

GOODHUE COUNTY  
ECONOMIC DEVELOPMENT AUTHORITY  
Tuesday, November 2, 2004  
County Boardroom  
Government Center, Red Wing, MN  
1:00 p.m.

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Present: Commissioners: Roseanne Grosso, Jim Bryant, Bob Noah, and Ted Seifert, Ron Ziegler, Mark Vahlsing, David Hamilton, and Andrea Benck.

Commissioner Noah called the meeting to order at 1:00 p.m.

*J. Bryant moved, R. Ziegler seconded, carried to approve the November 2, 2004 meeting agenda.*

*R. Grosso moved, T. Seifert seconded, carried to approve the September 7, 2004 meeting minutes.*

Disclosure of Interest:

Ron Ziegler stated that he is the Executive Director of the Southeastern MN Development Corporation.

**Southeastern MN Development Corporation Agreement**

Mr. Hamilton reported that the Goodhue County Economic Development Authority has adopted a policy of assisting cities with development issues utilizing the county's Abatement Policy. One of the drawbacks of this policy is that the county does not have the dedicated staffing to walk each applicant through the process or to review the application for its strengths and weaknesses. Ideally, this test of the application would best be handled by an arms-length relationship with an entity outside the county organization.

Mr. Hamilton added that in addition to abatements, other complex development proposals are placed before the Goodhue County EDA for consideration that require expertise and dedicated time that is difficult to provide. The most recent example is the ongoing development issues resulting from the proposed condominium agreement with the 1916 Central School Building in Red Wing. The County Attorney, the Auditor/Treasurer and County Administration have provided the needed resources along with contracted services from Springsted Financial. Although this may be seen as a one of a kind project, we believe that it is likely that in a growing county such as ours, that other projects with greater complexity will be brought to future meetings of the EDA Board.

Ron Zeigler, who has served with distinction on the EDA Board, recently was appointed as the Executive Director of the Southern Minnesota Development Corporation. Ron now brings his proven abilities and knowledge of our county to this new position that will

continue to see him work in Lake City under contract. Following conversations with Ron, staff was proposing a relationship with the organization he now leads for the Goodhue County Economic Development Authority. The contract would be similar to the Lake City agreement except for the "20 hour per week" stipulation. Rather, we would suggest an agreement at the hourly rate and that their services are contracted on a project by project basis. We have included a sum of money in the draft 2005 budget for the Board's consideration, should they wish to proceed with this relationship.

Mr. Hamilton felt that a number of benefits would be derived by an agreement for services from this organization while negating the need for additional staffing in the foreseeable future. Staff's recommendation was to enter into an agreement for services with the Southern Minnesota Development Corporation on a project by project basis at the hourly rate of \$30.00 per hour plus direct reimbursement expenses specific to Goodhue County

Mr. Zeigler stated that there was a lot of information provided to the group. He felt that there was an opportunity for his organization to provide the support to the county for situations. Currently as an EDA Bard member he does as much as he can; however, he is not staff so everything does fall back on Mr. Hamilton and other county staff.

Mr. Zeigler stated that he has been with the organization for eight weeks. They have four areas. The first area is that they are a satellite branch office to consult with business to assist them in loan packaging, business sales, marketing and advertising. They are paid a fee through the small business development corporation. Secondly, they have a community support program. The fees that are involved in that are approximately 75% of their budget. This is the program they are proposing to Goodhue County. For a nominal fee of \$30 per hour they provide professional Economic Development Services. They have eight people on staff. They currently provide these services to fourteen cities and three counties. Lake City is their largest community that they are working with at this time. Essentially, they can be the county's staff person. They can do as much or as little as the county would like. The third area they get into is grant writing and grant applications. The fourth area they do is fund raising. Much of what they do is not covered by the \$30 hourly rate they charge so they need to raise funds to help subsidize the community support program.

Mr. Zeigler highlighted the community support program aspect of his organization and touched on the detailed list of issues they would cover should the board be interested. Another thing they are considering is to provide training services for the Economic Development Authority Boards.

B. Noah asked if this organization was in competition with the SE Initiative fund. Mr. Ziegler did not feel that way at all. Their goal was to have someone in the community either project specific or on an hourly basis. The initiative fund seemed to be more into the community development aspect such as child care. To his knowledge, he did not think that the Initiative Fund organization would come in and assist a community through a project. They would possibly assist in financing or something like that.

