

City of Isanti
Economic Development Authority
Regular Meeting Minutes of
July 28, 2009
Isanti City Hall

1. Call To Order

a. Pledge of Allegiance

Pledge taken.

b. Roll Call

Members Present: Chair Larry Kuechle, Keith Dragisich , Jim Kennedy and George Wimmer

Members Absent: None

Staff Present: City Administrator Lorsung, Finance Director Smtih and Community Development Director Vita

c. Agenda Modifications

Motion by Wimmer, second by Dragisich to approve the agenda as presented. Motion carried unanimously.

2. Approve Minutes of June 2009 Regular Economic Development Authority Meeting

Motion by Wimmer, second by Dragisich to approve without modifications. Motion carried unanimously.

3. Bob Strub, Minnesota Department of Employment and Economic Development

Bob Strub, MN DEED, presented to the EDA. Strub discussed that the unemployment rates have fallen from its peak. Wimmer stated that the unemployment rates are still 7 points higher than normal. Wimmer questioned if the numbers presented are seasonally adjusted. Strub stated that unemployment is still high.

Strub discussed www.MinnesotaWorks.net a website for posting jobs. This is a free service. Strub discussed the “Why Minnesota” program. Strub informed on the shared work program. The program is an alternative to laying people off. Strub stated that in this program, people have their hours cut, the difference in hours could be assisted with unemployment benefits, but this is meant to assist the business in these tough times.

Strub stated that the minimum wage rates have increased.

Strub informed on the dislocated worker program. This program counsels the employees of mass business layoffs. Strub stated that the state might fund up to a 2 year degree, if the dislocated worker qualifies.

Strub stated that the State also has a program called Project Gate for people 55 years or older. It assists with business counseling.

Kuechle questioned if the shared work program affects unemployment insurance. Strub stated that it does, but it is not as bad as if the person was laid off.

Kuechle questioned the amount of minimum wage jobs in Isanti County. Strub stated that he does not have the numbers with him. Strub stated that minimum wage is not a large issue in Isanti County. Strub informed that the average wage for industry is approximately eight dollars an hour. Wimmer stated that it should not affect many employers.

Kuechle questioned help for employers during these tough times. Strub stated that often businesses do not contact others when they need assistance. Strub stated that MN DEED is sending out confidential surveys to business to find out their concerns and needs. Strub stated that businesses need to fill out the surveys in order for DEED to learn and know how to assist.

Wimmer questioned the future for DEED. Strub stated that DEED is trying to figure out how to handle this economy. Strub stated that they are good at helping businesses hire qualified people. Strub stated that they are trying to be creative for business and their employees. Strub indicated that businesses have a hard time letting people go.

Kuechle recommended that the surveys go to financial institutions.

Strub informed the EDA that the MN DEED offices in Cambridge have moved.

4. TIF / Abatement Consultant Interviews

Dragisich declared a conflict of interest and left the Council Chambers.

7:20om – Paul Steinman – Springsted

Steinman stated that Springsted has been in business for 60 years. Paul stated that they have assisted in hundreds of TIF and Abatement projects. Steinman stated that they have seen most issues. Steinman stated that they are different from their competitors. They help small, medium and large clients. Steinman stated that they have a wide range of development and redevelopment clients.

Mikaela Huot, Springsted, stated that they have a wide range of clients. Huot stated that Wadena has comparable items to Isanti. Huot helped Wadena establish a TIF district. Huot stated that they work to ensure compliance with the State Auditor and Department of Revenue. Huot stated that they completed a cash flow analysis, annual updates on the district and how they have changed. Huot stated that they assisted on the business incentive policy and on-going project analysis.

Kuechle asked them to describe a project they worked on more thoroughly. Huot stated that they completed redevelopment of a former developed site. Huot informed that they were able to receive small cities and economic development district assistance.

Huot stated that they helped with the redevelopment of a feed mill / co-op. Huot stated that the structure needs to be removed. The project will have a strip mall replacing the structure. Huot stated that the strip mall will have four to five tenants. Huot informed that they worked on funding to acquire the property, demolish the structure, and create a new structure for a business. The location of this project is on highway 10 in Wadena. Kennedy

stated that the project will be more efficient and the current site is junk. Huot stated that the financing component took nine months.

Wimmer questioned on what they know about Isanti. Steinman stated that he watched Isanti. Steinman talked about his past jobs. Steinman stated that he has worked with some people in Isanti on boards and commissions. Steinman stated that issues include downtown redevelopment, a development strategy to preserve the tax base, keeping jobs in the downtown, creating a strategic plan, to redevelop our feed mill, and to create an industrial base.

Wimmer questioned if they are aware of any current business development in Isanti. Steinman stated that he did not in depth, but he is aware of 10 active TIF agreements.

