

APPROVED MINUTES  
WATKINS CITY COUNCIL  
THURSDAY, APRIL 13, 2023

Mayor Rowan called the public hearing to order at 6:45 p.m. at City Hall.

MEMBERS PRESENT: Mayor Chris Rowan, Tootz Tschumperlin, Sue Unterberger, Marc Wirz, Brenda Carlson

MEMBERS ABSENT: None

Others: John Shelton with United Community Action Partnership (UCAP), Deputy Clerk Sarah Jacobsen-Krone

Purpose of the hearing is to consider an application to the Small Cities Development Grant Program and disseminate information on the overall goals and objectives of the program.

John noted Watkins is targeting the completion of 20 low to moderate income housing rehabilitation projects. The average and maximum Small Cities Development Program (SCDP) owner occupied loan would be \$25,000.00. Financing would be 100% SCDP deferred loan and matching sources would be accessed households when projects exceed \$25,000. Leverage sources could include MN Housing Finance Agency funds, Weatherization funds, Energy Related Repair funds, bank financing, owner funds and other sources. The loans would be a 0%, 10-year deferred loan with 1/10<sup>th</sup> of the loan forgiven each year the client complies with SCDP guidelines.

On the commercial side, Watkins is targeting completion of 8 buildings in downtown Watkins. The average and maximum loan for commercial would be \$40,000.00. Financing would be 80% SCDP funding up to a maximum of \$40,000. 87.5% of the SCDP funding would forgive over 7 years. 12.5% would be a 2% interest loan that would be paid back over a maximum of 5 years. Matching sources would most likely be bank financing, owner funds and other leveraged sources. For each commercial project, 12.5% of the SCDP funds are paid back to the City of Watkins. These funds can be used in the future for projects that fall under the same categories as the original funding.

The owner-occupied target area is city-wide. The commercial target is bounded on the north by Third Street North, bounded on the east by Cedar Avenue, bounded on the south by Church Street, and bounded on the west by Meeker Avenue. Businesses on both sides of the street are in the target area.

The overall budget is \$1,203,000, of which \$943,000 are grant dollars. Watkins will be investing \$20,000 towards grant administration and will make the existing EDA commercial loan program available to businesses.

John noted they anticipate implementing the project around September of 2023, with actual projects being bid around the 1<sup>st</sup> of the year. The grant would end near the end of 2025.

UCAP has been a field administrator on SCDP grants since the early 1990's. UCAP has also been the general and field administrator for a number of SCDP grants over many years. They generally would receive 1-3 grants annually. UCAP has administered grants that dealt with disaster, lead, healthy homes, multi-county, owner occupied, rental and commercial projects. UCAP also administers Minnesota Housing (MHFA) rehabilitation and emergency loan programs for a 9-county area. UCAP currently owns and manages 18 MN Urban and Rural Homesteading (MURL) homes. They also administer

Weatherization for a 13-county area and Energy Assistance Programs for a 9-county area. UCAP has 4 inspectors that have their Housing Quality Standards (HQS) Certification, 3 of which work with the SCDP program regularly. Their inspectors receive annual training in many areas such as lead, asbestos and energy efficiency. They are also trained regularly on house systems and how they work.

John noted Watkins has not received a grant for an extended period of time. The mayor and clerk have been active with getting information needed for the grant application. The same will be expected if the grant is awarded.

All projects must be submitted to the State Historical Preservation Office (SHPO). Most projects won't need any type of follow up; however, there may be a commercial building(s) that may require additional information be sent to SHPO. They may require repairs to be completed with designated methods and materials. UCAP will work with the building owners that have historical interest to SHPO to assist them through the process. Any information that Watkins has available on historic properties would benefit the process of getting these projects approved.

Councilor Wirz asked if building owners in the target area have shown interest. Mayor Rowan noted that surveys were filled out. Rowan thought there were over 70 residential surveys and 15 commercial surveys returned. The commercial number has decreased due to the target area being reduced.

If funded, the city will contribute \$20,000 of support funds to UCAP to administer the grant. The EDA loan program could be tapped for commercial leverage sources.

John noted the low income owner-occupied funding has changed where they can now get the full \$25,000 without leveraging additional funds. If they do go over that amount, they may pay some out-of-pocket or could go through MN Housing Finance Agency. USDA also has some low interest programs and grant programs to assist.

Councilor Unterberger questioned if driveway repair to keep water from going in a basement would qualify under the program. John noted if there is water pooling in a basement that would qualify because it's a safety issue. A driveway itself would have to be in pretty tough shape to be eligible. John also noted sidewalks attached to city sidewalks are not eligible. Rain gutters have been done in the past also.

John noted a building could be considered historical if it has some kind of historical value, i.e., an old Masonic Lodge.

John noted if any member of the council is thinking of applying, they shouldn't vote on the matter in any way.

Residents and businesses can still apply if the grant is awarded. The council needs to act on 2 resolutions at the upcoming meeting to submit with the full grant application.

Mayor Rowan opened the floor for public comment. Being there were no comments, Mayor Rowan closed the floor.

MOTION BY WIRZ TO ADJOURN THE PUBLIC HEARING, SECONDED BY CARLSON. MOTION CARRIED.

Adjourned at 7:00 p.m.

Submitted by

Deb Kramer  
Clerk

ATTEST:

Mayor Chris Rowan