R. Grosso asked if there would be a working relationship with them since they also write grants. Mr. Zeigler pointed out that the Initiative Fund was actually one of their supporters for years. He felt that the initiative fund is a well financed organization and would look at grants from their organization.

R. Grosso asked how many members sat on the board of directors for this organization. Mr. Zeigler stated that the board consists of ten members. She asked who they represent. Mr. Zeigler stated that they have two bankers, three city administrators, one county commissioner, and one person from the private industry. He also mentioned that he is currently looking into the by-laws of the organization to make sure they have the proper representation.

J. Bryant stated that Mr. Zeigler is an asset to the EDA board and would hate to see him leave, but felt that the county could use some help. He felt that this was starting the county out on small steps and that was the way to go. He felt that as the county grows, it was necessary.

J. Bryant asked the board to consider assessing the fees that go along with using the Southeastern MN Development Corporation to the applicant. He asked that a report be brought back to the next meeting on that issue. R. Noah pointed out that on abatements, the applicant does pay a fee. Mr. Zeigler stated that there is a 10% administrative fee that the county keeps, but he did not recall if there was a deposit fee required. Mr. Zeigler explained that in Lake City, they do require a \$5,000 deposit fee. Any fees that are incurred to the EDA are taken out of that deposit.

Mr. Hamilton stated that there is a fee for filing an application; however, that was implemented to pay for the time and work of the Auditor/Treasurer's Office. In addition, there is a flat fee of

Mr. Hamilton stated that should a project get underway, then there would be hourly rates if Mr. Zeigler's organization was assigned to work with them, and those would be at their expense. J. Bryant suggested that the applicant be made aware of that when they apply. Mr. Hamilton agreed and stated that he would bring a report back to the next meeting that would outline the details.

Mr. Vahlsing thought that was a reasonable request and liked the idea of doing it on an as need basis. Mr. Vahlsing suggested that a representative from the Business Retention Expansion (BRE) come to the next meeting to provide a demonstration to the board.

R. Samuelson viewed this as being another branch of government and did feel that we needed it. He pointed out that the comprehensive plan was just completed which involved the cities and expansion. He did feel that the board could use some type of training so that they can better understand what they can and can not do. However, he did not want to be competing with the cities.

Mr. Zeigler stated that they would not be completing with the cities. He used the 1916 building as an example. R. Samuelson stated that the county attorney dealt with the 1916 building issue and got through it just fine. Mr. Zeigler pointed out that the administrator and his staff put in a lot of time on the issue. R. Samuelson asked the administrator if he was overwhelmed. Mr. Hamilton felt that this was complementary to the initiative fund. He felt that Mr. Zeigler's organization would augment their ability to serve the EDA Board and the county board at times when the county simply does not have the depth in the field. Especially, when we need to go to outside consulting such as Springsted and Associates. This would allow the county to get advice quickly at a reasonable hourly rate. Mr. Hamilton pointed out that Economic Development is a very complex issue. We know about it but are not experts in the area. Rather than have staff that is on duty that we can not afford, this would be on an as need basis.

M. Vahlsing felt that the county's role in Economic Development is a partner, and should approach it from a flexible standpoint because the involvement is going to vary depending on the project and the size of city. He did not look at it as a competition with the cities because everybody is on the same side.

R. Samuelson stated that his concern was that the county would be sending out a message saying they wanted to be boss. M. Vahlsing felt that the message that would be sent was that the county was taking another step forward to help the economy. The feelings that he gets from the public is that the county needs to step up and do more in economic development in Goodhue County. He felt this was a small first step.

R. Noah stated that he felt the training was important to not only the county board members, but also the members in the community.

Mr. Noah stated that he was more comfortable with giving money to a group like this then the rather than a group like the Initiative Fund Organization. He felt they were trying to expand and do too many things. They are getting into areas that are already done by other areas such as job retention and workforce development. There are statewide and federally funded organizations that do those kinds of things.

R. Noah agreed with M. Vahlsing and felt that the county needed to step up and do more for economic growth.

R. Grosso pointed out that she had asked that an additional \$20,000 be put in the budget for the EDA and it was not done. Mr. Hamilton stated that it certainly could be added if that was the board's wishes.

