff discovered that the magazine was little noticed by site selection professionals, who comprise the key demographic we were trying to reach. In February EDA staff attended a training event hosted by a site selection firm and learned that a community's economic development website along with personal relationships were the two biggest sources of information for professional site selectors. Going forward the EDA will emphasize the following elements in its marketing strategy:

- Maintain a strong BR&E program
- Build our brand identity as "Minnesota's Manufacturing City"
- Partner in DEED's Minnesota
   Marketing Partnership program

- Leverage EDA website & social media
- Leverage our relationship with DEED
- Cultivate relationships with Corporate Site Selectors who operate primarily in the upper Midwest & focus on manufacturing.

### **Downtown Grant & Loan Programs**

The Hutchinson EDA continued its support for downtown with three assistance programs: the Sign & Awning Grant program, Façade Improvement Program and the Commercial Rehabilitation Loan Program. For the year the EDA provided a total of \$34,340 in grants and \$20,905 in loans to downtown businesses.

#### **Sign & Awning Grant Program**

The Sign & Awning grant program provides up to \$1,000 to applicants wanting to upgrade, repair or replace their signage or awnings. In 2019, fourteen grants were awarded totaling \$12,990. Table 5 provides, on the following page, details.

Table 5 – Sign & Awning Grant Program, 2019

Approved	Recipient	Amount
4/24/2019	Main Street Antiques	\$1,000
4/24/2019	Sanford & Co	\$500
5/21/2019	Main Street Sports Bar	\$1,000
6/26/2019	Crow River Floral & Gifts	\$850
6/26/2019	Dostal Electronics	\$1,000
6/26/2019	Richard Peterson	\$1,000
7/31/2019	<b>Greener Pastures Natural Food Co-op</b>	\$1,000
9/25/2019	Ward Law Office	\$1,000
9/25/2019	Purse-a-nalities	\$1,000
9/25/2019	Urban Hair Studio	\$1,000
10/16/2019	Zella's	\$1,000
10/16/2019	Robynn Real Estate	\$1,000
12/19/2019	Healthsource Chiropractic	\$1,000
12/19/2019	Outdoor Motion	\$640
	TOTAL	\$12,990

### **Façade Improvement Program**

This Façade Improvement Program is a matching grant providing up to \$5,000 and requiring a dollar-for-dollar match for applicants to upgrade the "curb appeal" of their downtown properties. In 2019, there were six Façade Improvement matching grants awarded totaling \$21,350.33. Table 6 provides details.

**Table 6 – Façade Improvement Grant Program, 2019** 

Approved	Recipient	Amount
5/21/2019	Main Street Sports Bar	\$5,000
6/26/2019	<b>Dostal Electronics</b>	\$677
6/26/2019	Richard Peterson	\$3,458.33
9/25/2019	Urban Hair Studio	\$5,000
10/16/2019	Robynn Real Estate	\$5,000
12/19/2019	Outdoor Motion – Brett Oman	\$2,215
	TOTAL	\$21,350.33

#### **Commercial Rehabilitation Loan Program**

The Commercial Rehabilitation Loan Program provides low interest loans to property owners who desire to make more substantial improvements to their downtown buildings.

The program can provide loans ranging from \$5,000 to \$30,000 (although more is possible) at the current Prime Rate minus 1%, with a floor of 2%. Loans below \$10,000 have a 7-year term while loans above that amount have a 10-year term.

In 2019, there was one Commercial Rehabilitation loan awarded totaling \$20,905, as shown in Table 7.

**Table 7 – Commercial Rehabilitation Loan Program, 2019** 

Approved	Recipient	Amount	
9/25/2019	Urban Hair Studio	\$20,905	
		FOTAL: \$20,905	

For the year three existing loans were paid off: the State Theatre, Landy's Lodge and Salon Montage. With some minor variations in payment timing for three loans, all loans were performing as required. At year-end the EDA maintained a portfolio of 22 active loans.

