

MARY MACDONALD COMMITTEE

2:30 P.M.

Wednesday, February 11, 2026

Present: Steve VanHouse
Shane Hoff via ZOOM (until 3:30)
Juel Salveson
Joe Baltich
Muffy Hoffman

Vacancy
Excused: Gary Thompson

Lana Fralich, City Administrator
Mayor Wade LeBlanc
Barb & Walter Crabtree
Shelly Cheney
Lisa Hanson, Lake County
Jerry Stauss
Natascha & Isaac Giron
Tony Kramer
Gerry Cheney
Mark Russell

Mabel Tarlton
Eric & Teresa Judkins
Dean Skalicky
Shannon Williams
Nic Harrison
Chris Toal
Debbie Russell

VanHouse called the meeting to order at 2:30 p.m.

Appoint Board Chair – Motion by Baltich, second by Hoffman to appoint Steve VanHouse as Board Chair. MOTION CARRIED.

Appoint Alternate Chair – Motion by Baltich, second by Salveson to appoint Shane Hoff as Alternate Chair. MOTION CARRIED.

Agenda – Motion by Hoffman, seconded by Baltich, to approve the agenda with addition of Board Membership and Proposals from Bolton & Menk and Krause Anderson. MOTION CARRIED.

Minutes – Motion by Salveson, seconded by Hoffman, to approve the minutes of the November 12, 2025 regular meeting and January 14, 2026 Special Joint meeting. MOTION CARRIED.

Communications-

Mabel Tarlton- Food Shelf: Mabel Tarlton provided information relating to the importance of the local food shelf. The food shelf has been in SB since 1984 and supported through donations. With the exception of utilities and grounds care, it receives no financial support from the city. In 2025 there were 422 distributions of food to 114 families; 61% Silver Bay, 14% Finland, 6% Isabella, 4% Two Harbors, also Beaver Bay, Schroeder, and one from Barnum. 23,390 pounds of food was distributed in 417 volunteer hours, of that 16,319 pounds were purchased from Second Harvest; the remainder came from other sources. The most active months were January, June, and November, followed closely by April and December. Lisa Hansen stated that Lake County provides funding to help cover rent during the year.

Building Managers Report – Salveson reports air compressor has bad rings and forcing oil into the gaskets, costs to rebuild is same as purchasing a new one. VanHouse expressed there are

compressors at the school he is currently trying to get donated. Boiler #2 will be looked at by Jamar, continued roof leaks, ceiling tiles falling, and repair of door closures. Salvason has been doing extra boiler checks on the weekends. Discussion followed regarding age of boilers and costs of air compressors.

OLD BUSINESS

Building Repairs- Councilor Hoff's summary highlighting the importance of the Mary Mac building to the city was reviewed. The Mary MacDonald Business center currently holds 7 businesses in which 5 are growing, 24 full time equivalent jobs, \$1.1M in payroll, \$6.5M in goods and services. It is also the location of key community uses and benefits including recovery and mental health counseling, only vaccine provider, only pharmacy in the immediate area and growing, veteran services, health & human services, emergency management, affordable clothing and household items, funerals, weddings, and other special events, karate classes, Pickleball, youth groups, historical society, food shelf, and Ruby's Pantry.

Eric Judkins expressed concern regarding the burden on taxpayers when the current Mary Mac businesses are making money and what the city has to pay to keep the building outweighing the costs to run. Wally Crabtree asked if there was money available from the Federal Government for the historical nature of the City. It was noted that no taxpayer dollars have went in to the Mary Mac to date as the building has cash flowed or using reserves to operate.

Administrator Fralich provided a brief overview of the Facility Assessment provided by Kraus-Anderson; the assessment for review which included information relating to the building built in 1965 and is approximately 57,027 square feet. The assessment identified \$11.4M of deferred maintenance needs over the next ten years with \$9.8M of that needing to occur soon (2026 year) as they have been deemed critical or poor. The Facility Condition index, which is an industry standard to compare deferred maintenance costs to the value of building replacement, has rated the condition of the overall building as "poor". The assessment broke out the deferred maintenance costs into divisions including: Interior Construction- \$5,864,791 (52%), Roof- \$2,013,603 (18%), Exterior Enclosure- \$924,690 (8%), Site work/Building Earthwork- \$344,690 (3%), Electrical- \$393,746 (4%), Mechanical Controls- \$370,676 (3%), HVAC- \$1,032,814 (9%), Plumbing- \$99,320 (1%), Fire Protection- \$49,000 (0%), Special Construction- \$52,000 (0%), and Equipment Furniture- \$226,525 (2%). Key findings included roof replacement, exterior building envelope such as tuckpointing and brick repair, repair of tiles and entrance overhangs, leaking windows (lintels), upgrading of electricity, ADA compliance needs, trip hazards, parking lot repairs, asbestos and lead removal, repair water damage to ceilings and walls, replace steam boilers, and upgrading kitchen equipment and cooler to make usable. Discussion followed regarding the extent of repairs needed, replacement of flooring, inflation effecting the delay for needed repairs, and interruption to businesses during repairs.

ZOOM meeting ended due to technical issues with power and internet.

Discussion regarding options for rehab funding via bonding and/or debt service, the substantial burden on taxpayers, and the importance of the building/businesses to the city. There is a possible option to seek a loan from IRRRB to build a new building that would be paid back with rent payments. A proposal from Kraus Anderson to provide an analysis was reviewed, it was determined that in depth analysis at this point was not needed. Committee reviewed a proposal from Bolton & Menk to meet with individual businesses to determine their space need and long

term goals, create a conceptual design, identify potential location, costs to build a new facility, costs to demo old building and use the proposal to seek funding. The cost of the proposal is \$13,000. Discussion followed regarding review for use of underutilized existing buildings within the city as an option, spending money on additional engineering costs, selling or accepting proposals to take over ownership of the building, allowing volunteers to repair roof, investing in the aged building vs investing in new, operational concerns, historical importance, use of gym, improving efficiencies for businesses, being open to finding solutions, and the timeframe for finding funding vs timing to get repairs accomplished. It was noted that the city will continue to seek state funding for the building at Capitol Days in March.

VanHouse thanked people for coming and sharing their input and concerns, thanked staff for the work in finding options and funding, and commented that he was in support of seeking additional information on a new building before investing in existing building.

Hoffman commented, as the representative of the Bay Area Historical Society, she has interest in preserving the history of the building but recognizes that the age, issues, and cost of the current building may be difficult and it may be time to look at new building and that there are ways to preserve the history of the Mary Mac building through pictures and other various ways.

Motion by Hoffman, second Baltich to recommend Council approval of a proposal from Bolton & Menk to conduct conceptual planning and costs of a new building to meet current and future tenant needs, as an alternate option to investing in existing building, at a cost of \$13,000. MOTION CARRIED.

NEW BUSINESS –

Board Membership- City Council has approved making a change to City Code allowing the Mary Mac Board to increase from five members to seven, Mary Hoffman has been appointed to fill one of the open seats, with one remaining vacant.

Lisa Hanson stressed urgency in the decision making regarding Mary MacDonald building plans. Lake County has concerns for staff working in the building and will be making decisions themselves regarding taking staff out completely or hanging on until repairs/decision are made.

Motion by Hoffman, seconded by Baltich to adjourn at 4:20 p.m. MOTION CARRIED.

Minutes taken by Lisa Christenson