

Meeting of the Koochiching Economic Development Authority

Wednesday, August 17th, 2016
City Council Chambers

Board Members Present: Brian McBride, Bob Anderson, Mike Hanson, Allen Rasmussen, Harley Droba

Members Absent: Wade Pavleck

Staff Present: Paul Nevanen, Kyra Briggs

Others Attending: Emily Gedde (The Journal), Crystal Clance, Dan McCarthy, Mike Wellcome, Ward Merrill

Meeting called to order at 1:03 p.m. by Chairman Rasmussen.

- 01 Approve agenda – **Motion by McBride, a second by Droba to accept the agenda as presented. Motion carried unanimously.**
- 02 Approve minutes from 7/19/16 – **Motion by Droba, a second by Anderson to approve the 7/19/16 meeting minutes with two corrections. Motion carried unanimously.**
- 03 Public Comment – None
- 04 Treasurer’s Report – Treasurer McBride presented the financials for July and bills for August. **Motion by McBride, a second by Hanson to approve the July KEDA financial reports and bills for August in the amount of \$19,882.83. Motion carried unanimously.** McBride then presented the CWT financial reports for July and monthly bills for August, McBride noted a transfer in the amount of \$15,000 from CWT to KEDA. **Motion by Anderson, a second by McBride to approve a \$15,000 transfer from CWT to KEDA. Motion carried unanimously. Motion by McBride, a second by Hanson to approve the June CWT financial reports and bills for July in the amount of \$10,289.46. Motion carried unanimously.**
- 05 **2017 Draft Budget – 2017 KEDA Draft Budget** Nevanen explained the budget process and it being fairly consistent over the last several years, noting the KEDA’s income/funding source being two primary sources, Iron Range Resources Rehabilitation Board (IRRRB) and Cold Weather Testing (CWT). Nevanen stated in 2015 the KEDA began administrative services for the International Falls-Koochiching County Airport Commission which has been added into the budget. Nevanen read the budget narrative, noting the KEDA will have a shortfall of \$147,412.56 which will be made up with CWT funds. Nevanen also noted a portion of Jenny Herman’s payroll expenses are reimbursable by the UMD CED. McBride questioned if the income from the Airport to the KEDA is dollar for dollar or if the KEDA makes additional money. Nevanen responded Briggs tracks her hours and is paid according to the hours worked and a small portion of rent is paid for storage of files, there is no additional revenue. Nevanen continued through the budget narrative explaining the expenses, referring to the insurance and that it has been broken out so CWT is now paying a portion of the insurance for the Cold Boxes. Nevanen referenced the payroll being the largest expense and include at 2% increase. Anderson noted the Airport Commission approved a 2% increase for Briggs beginning January 1, 2017 and questioned if that amount is figured in. Anderson questioned the Maintenance/Repair budget and what it is used for. Nevanen responded there isn’t much maintenance/repairs needed but keep a small cushion in case something does happen. **2017 CWT Draft Budget** – Nevanen explained the CWT portion of the budget, noting 2016 is the last year for

the JLR Lease payment to the City and County and explained the extension of their lease and exclusive use cost. Nevanen mentioned a portion of the CWT income is invested back into the facility for improvements. Nevanen then explained the expenses for CWT, noting some are difficult to determine as it depends on the kind of winter there is and how much snow is received and temperatures, but feels the budget is reflected very close and is based on the history, and thanked Tim Jackson and Thor Einarson for all their support during the test season. Anderson questioned if there is opportunity for growth in the cold boxes. Nevanen responded not at the current site. Discussion on JLR and potential third cold box cost. McBride questioned if there is interest from other companies if there was additional space. Nevanen responded there is a possibility of making a go of it, but wouldn't want to move forward without a long-term agreement with the companies. Short discussion on long-term agreements and current foot print of the testing facility. Hanson questioned if there is a CWT Subcommittee. Nevanen responded there is not, have just been using onsite folks and Attorney Steve Shermoen when needed. Short discussion on approving the budget. Nevanen stated he will seek final approval of the budget after the City and County finalize their contracts and adjustments on the payroll can be accurately reflected.

- 06 Director's Report –Nevanen gave a brief update on the Healthcare Initiative noting Senator Franken visited Rainy River Community College and toured the new nursing lab while acknowledging the successful creation of the Koochiching Healthcare Initiative and the public/private partnerships involved in making it come together. Nevanen noted RRCC Provost Carol Helland also spoke on the initiative and used the event to make the announcement of the new nursing instructor at RRCC, Donita Ettestad, adding there are 9 students signed up for the program and 25 in the pipeline as there are only 10 available spots this year. Nevanen reported on an update to last month's Director's Report of Customs and Border Protection (CBP) utilizing the cold box to kill and invasive insect infested container that was being held, adding once a second container was found, the company felt the terms could be agreed upon to treat the containers and did so successfully with the help of Customs and Ricky Roche. Nevanen stated he reviewed the certification process to be a certified cold treatment facility for CBP and the USDA but the regulations and paperwork was much too detailed to complete and an uncertainty of amount of use. Nevanen gave an update on MnDOT Manufacturers Session noting he was invited to attend a District One meeting to help coordinate interviews with area manufacturers to understand their issues relating to transportation. Anderson questioned what defines manufacturers. Nevanen responded those having ten or more employees and use transportation to move their products. Nevanen stated he plans to attend the UAS Conference and Expo in Grand Forks next week, noting he is hoping to make some contacts and look for opportunities for our area. Nevanen reminded the board of the North American Sturgeon Championship this weekend in Birchdale. Hanson added the hope of breaking the states record for largest sturgeon due to the recent change in reporting requirements.
- 07 Other (City/County Updates) –McBride stated the highway department is very busy, noting the new road in Ranier has started and referenced the overpass and Ranier entrance projects may have been pushed back to 2018. McBride mentioned the County currently has a Health Services position open. Anderson stated there have been State and Federal Officials here recently to view the investments that have been made throughout the area, noting a few of the projects, Menards expansion, TruStar expansion, Airport Terminal project, Boise and Rainy Lake Medical Center (RLMC) Hospital, adding sometimes it is failed to be recognized as economic development. McBride made reference to an upcoming public meeting regarding the Island View Sewer Project on August 30th. Anderson expressed appreciation to Carol Helland and Nevanen on the RRCC Healthcare Initiative and putting it all together, noting the RLMC will now need a Chief Medical Officer. Nevanen questioned the construction at RLMC. Anderson explained all the recent updates adding the hope is to have it completed by the end of 2016 and referenced some of the outreach services that are taking place with other communities.

- 08 Public Comment Period – Dan McCarthy questioned why Pavleck isn't in attendance and made reference to IRRRB and its future and questioned the board on what happens if the IRRRB funds are lost in 2017. Rasmussen responded the history of KEDA and its creation was funded by City and County dollars which ended in 2012 due to the KEDA becoming self sufficient from CWT funds, adding if worst case scenario and the KEDA couldn't sustain itself, they would possibly look to the City and County for funding as in the past. Discussion on reserves and the KEDA being a partnership of the City and County to do economic development together. Mike Wellcome gave a brief update of the Voyage Forward meeting this morning and thanked those who attended.
- 09 The next board meeting was scheduled for Wednesday, September 21st at 1:00 p.m. in the Koochiching County Boardroom. **Meeting adjourned at 2:00 p.m.**