

Meeting of the Koochiching Economic Development Authority

Wednesday, March 16th, 2016
City Council Chambers

Board Members Present: Brian McBride, Bob Anderson, Harley Droba, Wade Pavleck
Members Absent: Mike Hanson, Allen Rasmussen
Staff Present: Paul Nevanen, Kyra Briggs
Others Attending: Emily Gedde (The Journal), Mike Wellcome, Ken Anderson, Jenny Herman

Meeting called to order at 10:00 a.m. by Treasurer McBride in Chairman Rasmussen and Vice Chairman Hanson's absence.

- 01 Approve agenda – **Motion by Pavleck, a second by Anderson to accept the agenda as presented. Motion carried unanimously.**
- 02 Approve minutes from 2/23/16 –**Motion by Anderson, a second by Droba to approve the 2/23/16 meeting minutes. Motion carried unanimously.**
- 03 Public Comment – None
- 04 Treasurer's Report – Treasurer McBride presented the financials for February and bills for March. Anderson questioned the rent amount and if a portion is charged back to the Airport Commission. Briggs explained the rent amounts and that a portion is charged to the Airport Commission. **Motion by Anderson, a second by Droba to approve the February KEDA financial reports and bills for March in the amount of \$4,426.43. Motion carried unanimously.** McBride then presented the CWT financial reports for February and monthly bills for March, along with a transfer in the amount of \$10,000 from JLR to CWT to cover the monthly bills. Nevanen commented the season is winding down and referred to the Budget vs. Actual page of the financials. Nevanen noted there has been more cleaning due to more testers, then referred to the \$17,000 that was budgeted for security, however, after further discovery it was deemed unnecessary and not utilized. Anderson questioned the Aging Summary. Nevanen explained all testers have been invoiced for the season and most are on a Net 60 term. **Motion by Anderson, a second by Droba to approve the February CWT financial reports and bills for March in the amount of \$21,427.14 for CWT and \$3,600.00 for JLR and a transfer of \$10,000 from JLR to CWT. Motion carried unanimously.**
- 05 SBDC Quarterly Update – Jenny Herman – Herman explained that at the end of July she will be finishing up her 9th year with the SBDC and gave an update on her work. Herman reported in those 9 years, she has worked with 401 Clients, 208 wanted to start businesses, 56 new businesses were started, and 11 were selling a business, noting work force development has been a consistent struggle. Herman stated this is her 6th year of coordinating Junior Achievement in the classrooms with 41 classrooms and about 900 students in Kindergarten through 12th grade. McBride questioned if the sessions were geared towards specific careers. Herman responded they are not geared towards specific careers, but they talk about what careers are out there, job skills, degree types and demand for industries, noting healthcare, welding, maintenance and aging population positions are in the biggest demand for Northeast Minnesota. Discussion on current open positions in the community and businesses struggling to find the right employees. Herman mentioned soft skills and work ethic are a big struggle for those businesses. Discussion on workforce, students and education. Herman

reported on Economic Gardening, noting 2 of the 3 businesses are completed and the 3rd is almost complete. Herman mentioned she is looking for one more business for the program or could possibly do one of the current 3 for a 2nd phase, adding the need to talk about long term Economic Gardening. Droba questioned the criteria for Economic Gardening. Herman responded the businesses must have \$750,000 in sales, sell outside the area, have at least 7 employees and they must be very dedicated and involved in the process. Herman then reported on her accounting hours this quarter of 235 hours, with 37 sessions, 14 of which were about buying and selling businesses, noting there is a shortage in the accounting skill set in the area. Herman explained Legal Corps and she has had 21 hours of legal sessions. Anderson referenced a recent article on the Governor's plan that is being proposed to the legislator on Entrepreneurship and gave Herman a copy of the article. Nevanen stated it is significant to note there is a real need for Herman's services here, adding she serves the whole county, she does a fantastic job and thanked Herman for her work. Herman stated Briggs supports a lot of what she does and thanked her for all she does.