#### **Hutchinson Downtown Association**

The Hutchinson EDA continued to provide staff support for the Hutchinson Downtown Association in 2019.

With 42 members, the Hutchinson Downtown Association (HDA) seeks to maintain and enhance the vitality of Hutchinson's downtown. To achieve this the HDA sponsors downtown beautification projects such as flowerpots in the summer and Christmas tree tops in the winter along with events designed to draw people downtown such as "Picnic in the Park" and "Main Street Christmas."

The Downtown Association Board of Directors is shown in Table 8, on the following page.

Table 8 – Hutchinson Downtown Association Board of Directors, 2019

Director	Position	Affiliation
Mike Cannon	President	Citizen's Bank & Trust
Dr. David Mach	Vice-President	Hutchinson Family Dentistry
Joanne Willmert	Treasurer	The Village Shop
Matt Pulkrabek	Director	Hometown Realty
Kevin True	Director	Hutchinson Leader
Kris Haag	Director	
Jamie Maas	Director	Southwest Eye Care
George Quast	Liaison	Historic Hutchinson
Mary Hodson	Liaison	Chamber of Commerce
<b>Gary Forcier</b>	Liaison	City Council
Tim Rohde	Liaison	Hutchinson Farmers Market

### Farmer's Market

In 2018 the Downtown Association made the decision to spin off the downtown farmer's market, establishing it as a separate non-profit legal entity with its own board of directors. Bylaws and Articles of Incorporation were formulated and a Board of Directors established. However, an initial attempt to hire an executive director didn't work out as planned and the spin off effort bogged down as a result.

Currently EDA staff is working with the Farmer's Market Board of Directors to revise the organizations by-laws and obtain non-profit status. The law firm of Dorsey and Whitney has generously agreed to provide legal advice pro-bono. Final establishment of the Farmer's Market organization will be completed in the first half of 2020.

On the operations side the Farmer's market has an excellent year in 2019. Twice weekly, mid-May through October, the Hutchinson Farmers Market is open to the public for fresh fruits and vegetables, beef, eggs, baked goods and more. The Market grew substantially in 2019, with 40 vendors registered to sell their goods. The Power of Produce kids program also grew to include 731 kids, up roughly 200 from last year. The Board of Directors has high hopes for the next season, with more educational activities, cooking demonstrations, and community empowerment events planned. Table 9 – on the following page – lists the current Farmer's Market Board of Directors.

Table 9 – Hutchinson Farmer's Market Board of Directors, 2019

Director	Position	Term Expires
Tim Rohde	President	2021
Aimee Haag	Vice-President	2021
Zach Boor	Secretary	2019
Kris Haag	Treasurer	2021
Sarah Skoog	Director	2019
Rachel Gemuenden	Director	2019
Margo Bonniwell	Director	?
Chris Schlueter	Director	2020

#### **EDA ANNUAL BUDGET**

Operationally, the EDA finished the year with revenues of \$185,333 and expenditures of \$183,212, yielding an operating surplus of \$2,120.

Significant savings were realized by sharing a part-time staff position with the City's Planning Department rather than having the traditional two paid interns annually. Currently the **EDA Program Manager** position is funded for 12 hours per week.

As of December 31, 2019, the EDA had a very healthy cash position with operating reserves of \$144,916 – representing just more than 75% of annual expenditures.

The entire year-end financial report can be found in Appendix A.

#### **EDA GOVERNANCE**

The Hutchinson Economic Development Authority is governed by a seven member board of directors appointed by the City Council. Two are city council members (serving as a liaison to the Council) and five are community members.

To boost collaboration between the EDA and the Hutchinson Utilities Commission (HUC), Jeremy Carter, General Manager of HUC, was added to the EDA Board as a non-voting ex-officio member in March. Table 10, on the following page, lists the 2019 EDA Board membership.

