



GOODHUE COUNTY  
ECONOMIC DEVELOPMENT AUTHORITY

Tuesday, October 18<sup>th</sup>, 2005

County Boardroom

Government Center, Red Wing, MN

2:00 p.m.

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Present: Commissioners: Jim Bryant, Ron Allen, Dan Rehtzigel, Richard Samuelson and Ted Seifert, David Hamilton, Ron Zeigler, Kelly Rezanooff, Gary Schmidgall, Brad Johnson, Stacy Thuman

C/Allen called the meeting to order at 2:16 p.m.

*C/Seifert move, C/Samuelson second, carried to approve the September 20<sup>th</sup>, 2005 EDA minutes as presented.*

*C/Bryant move, C/Rehtzigel second, carried to approve the October 18, 2005, agenda as presented.*

C/Samuelson introduced Mr. Gary Schmidgall, he represents Hancock Concrete from Cannon Falls, owner/operator. Mr. Schmidgall thanked for the opportunity to serve on this board and briefed a little bit about him, they are a family business, been in Cannon Falls since 1976, have been in Minnesota since 1917; part of the third generation of the family business, served in Cannon Falls as the chairman of the Chamber of one time, Blandin leadership attendee, been on the fast track with trying to get business into the city of Cannon Falls, and is excited to be apart of this on the County level.

**Business Retention & Expansion Program Update – Ron Zeigler**

The Goodhue County EDA should move forward in its role as a facilitator and coordinating body for County-wide issues. To accomplish this task, the following action steps should move forward immediately:

- Continue with providing EDA staff to work with businesses and carrying out County EDA functions.
- Convene a summit in January of 2006 of local, state, business, industry and community leaders allowing an opportunity for business and industry leaders to voice concerns and start a dialogue that can continue into the future.
- Work with regional tech schools and colleges to implement additional partnership training programs. Work with employers to develop desired skill sets, and then work with the school to provide skill training in those specific areas.
- Establish a Business Urgent Response Team.
- Create a work plan for 2006 that would include other immediate, short-term and long-term goals from the BR&E report.

Mr. Zeigler stated that they feel it is very important that the County continue to move forward in the facilitation aspect, right now there is not a whole lot of money behind us to offer incentives, although we do have the capability to facility different actions and to keep things moving.

C/Rehtzigel questioned in order to move forward with a summit, should we be looking at a day and trying to organize around that day? Mr. Zeigler stated that to they are moving forward with the summit and the logistics; they will take the lead and responsibility on that. Press releases will be sent out, they can RSVP, the entire population of BR&E that was surveyed will be invited and will also spread it out to the politicians, elected and appointed officials; we will start spreading the word. C/Allen commented that it would be key to have something centrally located; turnout would be better, Mr. Zeigler stated that initially he was thinking in Zumbrota, in some of the discussions that they had with the businesses they want to see the County out more, this would be an opportune time to bring the County out. C/Bryant stated that the possibility was discussed to

include the southeast region; we are facing the same issues as Olmsted, Winona, Houston, and Wabasha. C/Bryant also commented on the possible changes at the State Level, if there could be a change in the corporate tax, and ways to encourage and build on what we have, better off in the long term. Mr. Zeigler stated that the days of trying to lure a large business in are in the past. C/Samuelsen commented that if the government is going to mess with the taxing, that is fine, do make it so confusing to that no one can understand it; we have the most complicated tax system than any other State. Mr. Zeigler stated that when talking about tax increment, etc. the rules of the game change every year.

Ms. Rezansoff questioned bullet point #3 and due to the seasonality of business, it is very difficult to find good employees for short term basis, we need to start working with colleges, so that they know what we need and they can start teaching it. Mr. Zeigler stated that one of the first things that needs to be done is to facilitate a meeting with the colleges and business leaders, we can play a critical role, after the press release came out that the BR&E study was available, the first 2 calls were from educational institutes, they are ready to work and partner with the County EDA to provide mechanisms to assist businesses.

*C/Rechtzigel move, C/Seifert second, motion carried to establish the following 5 tasks as immediate goals of the Goodhue County EDA.*

- *Continue with providing EDA staff to work with businesses and carrying out County EDA functions.*
- *Convene a summit in January of 2006 of local, state, business, industry and community leaders allowing an opportunity for business and industry leaders to voice concerns and start a dialogue that can continue into the future.*
- *Work with regional tech schools and colleges to implement additional partnership training programs. Work with employers to develop desired skill sets, and then work with the school to provide skill training in those specific areas.*
- *Establish a Business Urgent Response Team.*
- *Create a work plan for 2006 that would include other immediate, short-term and long-term goals from the BR&E report*

C/Rechtzigel questioned what Mr. Zeigler envisions as the Business Urgent Response Team? Mr. Zeigler stated that is going to be a group of people that are available on a short term basis, they know what their job is and essentially if we hear of a plant closing, that is where the call gets made to hold a meeting and assemble with them, on that team should be County representation, elected and staff representation, there should also be different pockets of local government, and other people that we feel should be part of this. The theory is to say that we can get this group of people together in an afternoon, it is a yes we can react and we will react.

