

Meeting of the Koochiching Economic Development Authority

Wednesday, August 26th, 2015
Koochiching County Boardroom

Board Members Present: Allen Rasmussen, Bob Anderson, Brian McBride, Soren Olesen, Wade Pavleck, Harley Droba

Members Absent:

Staff Present: Paul Nevanen, Kyra Briggs

Others Attending: Emily Gedde (The Journal), Crystal Clance, Cynthia Jaska (KCCTV), Mike Welcome, Randy Thoms (CFOB), Shawn Mason

Meeting called to order at 10:31 a.m. by Chairman Rasmussen.

- 01 Approve agenda – **motion by Olesen, a second by Anderson to accept the agenda. Motion carried unanimously.**
- 02 Approve minutes from 7/15/15 – **Motion by McBride, a second by Olesen to approve the 7/15/15 meeting minutes. Motion carried unanimously.**
- 03 Public Comment – Rasmussen welcomed Councilor Droba to the KEDA Board.
- 04 Treasurer’s Report – Treasurer McBride presented the financials for July. Anderson referred to the Budget vs. Actual, noting there is a \$10,000 increase over last year and that is due to the Airport Commission contract with the KEDA for administrative services, adding the Airport is paying that portion of the increase to the KEDA. **Motion by McBride, a second by Pavleck to approve the July KEDA financial reports and bills for August in the amount of \$28,310.84. Motion carried unanimously.** McBride then presented the CWT financial reports for July, adding there was a transfer of \$17,000 from CWT to KEDA to cover the bills. Nevanen noted the annual lease payment from JLR has been received and payments to the City and County will be going out this week in the amount of roughly \$46,000 each. **Motion by McBride, a second by Pavleck to approve the July CWT financial reports, bills for August in the amount of \$3,341.84 and transfer of funds. Motion carried unanimously.**
- 05 Newmark Adjustment Strategy Report – Nevanen reported there were many people who attended the Newmark presentation and referred to the report they compiled of their efforts which also included over 120 recommendations, adding a link to the online version was sent out to all board members and thanked Mike Welcome for getting in on the Voyage Forward webpage so quickly. Nevanen stated in his perspective the team was great but there were no big revelations, mentioning workforce and the need to focus on one economic development entity. Nevanen stated some of the recommendations will take years to get to, but was very pleased with the depth of their work. McBride stated he wasn’t in attendance and questioned the number of workers leaving the county daily to work, adding he feels the number seems skewed and high. Welcome explained what the number represents, adding the need to also look at the number of people coming into the county daily to work. Short discussion on the representation of the number. Anderson commented he was bothered by a comment of Newmark’s that stated the City and County do not work well together and was a recommendation to have a better working relationship. Anderson stated he believes in the last 2.5 years, the City and County have worked closely on projects and worked very well together. Anderson also echoed the agreement of getting down to one Economic Development Authority, adding the Economic Response Team (ERT) needs to review the recommendations and begin to take action. Rasmussen mentioned the importance of economic development and referenced health

care also being very important to the community. Pavleck stated he believed the cooperation between the City and County is there and do a great job, referencing a couple projects. Pavleck also referenced veteran's benefits and the increase of nearly \$100,000 since the hire of the new Veteran's Officer at the County. Lots of discussion on the positives of Rainy River Community College and the programs offered and how to continue to support its efforts. Welcome informed the board of additional dates coming up for events, noting on September 9th, they anticipate to release the results of the ? survey; September 22nd, the Long-term Vision and Strategy team will look at questions results and create goals; end of September, beginning of October, a community event is in the works to talk about the goals. McBride commented the Newmark study is huge and he agrees on the need to choose 5-6 recommendations and move forward on them, stating his thanks to Mr. Welcome for all his efforts. Anderson read through some of his notes from the Newmark presentation which much of it focuses on retaining businesses here.

- 06 Staff/Director Review – Personnel Committee – Rasmussen explained the Personnel Committee consists of himself, McBride who represents the County and Anderson who represents the City. Rasmussen stated the Committee and Nevanen met recently to discuss the staff reviews of Kyra Briggs and Jenny Herman. Rasmussen mentioned Briggs also does work for the Airport Commission of about 60 hours per month and the Airport shares the cost of her salary and benefits, as well as the costs for the office. Rasmussen reported the Committee recommended a wage increase of \$0.50 per hour, commenting on her excellent reviews and all her efforts. Nevanen stated the discussion of the Committee was very good and Briggs adds value and does a tremendous job with no performance issues. Nevanen added the separation of duties between the KEDA and the Airport Commission to become full-time, has met and exceeded expectations, noting the Airport Commission position is much more involved. Anderson mentioned the increase is about 2.8%, noting there was no increase from the transition once Briggs began with the Commission in August 2014 and fully took over the position January 1, 2015. Pavleck noted the amount of money the transition has saved the Commission. McBride stated the Airport Commission has a very steep learning curve and Briggs has done a great job, adding there may be a need to look at changing her title in the future. Anderson added stated the position is more of an executive director position for the Airport Commission. **Motion by Anderson, a second by Pavleck to approve a \$0.50 wage increase for the Administrative Assistant position held by Kyra Briggs taking her current salary rate from \$18.00 to \$18.50 per hour. Motion carried unanimously.** Rasmussen explained Jenny Herman is a Small Business Development Center Consultant who works for the Center of Economic Development (CED), which has been a part of the KEDA for 7 years, noting the CED pays approximately 44% of Herman's salary. Rasmussen stated Herman has a Masters Degree and according to Elaine Hanson, Director of the Northeast Region for the CED, Herman is the lowest paid consultant and has not had an increase in the last 4 years. Rasmussen stated the Personnel Committee has recommended a wage increase of \$1.50 per hour, adding it equals out to be less than a 1% increase of over the four years. Nevanen noted the KEDA budgets \$20,000 for reimbursements from the CED, however every year the invoices are much higher than that. Rasmussen added in 2014, the CED paid close to \$30,000. Nevanen noted Herman has won 2 awards and does a tremendous job, and in the past she understood the budget constraint, adding the increase is well over do and much deserved. McBride stated when someone goes that many years without an increase, there is a need to be careful due to getting too far behind, and the need to be fair is always there. **Motion by McBride, a second by Anderson to approve a \$1.50 wage increase for the Small Business Development Center Consultant position held by Jenny Herman taking her current salary rate from \$25.50 to \$27.00 per hour. Motion carried unanimously.**