Table 10 – Economic Development Authority Board of Directors, 2019

		Years of	
Member	Position	Service	Affiliation
Mike McGraw	President	15	State Farm Insurance
Jonny Block	Vice-president	7	TDK-HTI
Chad Czmowski	City Council liaison	11	City Council/Downtown
Daron Vanderheiden	Member	10	ISD 423
Mary Christensen	City Council liaison	9	City Council
Corey Stearns	Member	5	Stearnswood
Mike Cannon	Member	4	Citizens Bank
Jeremy Carter	Ex-officio		Hutchinson Utilities Comm.

Overseeing the financial aspects of the Economic Development Authority is the EDA Finance Team. Comprised of two EDA Board members and six other members of the community, the Finance Team provides recommendations to the EDA Board on everything from budgets to proposed financial incentives. Eric Lipke, President of MITGI was appointed to the Finance Team in February and Attorney Ben King was added in March, bringing total membership to eight.

Finance Team membership for 2019 is detailed in Table 11.

Table 11 – EDA Finance Team, 2019

Member	Position	Affiliation
Mike Cannon	Chair / EDA Board Liaison	Citizens Bank
Anthony Hanson	Member	Citizens Bank
Josh Gehlen	Member	Home State Bank
Jack Daggett	Member	Pride Solutions
Corey Stearns	EDA Board liaison	Stearnswood
Josh Karg	Member	Wells Fargo bank
Scott Ziegler	Member	Piehl, Hanson, Beckman
Eric Lipke	Member	MITGI
Ben King	Member	Kraft, Walser Law Office

#### **SUMMARY**

Overall 2019 was a successful year for economic development in Hutchinson. Important steps were taken to facilitate the growth of existing business and to set the stage for new business development. With "shovel-ready" industrial park space, available manufacturing building space and an award-winning skilled workforce development plan, the community is well positioned for future economic development.

## Appendix A

EDA Financial Statements (2019 year-end)

### **HUTCHINSON ECONOMIC DEVELOPMENT AUTHORITY**

### **Balance Sheet**

### As of December 31, 2019 FULL ACCRUAL - INTERNAL USE ONLY

	December 2018	December 2019	2019 Change
ASSETS			
Cash Accounts Receivable	\$ 143,865 1,281	\$ 143,536 1,764	\$ (330) 484
TOTAL ASSETS	145,146	145,300	154
LIABILITIES			
Accounts Payable Accrued Payroll & Vacation	2,922 5,508	672 6,595	(2,250) 1,087
TOTAL LIABILITIES	8,430	7,267	(1,163)
EQUITY			
Reserved - Land (Warrior Sale) Unreserved Fund Balance	56,736 79,980	56,736 81,297	. 1 217
TOTAL FUND BALANCE	136,716	138,033	1,317 1,317
TOTAL LIABILITIES & FUND BALANCE	\$ 145,146	\$ 145,300	\$ 154

