

**Vergas EDA/HRA  
Government Services Center & Zoom  
10:00 AM on Monday, February 23<sup>rd</sup>, 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 Monday, February 23<sup>rd</sup>, 2026, at 10:00 AM in a hybrid meeting at the Vergas Government Services building and on Zoom.

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

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

Present via Zoom: Vanessa Perry, Kevin Zitzow, Editor Bob Williams of the Frazee-Vergas Forum and CEDA Representative Katie Gehring.

**Call to Order**

The meeting was called to order by Albright at 10:00 AM.

**Agenda Additions and Deletions**

None.

**Status of Recommendations to City Council**

**Resolution**

Albright reported that the City Council met on Tuesday, February 17<sup>th</sup>, and passed another resolution supporting county funding for the project. The council has provided approval, concurrence, and support for the development of this project.

**Growing Up Vergas**

***Project Update***

Albright explained that the project name had been changed to "**Growing Up Vergas**" thanks to Gehring's suggestion. He noted that they couldn't use "day care" in the project title because it creates different connotations and funding limitations. The new name provides flexibility for future uses.

Motion by Zitzow, seconded by Carlson, to change the project name to "**Growing Up Vergas**". Voting yes: Zitzow, Perry, Albright and Carlson. Voting no: None. The motion passed unanimously.

Albright provided a detailed update on the meeting held the previous Tuesday with Hammers Construction, the company that designed the Otter Tail facilities. He, Katie Gehring, and Julie Lammers met with two of their senior executives from Hammers to discuss their potential involvement in the project.

Hammers explained that if they serve as the general contractor, they could use the existing Otter Tail plans with modifications and their existing specifications. They expressed willingness to work with local suppliers extensively,

even allowing local contractors to bid on specific portions like interior finishing work, similar to their approach in Otter Tail.

However, Hammers emphasized that either they need to serve as the general contractor, or the plans would need to be redrawn by another architect such as Widseth Engineering at an estimated cost of \$20,000. This is because the plans belong to Hammers, and they can only guarantee proper execution if they oversee the project directly.

Following the Tuesday meeting, the group identified several potential modifications based on feedback from Otter Tail's facility, including adding a pantry to the kitchen for bulk daycare supplies, potentially enlarging the kitchen, questioning the necessity of closets in sleeping rooms, and exploring cost-saving measures. They also discussed redesigning the parking lot to create a single shared parking area for both units in the front, preventing cars from being blocked in.

Hammers offered to make these design changes and explore cost-saving options for \$2,000, working on an hourly basis not to exceed that amount. They would examine ways to reduce costs, such as using laminate countertops instead of granite.

Gehring provided an update on the DEED grant application. She attended a Zoom meeting and learned that the project location is considered one site, making it eligible for only a maximum award of \$100,000, significantly less than previously anticipated. The grant application is highly competitive, with 75 people on the information call and only 5-8 awards expected from the \$1.4 million available funding pool, compared to 50 applications for \$6 million in the previous cycle.

The grant application deadline is March 15th, with awards expected to be announced in late April to early June. Recipients have until June 30, 2027, to complete construction. Gehring noted that she needs a letter from the planning and zoning commission confirming that the land is appropriately zoned for the project, which Lammers indicated could be obtained at that evening's 6:00 PM meeting.

Otter Tail County has expressed willingness to serve as the fiscal agent for the grant, providing a 5% match on the grant money and handling administrative tasks. This arrangement is required for cities under 500 population when using state or federal funding.

Lammers mentioned receiving a phone call on Thursday about a potential fourplex for sale in town, valued at \$240,000. The owners had planned to attend the meeting but did not appear. She suggested this could be a more affordable alternative for renovation into daycare facilities, especially given the reduced grant funding availability.

### ***Design***

Extensive discussion occurred regarding whether to authorize the \$2,000 expenditure for Hammers to modify the plans. Zitzow strongly opposed the expenditure, arguing it was premature given the uncertainties about grant funding and that any general contractor would likely make their own modifications anyway. He emphasized the need to stay focused on the current plan rather than "putting the cart ahead of the horse."

Perry agreed with Zitzow's concerns about making changes to the current plans, particularly regarding removing closets, as the units might eventually need to serve as senior rental housing if the daycare use doesn't work out. She acknowledged that any general contractor would want to make their own modifications.

However, Perry expressed interest in not completely dismissing the fourplex option, noting it could potentially provide similar functionality at half the cost. She found it difficult to make decisions without the fourplex owners present at the meeting.

Zitzow suggested that a fourplex could be considered as a separate EDA project for rental income, not necessarily tied to daycare use. He emphasized the importance of staying focused on the current project rather than constantly changing directions.

Albright acknowledged that the project had become "a moving target" with daily changes, particularly regarding the reduced DEED grant funding. He noted that they may have been "Cadillac shopping" by basing their plans on the beautiful Otter Tail facility, and might need to consider more modest alternatives given funding constraints.

Gehring mentioned additional funding opportunities, including a DCYF grant opening in March, and noted that grant amendments could be submitted if project plans change after an award is received.

The group ultimately decided not to authorize the \$2,000 expenditure for plan modifications, with Gehring agreeing to contact Hammers to explain the decision to postpone due to uncertainties and new information.

Albright noted that they would proceed with the grant application using existing information and await the outcome before making further decisions. He acknowledged that the project would remain "a moving target" due to numerous unknowns but emphasized this was the nature of such development projects.

#### **Adjournment**

Motion by Zitzow, seconded by Perry, to adjourn the meeting at 10:35 AM. The motion passed unanimously.

#### **Council Recommendations**

None.

#### **Follow Up Actions**

- Gehring: Submit the grant application for the daycare project by the March 15th deadline.
- Gehring: Send the required verbiage for the zoning letter.
- Gehring: Inform Hammers that the EDA will not proceed at this time with the \$2,000 plan revisions, citing recent information and unknowns, and indicate EDA will be in touch if/when next steps are decided.
- Gehring: If the project location changes (e.g., to the fourplex), send an amendment to the grantor (DEED) with updated project details.