Mr. Zeigler stated that his involvement on the EDA Board would be terminated with this contract.

R. Grosso asked if the County Attorney has reviewed the contract. Mr. Hamilton stated that it could be forwarded to their office. Mr. Vahlsing agreed and felt that it would also

be good to involve the new commissioners, if any were elected today. He did not want to hold off on moving forward, but felt that they should be brought to their attention.

R. Samuelson asked how the group could be a non profit and a profit organization. Mr. Zeigler stated that was a requirement of the IRS. When it was applied for as a 501C3, the IRS stated that there needed to be a fore profit branch of this. That was formulated and approved.

*J. Bryant made a motion to enter into the agreement with Southeastern Minnesota Development Corporation pending the county attorney's approval of the contract.*

***Motion died for lack of a second.***

J. Bryant pointed out that the first EDA meeting for next year is in February.

R. Noah stated that he did not want to see the county wait until February to implement this.

***J. Bryant moved, R. Noah seconded, carried to approve to enter into an agreement for services with the Southern Minnesota Development Corporation on a project by project basis and to send the contract to the County Attorney's Office for their review.***

Mr. Zeigler pointed out that if the county does not want to hire them to do any work, then they simply do not call them.

Mr. Vahlsing agreed that this issue needed to go forward, his concern was just that there was a chance that there could be new commissioners on the board.

Mr. Seifert stated that he looks at Economic Development and would support the professional aspects on the issue. He felt that the EDA should be self supporting. He liked the idea of the applicant paying back the fees.

Mr. Hamilton suggested that Mr. Zeigler refrain from the next issue due to a conflict of interest. Mr. Zeigler offered his resignation with appreciation to the other members.

***J. Bryant moved, M. Vahlsing seconded, carried to approve to accept the resignation of Ron Ziegler from the Economic Development Authority Board of Commissioners.***

R. Grosso asked who should appointment the new member. Mr. Hamilton stated that there was not a process for appointment, it was simply who the board agreed to have served. R. Grosso asked Mr. Vahlsing and Mr. Ziegler if they had any suggestions. J. Bryant suggested that the next meeting include a discussion on choosing the new members of the EDA.

### **2005 EDA Budget**

Mr. Hamilton presented the board with a draft budget for 2005. The first revision from last year was an increase of revenue from \$1,000 to \$5,000. As pointed out earlier, it does not cover the cost of the board. The other change was in the funding of SCORE. Their budget was actually increased last year with the intent that they would be able to assist the county in some of the tax abatement projects. However, due to an illness with staff, SCORE was not able to meet the county's needs. Mr. Hamilton met with staff of SCORE and agreed to reduce the budgeted amount.

R. Noah asked about a revolving loan fund with Industrial Hardwoods and asked where the revenue was from that. Mr. Hamilton noted that Mr. Johnson was not available today due to the election; however, this issue will be on the agenda for next time with a report from the Auditor/Treasurer.

*T. Seifert felt that the county needed to bring the levy down and made a motion to set the levy at \$2500.*

*Motion died for lack of a second.*

Mr. Bryant noted that he has also documented that he would not support a 5% levy increase; however, he did not feel that an increase of \$4,000 was a problem. There was money from within the entire county budget to cover it.

***R. Samuelson moved, M. Vahlsing seconded, carried to approve the proposed 2005 Economic Development Authority Budget as presented.***

J. Bryant pointed out that for the past two years the levy for the EDA Budget has only been \$1,000. They have discussed increasing that for quiet some time.

R. Noah felt that this needed to be increased if the county was going to be aggressively looking at Economic Development. Mr. Bryant also noted that we need to look at expanding what was out there.

Mr. Samuelson felt that the EDA has already done a lot for the county. We are bringing jobs in and he had no regrets about additional funding.

Mr. Seifert stated that he would support the motion; however, he did not feel that it was necessary. He did not feel the county was on target with where they are going.

Mr. Hamilton reviewed the items for information.

J. Bryant suggested that the commissioner elect for C/Noah's district receive the information.

*J. Bryant moved, R. Grosso seconded, to adjourn the EDA meeting.*

Respectfully Submitted,

*David Hamilton*  
Executive Secretary