### **HUTCHINSON ECONOMIC DEVELOPMENT AUTHORITY**

#### Statement of Revenues & Expenditures

## As of December 31, 2019 FULL ACCRUAL - INTERNAL USE ONLY

Description		Budget	_De	ecember	YTD	ailable lance	
REVENUES							
Current Ad Valorem Taxes	\$	182,303	\$	714	\$ 181,581	\$ 722	
Delinquent Ad Valorem Taxes		· -		13	473	(473)	
Rentals-Property		-		_	851	(851)	
Interest Earnings		1,500		87	1,962	(462)	
Refunds & Reimbursements		1,250			 1,075	 175	
TOTAL REVENUE		185,053		813	185,943	(890)	100.5%
EXPENDITURES							
Full-time Employees-Regular		103,033		9,675	89,673	13,360	
Part-time Employees-Regular		18,762		1,198	12,077	6,685	
Vacation Pay		-		1,144	7,238	(7,238)	
Holiday Pay		_		1,676	4,830	(4,830)	
Sick Pay		_		556	2,696	(2,696)	
Comp Time		_		-	2,090	(26)	
PERA - Coordinated		- 7,727		1,069	8,730	(1,003)	
FICA				-			
		7,551		847	6,754	797	
Medicare		1,766		198	1,580	186	
Worker's Comp Insur Premiums		762		80	656	106	
Health		18,458		1,555	18,639	(181)	
HSA Contribution		2,000		154	2,000	-	
Admin Fees - HSA/FLEX		55		14	 69_	 (14)	
TOTAL SALARIES & FRINGE BENEFITS		160,114		18,166	154,967	5,147	96.8%
Office Supplies		-		79	221	(221)	
Operating Supplies		2,500		147	2,043	457	
Motor Fuels & Lubricants		500		-	181	319	
Small Tools & Minor Equipment		500		-	38	462	
TOTAL SUPPLIES, REPAIRS, & MAINT.		3,500		226	2,483	1,017	70.9%
Other Professional Services		2,300		125	4,268	(1,968)	
Phone Services		1,800		108	2,004	(204)	
Postage		200		17	106	94	
Software & Licensing		3,500		18	2,356	1,144	
Travel/Conference Expense		2,425		772	6,375	(3,950)	
Advertising		6,200		500	1,330	4,870	
Printing & Publishing		1,500		-	732	768	
Contractual R&M		1,500		117	1,761	(261)	
Automotive R&M	_	500			 346	 154	
TOTAL OTHER SERVICE & CHARGES		19,925		1,657	19,277	648	96.7%
Dues & Subscriptions		750		60	861	(111)	
Taxes & Assessments		_		_	404	(404)	
Donations to Civic Org. (SWIF)		5,500		_	5,500	- ′	
Miscellaneous Expense	2	500		77_	1,133	(633)	
TOTAL MISCELLANEOUS		6,750		67	7,898	(1,148)	117.0%
TOTAL OPERATING EXPENDITURES	0	190,289		20,117	184,625	5,664	97.0%

# ECONOMIC DEVELOPMENT LOAN FUND Balance Sheet

### As of December 31, 2019 FULL ACCRUAL - INTERNAL USE ONLY

	December 2018		December 2019		(	2019 Change
ASSETS						
Cash	\$	121,550	\$	57,299	\$	(64,251)
Accrued Receivable		410	·	-		(410)
Loans Receivable						
Redline Systems		9,590		6,309		(3,281)
Ashwill		9,836		6,826		(3,010)
Zephyr Wind Services		-		97,929		97,929
Laser Dynamics (5-year forgiveable loan)		23,000		23,000		-
Innovative Foam (5-year forgiveable loan)		14,355		14,355		
Total Loans Receivable		56,781		148,420		91,639
Advances to Other Funds (Enterprise Center)		301,145		283,146		(17,999)
TOTAL ASSETS		479,886	_	488,865		8,979
LIABILITIES						
Accounts Payable		30				(30)
TOTAL LIABILITIES		30				(30)
EQUITY						
Unreserved Fund Balance		479,856		488,865		9,009
TOTAL FUND BALANCE		479,856		488,865		9,009
TOTAL LIABILITIES & FUND BALANCE	\$	479,886	\$	488,865	\$	8,979
		_				

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

Description	Ві	Budget		December		YTD		Available Balance	
REVENUES									
Loan Interest Income	\$	-	\$	417	\$	1,537	\$	(1,537)	
Interest Earnings				2,982		7,472		(7,472)	
TOTAL REVENUE		-		3,399		9,009		(9,009)	
EXPENDITURES									
TOTAL EXPENDITURES		-		-		-		-	
NET REVENUE (LOSS)	\$		\$	3,399	\$	9,009	\$	9,009	