Mr. Zeigler pointed out that in the work plan for 2006, part of that will be a proposed policy and procedures, which will involve the revolving loan fund; the Industrial Hardwoods Project has paid off their loan. Also commented that through out the BR&E they are continuing to work with some companies and have started to include city officials when appropriate.

C/Allen questioned the summit and something centrally located and suggested an evening meeting; Mr. Zeigler stated that he was open for suggestions, general consensus of the group is that after hours or evening time frame would work best.

## **SEMDC Contract**

### ***Background***

Earlier in the year, the Goodhue County Economic Development Authority retained the services of the Southeastern Minnesota Development Corporation to launch our new initiative in the field of job retention and development. Under the direction of Executive Director, Ron Zeigler, the process has successfully completed its initial phase. Interviews with key existing businesses have been conducted that have laid the groundwork for future initiatives. In addition, we have established vital contacts with business leaders to ensure that we have an

“ear to the ground” should other downsizings be considered. The Board will recall that our strategy was prompted by several unexpected plant closings in the spring of 2005.

Mr. Zeigler and his organization offer an attractive package to our EDA, not the least of which is his proven track record within our county. Previous to his appointment to the Southeaster Minnesota Development Corporation, he served as the highly successful Director of the Lake City Economic Development Corporation. One of his latest accomplishments was the retention strategy adopted to keep Federal Mogul as a going concern in Lake City. Mr. Zeigler has also severed as a valued member of the Goodhue County Economic Development Authority and it familiar with our operation.

Finally, at this important juncture, this contract offers an attractive opportunity to move our job retention and expansion strategy to the next phase. Mr. Zeigler and his staff have worked well with Board members that from time to time, have forwarded contacts and “leads” to him for further contact. In addition, he has worked effectively with both County Administration and the County Auditor/Treasurer. Finally, his services provided by contract are provided at considerably less than would be the case if we organized a full-time department with staff and support services.

### ***Recommendation***

With respect to this report, we recommend approval of the attached contract for continued services of the Southeastern Minnesota Development Corporation to the Goodhue County EDA.

*C/Bryant move, C/Rechtzigel second, motion carried to approve the contract for continued services of Mr. Zeigler and Southeastern Minnesota Development Corporation.*

### **Southern MN Initiative Foundation**

Carol Cerney, from the Southern MN Initiative Foundation distributed a packet of information and the annual report. Ms. Cerney thanked the Goodhue County EDA for supporting the Initiative Foundation with a \$3,000 investment in 2005.

### **Southern MN Tourism Association**

Kathy Silverthorn from the Southern MN Tourism Association distributed information and pointed out that their there website is up and running, they are doing more advertising and distributing. Mr. Hamilton stated that the County EDA funds this organization.

### **2006 EDA Budget**

Mr. Hamilton reviewed the 2006 proposed EDA budget, it takes the all of the built up operating funds to almost zero, with a \$5,000 levy, which is the same that was levied last year, this budget gets the job done next year with the least amount of resources, but if we continue to build and expand our work with relationships that we have formalized, for 2007 we are going to have to look at new sources of revenue.

C/Allen questioned where the new money is that is coming in from the 1916 building in the future that will be leveraged against the EDA budget. Mr. Brad Johnson stated that the building should contribute about \$1700 or \$1800 next year, given its present state. It is not new money, since we are not levying for it, although that would be the amount of taxes that would be paid. Mr. Hamilton stated that over time it will help, but in the immediate and in 2007 we are going to have to look at additional levy for some funding.

*C/Bryant move, C/Seifert second, motion carried to approve the 2006 EDA Budget as presented.*

C/Samuelsen stated that the EDA made an arbitrage payment for the County and some day that should come back to the EDA, Mr. Johnson stated that it was about \$150,000 that was made in either 2001 or 2002. Mr. Hamilton suggested a report be brought back to a future meeting regarding the history of the arbitrage payment, it is an outstanding obligation to the EDA.

C/Bryant stated that the 1916 building will not be occupied until 2007 because of delays with the developer, not all of the condominiums will be filled beginning in 2007, so those dollars we are looking at 2008 or 2009 before they are back on the tax rolls. Mr. Johnson stated that his estimate is on the present condition and what ever is done by the first of the year will be considered for 2007, there is always a lag year. C/Seifert questioned that like any new home, once it is completed taxes will be charged at whatever the value is, so if the condos are completed and not sold or occupied taxes will be charged. Mr. Johnson stated that whether or not they are sold and are complete they will have taxes.

*C/Rechtzigel move, C/Seifert second to adjourn the October EDA Meeting.*

Respectfully Submitted,

*David Hamilton*

Executive Secretary