

**Vergas EDA/HRA
Government Services Center & Zoom
5:30 PM on Wednesday, February 4th, 2026**

EDA/HRA Mission: Retain and promote business in our community, adding housing so that we prosper and increase our tax base, keeping Vergas a vital community.

The City of Vergas Economic Development Authority (EDA) and Housing Redevelopment Authority (HRA) met on Wednesday, February 4th, 2026, at 5:30 pm in a hybrid meeting at the Vergas Government Services building and on Zoom.

2025	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Bruce Albright, President/Council Liaison	A	P										
Paul Sonnenberg, Member	P	P										
Kevin Zitzow, Member	P	P										
Jennifer Carlson, Member	A	A										
Vanessa Perry, Member	P	P										
Julie Lammers, City Clerk-Treasurer	P	P										

P: Present. A: Absent N/A: No meeting

Present via Zoom: Editor Bob Williams of the Frazee-Vergas Forum,

Present in person: CEDA Representative Kaite Gehring

Call to Order

The meeting was called to order by Albright at 5:30 PM.

Agenda Additions and Deletions

None.

Status of Recommendations to City Council

Resolution

Albright reported that the City Council agreed to waive the hookup fees for sewer and water and entered into a resolution supporting the project in general. The EDA/HRA now has the City's backing to continue forward with their project. Lammers noted that the Planning Commission will be holding a public hearing on February 23rd regarding allowing home-based daycare in a residential area. She explained that a conditional use permit is needed when a home-based daycare has more than 12 children. After consulting with Otter Tail County and other towns, she found that many cities have removed this requirement from their ordinances, as they now only require permits for non-licensed daycares. The Planning Commission will be discussing potentially changing the ordinance.

Minutes

Motion by Sonnenberg, seconded by Perry, to approve the minutes from January 7, 2026. The motion passed unanimously.

Financial Update

2026 Income and Expenses

Lammers reported that there were no changes to the financial information since the previous month.

Motion by Sonnenberg, seconded by Perry, to approve the financial report as presented. The motion passed unanimously.

CEDA Representative Katie Gehring

Grant Applications

Gehring reported that there are no new grant applications at this time. She noted that another round of grant applications could potentially be pursued in the spring.

First Children's Finance Update

Gehring provided an update on the First Children's Finance project. She completed an onboarding Zoom meeting with them and explained that it will be a 9-10 month process. The first meeting will be lengthy (2-3 hours), with subsequent meetings being one hour in length. The meeting cadence will be set by the committee. Gehring explained that after the fifth meeting, committee members will meet in project teams on their own. The committee will be able to conduct a rate study and gap analysis. She has sent out a poll for committee members to determine the timing of their first meeting, which is likely to take place during the first or second week of March. Virtual meetings were determined to be the easiest option, and makeup sessions will be provided for members who cannot attend.

Daycare Tours

Gehring provided an overview of the daycare tours the committee had conducted:

1. Perham: The facility was purchased with community partners to help buy in. The project cost approximately \$190,000. The EDA pays for all utilities, maintenance, and insurance. Mahube rents the facility for \$350 depending on size and provider. (Daycare vs. Headstart)
2. Otter Tail: The committee toured a new build consisting of two duplex units, with a community center being built on the adjacent lot. This is a \$1.2 million project. A nonprofit foundation was established to run the facility, charging \$750 per month per provider with incentives for the first three months free. The nonprofit pays for utilities, lawn care, and snow removal.

Committee members discussed the differences between the two facilities. Sonnenberg noted that the Perham facility was very small and could only accommodate 6-7 children at a time, which could contribute to provider burnout. The Otter Tail facility was larger and better designed. Albright mentioned that the Otter Tail project was started by a couple who couldn't find daycare within 30 miles. They established a nonprofit and raised significant funding through the local community. The Otter Tail facility featured higher ceilings (10-11 feet) compared to Perham's 8-foot ceilings. Gehring noted that the Otter Tail project timeline was about three years, and approximately \$600,000 of the cost was paid for through fundraising.

Building Plans Child Care

The committee reviewed several building options:

1. A child care house built in Mapleton, Minnesota, with a total investment of \$288,000.
2. A dynamic duplex plan, similar to what they saw in Perham, costing approximately \$222,000-\$289,000.

The committee discussed the pros and cons of modular/dynamic homes versus stick-built construction. Zitzow expressed concern about the quality differences between the two building methods and suggested that stick-built would provide better long-term value. The committee examined the floor plan from Otter Tail, which everyone agreed was impressive and well-thought-out. The floor plan featured thoughtful details like having the entrance arranged so service providers never had to go through the children's area, and cubbies large enough to fit car seats. Discussion continued about the width of their lot (approximately 100 feet by 165 feet) and whether the Otter Tail floor plan would fit. The committee determined that the floor plan (74 feet by 36 feet) would fit on the lot,

covering about 16.5% of the available space, well within the 25% coverage limit. The committee discussed reaching out to Hammers Construction, who worked on the Otter Tail project, to explore using similar plans. They agreed that they needed to name the project and create a budget of approximately \$700,000 to apply for grants, with potential grant funding of up to \$240,000-\$250,000.

Motion by Zitzow, seconded by Sonnenberg, to move forward with the Hammers Construction layout with contingency of approval from Hammers Construction to use their drawings and their architectural drawings. The motion passed unanimously.

The committee then discussed naming the project, considering options like "Vergas Area Housing Project," "Vergas Area Little Loons Project," and others. They emphasized the importance of naming it to avoid suggesting it's specifically for childcare to maintain flexibility for future use.

Motion by Zitzow, seconded by Sonnenberg, to name the project "Vergas Area Housing Project". The motion passed unanimously.

Lammers stated she would proceed with contacting the Vergas Community Fund to start the fundraising process, and Gehring would work on grant applications. They estimated the total project cost at approximately \$700,000.

The committee also discussed changing the date of the next meeting due to several members being unable to attend on March 4th. After discussing various dates, they agreed to reschedule.

Motion by Perry, seconded by Sonnenberg, to change the next meeting date to 5:30 PM on March 18th. The motion passed unanimously.

Adjournment

Motion by Sonnenberg, seconded by Perry, to adjourn the meeting at 6:30 PM. The motion passed unanimously.

Council Recommendations

None.

Follow Up Actions

- Lammers: Contact the Vergas Community Fund to start the fundraising process for the Vergas Area Housing Project
- Gehring: Put together the grant application for the daycare/duplex project
- Gehring: Contact Hammers to get updated cost numbers and confirm if their construction layout/architectural drawings can be used
- Gehring: Wait for poll results to schedule first onboarding meeting with First Children's Finance (first/second week of March)
- Planning Commission: Discuss potential ordinance change regarding conditional use permit requirements for home-based daycares at the 23rd meeting
- Gehring: Applying for grant (noted \$1.9M total funds available, with potential \$240-250K maximum award)