### ENERGY LOAN FUND - DOWNTOWN LOAN FUND Balance Sheet

### As of December 31, 2019 FULL ACCRUAL - INTERNAL USE ONLY

ASSETS	December 2018	December 2019	2019 Change
Cash	\$ 495.669	\$ 557.506	¢ 64.007
Accrued Receivable	\$ 495,669 1,696	\$ 557,506 -	\$ 61,837 (1,696)
Loans Receivable	426,316	356,181	(70,135)
Cenex Property - Capital Asset (\$150K due to City)	157,195	157,195	-
Wright Property - Capital Asset	44,134	44,134	
TOTAL ASSETS	1,125,009	1,115,016	(9,994)
LIABILITIES			
Accounts Payable	123		(123)
TOTAL LIABILITIES	123		(123)
EQUITY			
Invested In Capital Assets Reserved for Approved/Unpaid Loans & Grants	201,329	201,329	-
Unreserved Fund Balance	923,558	913,687	(9,871)
TOTAL FUND BALANCE	1,124,887	1,115,016	(9,871)
TOTAL LIABILITIES & FUND BALANCE	\$ 1,125,009	\$ 1,115,016	\$ (9,994)

# ENERGY LOAN FUND - DOWNTOWN LOAN FUND Statement of Revenues & Expenditures FULL ACCRUAL - INTERNAL USE ONLY

Description	В	udget	December			YTD		vailable Balance
REVENUES								
Loan Interest Income	\$	-	\$	810	\$	10,569	\$	(10,569)
Interest Earnings		-		248		9,846		(9,846)
Refunds & Reimbursements		~				200		(200)
TOTAL REVENUE		-		1,058		20,614		(20,614)
EXPENDITURES								
Sign & Awning Grants		-				30,485		(30,485)
TOTAL EXPENDITURES		-		-		30,485		(30,485)
NET REVENUE (LOSS)	\$		\$	1,058	\$	(9,871)	\$	9,871

# MINNESOTA INVESTMENT LOAN FUND Balance Sheet

### As of December 31, 2019 FULL ACCRUAL - INTERNAL USE ONLY

ASSETS	December 2018		December 2019		2019 Change	
Cash Accrued Receivable Loans Receivable	\$	1,464 6	\$	2,382	\$	919 (6)
Moxy	76	18,810		15,954		(2,856)
TOTAL ASSETS		20,280		18,336		(1,943)
LIABILITIES  Accounts Payable  TOTAL LIABILITIES	=	0		0		(0)
EQUITY						
Unreserved Fund Balance		20,279		18,336		(1,943)
TOTAL FUND BALANCE		20,279		18,336		(1,943)
TOTAL LIABILITIES & FUND BALANCE	\$	20,280	\$	18,336	\$	(1,943)

### MINNESOTA INVESTMENT LOAN FUND Statement of Revenues & Expenditures FULL ACCRUAL - INTERNAL USE ONLY

Description Budget December				cember	_	YTD	Available Balance		
REVENUES									
Loan Interest Income	\$	-	\$	_	\$	_	\$	-	
Interest Earnings				3		57		(57)	
TOTAL REVENUE		-		3		57		(57)	
EXPENDITURES									
Interfund Transfers		-		2,000		2,000		(2,000)	
TOTAL EXPENDITURES		-		2,000		2,000		(2,000)	
Revenue over (under) expenditures	\$	-	\$	(1,997)	\$	(1,943)	\$	1,943	

# HUTCHINSON ENTERPRISE CENTER Balance Sheet

### As of December 31, 2019 FULL ACCRUAL - INTERNAL USE ONLY

	D	ecember 2018	D	ecember 2019	(	2019 Change
ASSETS						
Cash Accounts Receivable Accrued Receivable	\$	37,767 98 -	\$	22,757 1,940 260	\$	(15,011) 1,842 260
TOTAL ASSETS	\$	37,866	\$	24,957	\$	(12,909)
LIABILITIES						
Accounts Payable		14,535		1,561		(12,974)
Advance from Other Funds (ED Loan Fund)		301,145		283,146		(17,999)
Security Deposit		4,000		4,000	_	
TOTAL LIABILITIES	-	319,680		288,707		(30,973)
EQUITY						
Unreserved Fund Balance	-	(281,815)		(263,750)		18,064
TOTAL FUND BALANCE		(281,815)		(263,750)		18,064
TOTAL LIABILITIES & FUND BALANCE	\$	37,866	\$	24,957	\$	(12,909)
	· ·		-			