Wimmer questioned who would be the main contact. Steinman stated that it would be Huot and himself. Steinman stated that others are available to assist. Steinman stated that they have a team approach.

Wimmer questioned who would be the person to contact. Steinman stated that Vita was clear that the contact had to be at the meeting. Steinman stated that they are a team. Steinman informed that Huot would write the plans.

Wimmer questioned their knowledge of rail industrial parks. Steinman stated that Elk River has a rail served industrial park. Steinman stated that rail parks are not very popular. Steinman stated that he is aware of a rail industrial park in Rice County.

Wimmer stated that Isanti has an active Council and Committee structure. Wimmer requested their communication style and informed that they might receive calls from many people. Steinman stated that their communication style is a single point contact at the City. Steinman stated that they are fine with an EDA or City Council member asking questions, but not receiving direction from multiple people.

7:30pm – David Drown – David Drown Associates

Drown stated that he started his career as a civil engineer, he knows all of the firms being interviewed and they all do good service.

Drown stated that his firm is better for Isanti as they are the smallest firm and they specialize in economic development, 40% of their revenues from this source. Drown stated that they have great service delivery. Drown informed that they are hands on, will negotiate deals with City Staff. Drown stated that his firm is more entrepreneurial. Drown will suggest ways to get things done. Drown stated that he will work with developers to reduce the amount of assistance that they are requesting. Drown stated that they do many things that attorneys do – they negotiate development agreements. Drown informed that his business has been around for 12 years. Drown stated that his philosophy is to work in the offices of his clients.

Wimmer questioned what he knows about Isanti. Drown stated “not a ton”. Drown stated that he went on the City website, read the local newspapers and that the City has an objective to bring in hotels and clinics.

Wimmer questioned if Drown had worked on a rail industrial park. Drown stated that they are pretty rare. Drown stated that he has completed an analysis on a park in Royalton and Cannon Falls.

Wimmer questioned his communication style. Wimmer stated that the City has an active City Council and Committees. Wimmer questioned how they handle questions from people other than staff. Drown stated that this depends on the community. Drown stated that he can do either – communication from just one person or from many; it is what the City wants. Drown stated that economic development is based on first impressions and it is important that the first impression be good.

Wimmer stated that the last time the City interviewed his firm, they asked about succession planning. Wimmer questioned the succession plan of Drown. Drown stated that he plans to retire in 7 to 8 years and at the time he will merge with another company. Wimmer questioned what happens if he is hit by a bus. Drown stated that his staff would face some challenges as would any other firm. Drown stated that his staff would need to catch up and there would be a learning curve.

Kuechle requested that Drown elaborate on a project that he worked on start to finish. Kuechle questioned the project outcomes, challenges in a City similar to Isanti. Drown stated that his latest client is Milaca. Milaca does many Downtown TIF projects. Milaca is currently redeveloping an old creamery site. Drown worked with Staff on the TIF boundaries and overlapped them with boundaries of other districts. Drown stated that he also worked with Staff on their long term plans. Drown stated that he brought the TIF plan to the school and County. Drown stated that he talked to the grocery store on their long term goals. Drown stated that the project is challenging, using pay as you go TIF. Drown stated that the City is using TIF revenue debt with payment as TIF interest comes into the City.

Drown stated that he is working on a project in Fosston. Drown stated that Fosston has 7 to 8 business in the City and they want to increase their industrial park. Drown stated that they received a Federal EDA grant for a 50% match. Drown has met with manufactures. Drown stated that a manufacture is considering a new location and is looking at Fosston. Drown indicated that he composed a creative and aggressive package to lure the business into the community. Drown stated that his style is to attend business meetings and show why Isanti is the place to be.

Wimmer questioned if he has clients in all the Cities listed. Drown stated that he does.

Kuechle stated that in these times, there is not a lot of economic development. Kuechle questions what Drown can bring to Isanti to meet these challenges. Drown stated that he does not have the relationships with businesses. Drown stated that businesses make decisions because it makes sense. Drown stated that he has worked on many assist living project. Drown stated that he shows why Isanti makes sense.

7:50pm – Paul Donna – Northland Securities

Donna stated that what makes Northland Securities the best for Isanti is their experience and approach to serving the City. Donna stated that they have knowledge on what has and has not worked when a problem arises. Donna stated that they work efficiently which lowers their cost. Donna indicated that a consultant cannot be creative with broad based experience.

Donna informed that Fifield, the other Northland staff member that would be on the Isanti team, has 30 years of experience in 120 communities. Donna stated that Fifield has 26 years as a consultant. Fifield is also a Dakota County Board Member which gives him a policy perspective. Donna stated that his firm has worked on development projects for the private sector also. Donna stated that working with the public and private sector gives them a broad perspective.