- 07 2016 Budget Review – Nevanen referred to the 2016 Budget Narrative in the packets and read through it, noting the 2016 Budget has remained consistent over the last 4-5 years and explained the sources of income. Nevanen explained the expenses, noting salary being the largest, however adding both positions are subsidized. Nevanen also mentioned the increase in insurance and explained the insurance company did not have the cold weather facility properly insured so an

onsite evaluation was conducted with increased the annual premium by approximately \$2,500. Anderson touched on marketing, referring to a Site Selection ad recently done with JLR. Nevanen explained JLR provided two products to create an ad for a Site Selection publication, noting there is still room for improvement but things have come a long way. Anderson also added the reason JLR is here has a big part to do with the local airport being here and the accessibility. Nevanen named off several countries that have come to International Falls for Cold Weather Testing. **Motion by Anderson, a second by Olesen to approve the 2016 KEDA and CWT Budgets as presented. Motion carried unanimously.**

- 08 Economic Indicators Report Update – Nevanen referenced the report in the packets and asked that the board hold onto them for the next meeting, as he would like Jenny Herman to explain in more detail at the next meeting. Nevanen pointed out a few things in the report pertaining to wage rates being down and taxable sales going up. Olesen questioned if the taxable sales included sales on housing. Discussion on the numbers and possible reasons for their change. Olesen thank Nevanen for the report.
- 09 Director’s Report – Nevanen stated in order to receive funds from IRRRB, a resolution is needed and referred to and read the resolution in the packets. **Motion by Pavleck, a second by Droba to approve a resolution to receive funding from IRRRB. Motion carried unanimously.** Nevanen reported he recently attended a Logistics Development Forum, noting this was his third time attending the forum. Nevanen stated the forum focuses on logistics and supply chains in terms of site selection and provided one-on-one sessions with the speakers which allowed him the opportunity to talk about Koochiching County and the efforts here. Nevanen referred to documents in the packet of Top 10 Site Selection Criteria, and read through each noting the biggest challenge is transportation. Nevanen then referred to an email from Dale Olson requesting letters of support to the Army Corps in support of the sewer project. **Motion by McBride, a second by Anderson to approve a letter of support be sent to the Army Corps on behalf of the KEDA in support of the sewer project. Motion carried unanimously.** Anderson questioned Nevanen on his meeting with North Star Electric and the revolving loan fund they are in the process of creating. Nevanen responded they are still developing the terms, criteria, and eligibility, adding the service area will consist of Koochiching and Lake of the Woods counties.
- 10 Other (City/County Updates) – Rasmussen read a resignation letter from Soren Olesen, stating due to him receiving new employment and unavailability for daytime meetings he is resigning from the KEDA Board. Pavleck stated Olesen has been a valuable asset to the KEDA Board. Olesen noted he will serve on the board until the net person is appointed. **Motion by Anderson, a second by Anderson to regretfully approve the resignation letter from Soren Olesen. Motion carried with Pavleck voting no.** Candance Ritch, Veterans Services Officer for Koochiching County, provided a handout to the Board and explained its detail of expenditures, noting the expenditures are what veterans bring into the our community, which have increased by \$637,000 since she has taken over the position explaining how the process works. Discussion on the numbers and healthcare being a large issue for veterans.
- 11 Public Comment Period – Mason stated the IFEDA voted this week to approve a fan tour with DEED and APEX on September 12th – 15th, noting she is inviting Nevanen/KEDA to attend the conference with her in Grand Rapids on Monday, September 14th and Tuesday, September 15th, also mentioning a Minneapolis Marketing Meeting she would like to invite Nevanen in joining with her. Welcome touched on a little more detail of the Newmark Report, adding he doesn’t want to miss any opportunities and thanked the ERT’s for allowing Voyage Forward to move forward in their efforts. Short discussion on Rainy Lake Medical Center and it’s positive impact.
- 12 The next board meeting was scheduled for Tuesday, September 29th at 10:00 p.m. at the City Council Chamber. **Meeting adjourned at 12:19 p.m.**