# HUTCHINSON ENTERPRISE CENTER Statement of Revenues & Expenditures FULL ACCRUAL - INTERNAL USE ONLY

Description	Budget		Budget		Budget		De	cember	 YTD	 vailable alance
REVENUES										
Rentals - Base Rent	\$	32,000	\$	2,667	\$ 32,000	\$ 0				
Rentals - Other		29,440		2,453	29,440	(0)				
Interest Earnings				18	583	(583)				
Other Transfer				2,000	 2,000	 (2,000)				
TOTAL REVENUE		61,440		7,138	64,023	(2,583)				
EXPENDITURES										
Operating Supplies		500		-	477	23				
Small Tools & Minor Equipment		_		_	31	(31)				
Other Professional Services		_		_	183	(183)				
Building Insurance		1,500		-	1,795	(295)				
Utilities		3,000		888	4,644	(1,644)				
Refuse - Recycling		3,121		-	3,119	2				
Contract Repair & Maintenance		3,072		-	3,672	(600)				
Contracted Snow Removal		4,400		1,100	5,201	(801)				
Property Taxes		20,800		-	20,898	(98)				
Interfund Loan - Interest Expense		5,940		2,970	5,940	0				
Building Management		1,108			 	 1,108				
TOTAL EXPENDITURES		43,441		4,958	45,959	(2,518)				
NET REVENUE (LOSS)	\$	17,999	\$	2,180	\$ 18,064	\$ 65				
Interfund Loan - Principal Payment		17,999		8,999	17,999	0				
Budgeted Cash Flow				(6,819)	65	65				

### TIF #4-5 - Shopko Redevelopment Balance Sheet

### As of December 31, 2019 FULL ACCRUAL - INTERNAL USE ONLY

	December 2018		December 2019		c	2019 Change
ASSETS			_		_	- Indiango
Cash Accrued Receivable	\$	146,685 -	\$	163,339 -	\$	16,654 -
Interfund Loan Receivable - TIF #4-16 (Old Medical Bldg) Interfund Loan Receivable - TIF #4-17 (Enterprise Center) Interfund Loan Receivable - TIF #4-19 (Hwy 7/15 Soils) Interfund Loan Receivable - TIF #4-20 (Warrior Expansion) Total Interfund Loans		311,459 143,466 14,779 8,603 478,307	0	322,661 136,285 12,915 9,045 480,906		11,202 (7,181) (1,864) 442 2,599
TOTAL ASSETS		624,992		644,245		19,253
LIABILITIES						
Accounts Payable Unvailable Revenue (accrued interest on interfund loans) TOTAL LIABILITIES	_	37,794 37,794		43,058 43,058		5,263 <b>5,263</b>
EQUITY						
Unreserved Fund Balance	_	587,198		601,187	_	13,989
TOTAL FUND BALANCE	_	587,198		601,187		13,989
TOTAL LIABILITIES & FUND BALANCE	\$	624,992	\$	644,245	\$	19,253

### TIF #4-5 - Shopko Redevelopment Statement of Revenues & Expenditures FULL ACCRUAL - INTERNAL USE ONLY

Description	Budg	jet	De	ecember	 YTD		vailable Balance
REVENUES							
Interest Earnings		-		12,137	15,082	_	(15,082)
TOTAL REVENUE		-		12,137	15,082		(15,082)
EXPENDITURES							
Other Professional Services		-		-	 1,093		(1,093)
TOTAL EXPENDITURES		-		-	1,093		(1,093)
NET REVENUE (LOSS)	\$		\$	12,137	\$ 13,989	\$	13,989

**Appendix B** 

Senate File 2775

#### 115TH CONGRESS 2D SESSION

## S. 2775

To award career pathways innovation grants to local educational agencies and consortia of local educational agencies, to provide technical assistance within the Office of Career, Technical, and Adult Education to administer the grants and support the local educational agencies with the preparation of grant applications and management of grant funds, to amend the Higher Education Act of 1965 to support community college and industry partnerships, and for other purposes.