Donna stated that he has had 20 years of experience. Donna informed the EDA that he has worked in Isanti for approximately 8 total years. Donna indicated that he worked in Isanti when the wastewater treatment plant was being planned. Donna stated that they do not have a disconnect of information and communication. Donna stated that he and Fifield have a team approach using creation thru implementation. Donna stated that he will use his consulting approach in whatever manner that the City desires. Donna states that the Northland team gives a clear format for decision making. Donna informed them that they use a group process for community planning. Donna stated that economic development is a unique art.

Donna stated that they have good communication skills. Donna informed that they are committed to understanding the issue. Donna stated that everyone needs to be on the same page and they educate everyone on the issue. Donna indicated that they are not afraid to deliver the hard message. Donna likes to identify issues and they try to prevent issues. Donna stated that they document the project and decision making process in order to deliver results and to assist when future questions arise.

Wimmer stated that Northland already provides some services to Isanti. Wimmer questioned if Northland can handle giving objective advice on both sides of the equation. Donna stated that conflicts will arise. Donna informed that he would work for Isanti and the best interest of the City. Donna stated that they have factual information and think through the future implications of a project.

Wimmer questioned if Fifield would be able to attend the next Council meeting if Northland is recommended to City Council. Donna stated that he would have to check Fifield's schedule.

Wimmer stated that the City already has good communication with Donna.

Kuechle stated that the economy is down and that economic development does not have a lot going on. Kuechle questioned how Donna sees Northland handling these unique challenges. Kuechle questioned on how they will manage the finances of what Isanti already has. Donna stated that they understand the City's financial side. Donna stated that they will review the yearly filings, terms and funds for the City. Donna stated that they need

a better understanding of the City's economic tools. Donna stated that they will review districts in past cash flows, how the TIF districts sits, and identify concerns. Donna stated that they will work to assist Isanti to know what he have and can use when opportunities arise.

Interviews were completed.

Wimmer stated that he read the minutes from the last time the City interviewed business subsidy consultants. Wimmer stated that the concerns with Drown still exist. Wimmer stated that he was not happy with the response that Springsted gave on what they know about Isanti. Wimmer continued that Springsted's rates are higher. Wimmer stated that Springsted is a very good company. Wimmer then stated that Donna is good. Wimmer expressed a concern of receiving advice from one side of the equation will lead to another. Wimmer stated that the City has good internal controls. Wimmer informed that he is leaning towards Northland.

Kuechle stated that Staff has to work with the Consultants, he asked for Staff input on the Consultants. Vita stated that he is not impressed with Drown. He was rude on the telephone and if he rude to her, he will be rude to the City's businesses. Vita stated that Donna recently spent 20 minutes educating her on the new stimulus bonds. Vita stated that Donna was patient with her questions. Vita indicated that she did spend time on the phone with Springsted and they did ask many questions on Isanti. Vita stated that they did not discuss bonds, thus could not comment on their educational abilities. Vita stated all three groups had positive reference checks.

Smith stated that she is biased to Northland. Smith stated that she found Drown information was not consistent when she checked out one of the City's he has listed as a City he had worked.

Lorsung stated that he has worked with both Northland and Springsted. Lorsung stated that he knows both Donna and Fifield and they have has a good response time. Lorsung stated that he has respect for both Springsted and Northland.

Kuechle stated that he saw a major difference with Drown as his appeared more aggressive.

Lorsung stated that style is important. Lorsung stated that the consultant's communications with their clients is important. Vita stated that she agrees, and feels that Drown would be rude to Isanti businesses as he was rude to her.

Kennedy stated that Northland has plenty of work in Isanti. Kennedy stated that he is leaning towards Springsted. Wimmer stated that he was not sold on Springsted. Wimmer informed that he puts a high premium on how a question is answered and Springsted gave a vague answer. Wimmer stated that he wants short and accurate responses. Wimmer stated that Springsted could of researched Isanti; if they had, they would of found out about some of our high profile projects of Isanti Retail Meats and Ever Cat Fuels.

Kennedy stated that Northland has an advantage as they are already working with Isanti.

Wimmer stated that he would not have supported Ehler's.

Motion by Wimmer, second by Kennedy to recommend to the City Council Northland Security as the business to the City Council. Motion carried 3- 0.

Dragisich re-entered the Council Chambers.

5. Other Business / Updates

Vita presented the information and requested if the Authority had any questions. They did not.

- a. County EDA Update
County EDA meeting for July was cancelled.
- b. Downtown Chamber Committee
Notes are within the packets.
- c. Business Retention visits
Wimmer discussed the League Presentation.
- d. Downtown Parking Signage Update
- e. Other
None.

6. Adjournment

Kennedy motioned, seconded by Wimmer to adjourn at 8:25 pm. Motion passed unanimously.

Dated at Isanti Minnesota, this ____ day of August 2009.

Respectively Submitted,

Carla MK Vita, Community Development Director