# IN THE SENATE OF THE UNITED STATES APRIL 26, 2018

Ms. SMITH introduced the following bill; which was read twice and referred to the Committee on Health, Education, Labor, and Pensions

### A BILL

To award career pathways innovation grants to local educational agencies and consortia of local educational agencies, to provide technical assistance within the Office of Career, Technical, and Adult Education to administer the grants and support the local educational agencies with the preparation of grant applications and management of grant funds, to amend the Higher Education Act of 1965 to support community college and industry partnerships, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

**SECTION 1. SHORT TITLE.** 

- (B) any eligible agency whose career pathways program—
- (i) in a high school, offers concurrent enrollment opportunities for postsecondary credit; or
  - (ii) leads to an industry-certified credential.

### (d) USE OF FUNDS.—

- (1) REQUIRED USE OF FUNDS.—An eligible agency receiving grant funds under this section shall use grant funds to build or expand a career pathways program featuring school partnerships that supports career pathways in high school or career exploration in the middle grades.
- (2) PERMISSIVE USE OF FUNDS.—An eligible agency receiving grant funds under this section may use grant funds either during or outside of the school day or school year—
  - (A) to hire a designated career pathways partnership coordinator to seek out and build relationships with business or industry partners to foster and manage the school partnerships supported under the grant;
  - (B) for the costs of new equipment, infrastructure (such as facilities, technology, and staffing), or transportation related to the career pathways program;
  - (C) to recruit, or assist with State licensure and credential requirements, career and technical education teachers, and others implementing career pathways programs;
  - (D) to train or support the professional development of career and technical education teachers, and others implementing career pathways programs, including providing externship opportunities for educators to spend time in industry;
  - (E) for youth apprenticeship, internship, or experiential learning opportunities;
  - (F) to provide, as part of the career pathways program, coursework that awards postsecondary credit at no cost to high school students; and

(G) to support development of curricula that offer industry-certified credentials.

### (e) REQUIREMENTS.—

- (1) MATCHING FUNDS.—An eligible agency that receives a grant under this section shall provide, toward the cost of the activities assisted under the grant and from non-Federal sources, an amount equal to or greater than the amount of the grant. Such matching amount may be in cash or in-kind and shall include support from business or industry partners of a school partnership in accordance with the partnership agreement described in subsection (b)(2).
- (2) PARTICIPATION OF BUSINESS OR INDUSTRY PARTNER.—In any case where a business or industry partner included in an initial partnership agreement described in subsection (b)(2)(A) withdraws from a school partnership supported under a grant under this section, the eligible agency shall notify the Secretary immediately of the withdrawal and of the eligible agency's plan for obtaining a comparable business or industry partner.

### (f) REPORTS.—

### (1) ELIGIBLE AGENCY REPORTS.—

- (A) INTERIM REPORTS.—By not later than 18 months after receiving a grant under this section, the eligible agency shall submit a report to the Secretary demonstrating that the eligible agency is achieving sufficient progress toward the goals of the grant.
- (B) FINAL REPORTS.—Each eligible agency receiving a grant under this section shall prepare and submit to the Secretary a final report regarding the use of funds for the grant, including the outcomes of the activities assisted under the grant, by not later than 90 days after the end of the grant period.
- (2) SECRETARY REPORTS.—The Secretary shall prepare and submit to Congress, on an annual basis, a report regarding the grant program under this section that includes a summary of the reports received under paragraph (1) during the preceding year and the outcomes resulting from the use of grant funds.



# **Appendix C**

Report on 2019 Work plan & Goals

2020 Work plan & Goals

# 2019 Work Plan & Goals

PROJECT / GOAL STATUS

e e e e e e		
1	BUSINESS RENTENTION & EXPANSION	
	A Complete BR & E visits	DONE
2	DOWNTOWN	
3	A Identify developer for Old Medical Clinic Site  B Aid in redevelopment of blighted properties in and around downtown  C Continue support of Hutchinson Downtown Association  D Promote redevelopment of former Econo Foods building  E Promote development of former Cenex Fertilizer Site  F Assist with planning 2020 Downtown Hwy 15 reconstruction (marketing, etc.)  G Evaluate feasibility & options for 101 Park Place Redevelopment  INDUSTRIAL PARK & BUSINESS RECRUITMENT	In progress  DONE  DONE  DONE  In progress  DONE  In progress
	A Recruit at least one new company for industrial park	TBD
	B Facilitate UPONOR Project: MIF / JCF / BDPI	DONE
	C Facilitate Warrior Mfg. expansion project	DONE
4	HUTCHINSON ENTERPRISE CENTER	
	A Monument Sign	DONE
	B Make payment to ED Loan Fund of \$20,000 (in December)	DONE
5	SKILLED WORKFORCE DEVELOPMENT	
	A Continue implementation of Skilled Workforce Development Plan Facilitate ramp up of Tiger Manufacturing Assist with implementation of YST Grant Aggressivly market Hutchinson's Skilled Workforce Development Plan Promote 2nd annual "Welding Camp" at HHS (if feasible)	In progress DONE DONE Failed
6	MARKETING & PUBLIC RELATIONS	
	A Marketing Regular updates to EDA website Regular Facebook / Twitter updates Participate in DEED print advertising effort Join DEED Minnesota Marketing Partnership Develop relationships with Corporate Site Selectors / Commercial Realtors Develop strategic partnerships (DEED, SWIF, SBDC, Ridgewater, etc.)  B Public Relations Speaking engagements to service clubs, etc. (as invited)	DONE Declined DONE DONE DONE DONE DONE
7	GENERAL / MISCELLANEOUS	
	<ul> <li>A Obtain \$100,000 in grants (various uses)</li> <li>B Do everything feasible to fill vacant "big box" buildings.</li> <li>C Complete review &amp; update of EDA Strategic Plan</li> <li>D Staff continues professional development</li> <li>E Planning for development of Hwy 7 east corridor</li> </ul>	DONE DONE In progress DONE Failed

### 2020 Work Plan & Goals

		PROJECT / GOAL	SIAIUS
1	BL	JSINESS RENTENTION & EXPANSION	
	A	Conduct BR & E visits (as needed)	
2	DC	OWNTOWN	
	A		
	В	Aid in redevelopment of blighted properties in and around downtown	
	C		
	D	Finalize Spin-off of Farmer's Market	
	E	Promote development of former Cenex Fertilizer Site	
	F	Assist as needed Main Street reconstruction	
	G		
3		DUSTRIAL PARK & BUSINESS RECRUITMENT	
	Α	,	
	В	Pursue development of an industrial Spec Building	
4	HL	JTCHINSON ENTERPRISE CENTER	
	Α	Establish relationship with SCSU MBA Program	
	В	Make payment to ED Loan Fund of \$20,000 (in December)	
5		ILLED WORKFORCE DEVELOPMENT	
	_	Continue implementation of Skilled Workforce Development Plan	
	В	Facilitate ramp up of Tiger Manufacturing	
	С	Aggressivly market Hutchinson's Skilled Workforce Development Plan	
6	M	ARKETING & PUBLIC RELATIONS	
	Α	Marketing	
		Regular updates to EDA website	
		Regular Facebook / Twitter updates	
		Join DEED Minnesota Marketing Partnership	
		Cultivate relationships with Corporate Site Selectors / Commercial Realtors	
		Develop strategic partnerships (DEED, SWIF, SBDC, Ridgewater, etc.)	
	В		
		Speaking engagements to service clubs, etc. (as invited)	
7	GE	NERAL / MISCELLANEOUS	
		Obtain \$100,000 in grants (various uses)	
	В		
	С		
	D	Staff continues professional development	
	E	Planning for development of Hwy 7 east corridor	
	F	Promote development of County economic development effort	