06 Old Business - Advisory Committees – Nevanen stated at last month's meeting the board was asked to hold off on creating advisory committees until after the Voyage Forward Call to Action, noting it was put on the agenda as a follow up due to tabling the action last month. Nevanen discussed the notion of the advisory committees and the suggestion from Newmark, adding the "Destiny Drivers" are not industry specific and the purpose of the advisory committees would be to create groups of knowledgeable professionals in specific industries. **Motion by Anderson, a second by Droba to remove the discussion on advisory committees from the table. Motion carried.** Anderson stated the primary sectors include Healthcare which has been started and may need to have a few more individuals secured for the group, adding broadband is one that needs to be consistently monitored and would include individuals from Frontier Communications, Midcontinent Communications and Paul Bunyan Telephone on the committee. Anderson stated Herman fills some of the role for small businesses and would be helpful to have on the advisory committee, noting the committees would be advocacies for the industry and bring information with trends and/or issues to the table while keeping the groups small and meeting 3-4 times per. Mike Wellcome stated he thinks if the KEDA creates these committees it will be a duplication of the "Destiny Drivers", adding the "Driver" Nevanen is involved in is industry specific while giving other examples. Nevanen stated his concern of the seven people in his group don't represent specific industries, adding he is supportive of the Voyage Forward efforts but the need to move quickly, especially with the healthcare committee is crucial. Wellcome again expressed his opinion of the committees creating competition. Nevanen stated he is not sure how providers will feel about getting involved with citizens groups, adding the need to ensure people with the expertise are involved with the committees. Wellcome stated it should be a collaborative effort. Droba stated he agrees with both Nevanen and Wellcome and explained an example of citizens on a broadband committee without the knowledge or background. Anderson stated the importance of structure, adding he would see some of the businesses/companies hesitant to talk to citizens and believes they would be more responsive under a structured group that is under statute. Nevanen referenced the healthcare initiative, noting they have asked for resources and need funds in doing so. McBride stated the Newmark study was funded and supported by the City, County and KEDA, questioning Wellcome on trying to separate from KEDA and instead be a part of KEDA to meld the efforts together. Wellcome responded the argument of two separate entities are due to there being 8 "Drivers" and to have a Voyage Forward umbrella be a feeder to projects needing funding, equipment, etc. Pavleck stated the centralization of economic development needs to be the KEDA as it represents the whole county, adding in the end, the structure, coordination and funding need to go through here (KEDA). Further discussion on the committees, the Voyage Forward umbrella, "Champion" roles, healthcare initiative and the KEDA as the lead. Anderson questioned Wellcome on how the Voyage Forward umbrella is being administered and the amount of remaining funds. Wellcome responded that the administration has not been put in place yet, adding a lot of the "Drivers" relate to economic development but are not specific, adding the amount left is undetermined. Pavleck reiterated that

the KEDA represents the County and all Cities in the county. McBride stated he believes the KEDA and Voyage Forward can work together, but it is unclear of where Voyage Forward is or where it will go. Further discussion on structure of the committees/"Drivers". Droba stated he believes it comes down to what is best for the area, the "Drivers", community development and to not lose focus on what is best for Koochiching County, adding the need for a collaborative effort and more conversations, suggesting the four draft committees are the best options. Anderson stated there are some committees that can't wait, adding the healthcare advisory committee needs to be formed under the KEDA now. Discussion on healthcare. **Motion by Anderson, a second by Pavleck to establish a Healthcare Industry Advisory Committee under the Koochiching Economic Development Authority for the purpose of advocating for healthcare education and industry. Motion carried.** Discussion on the details of the committee and the other draft advisory committees. Discussion on the importance of a wood products committee and the industry as well as potential committee members. Discussion on the "Drivers", economic strategies, KEDA organization and the contract with Northspan (Randy Lasky) that ended in December and who will be responsible to pay for his time from January 1st until now. Pavleck noted that Newmark did a great job on the study, but they did not take the time to understand funding streams and do their homework. McBride stated there are two KEDA board members not present and suggested waiting on the other advisory committees until they are present, adding the City and County have the ultimate say on the "Drivers" that move forward. Droba corrected McBride and stated the economic development "Drivers" will be decided by the City and County but may not be associated with every driver. **Motion by Droba, a second by Pavleck to table the advisory committee discussion until the April meeting. Motion carried.** Wellcome stated there will be documents sent out to everyone in the County on the "Drivers" which the Journal has offered to print.

07 Director's Report –Nevanen reported that in order to secure a full time nursing position at the college, and the need for funding they have reached out to Tom Leach of the USDA to see if the project would be eligible for any of their programs, adding there is a program called the Rural Business Development Grant (RBDG) that the project would be eligible for. Nevanen noted the deadline for the grant application is March 31st, and are moving quickly to gather the appropriate information, adding he would like approval from the KEDA to move forward with the grant application. **Motion by Anderson, a second by Pavleck to approve the submittal of the Rural Business Development Grant to access funds for the healthcare initiative. Motion carried.** Nevanen referenced another piece of the Voyage Forward project, a Retail Trades Analysis conducted by the University of Minnesota Extension Service (John Bennett and Ryan Pesch), adding the comprehensive study looked at the retail trade area extending into Canada and surveyed residents, seasonal homeowners, and business owners. Nevanen stated it also included sales data to develop a data driven picture of the local retail environment, noting Bennett and Pesch are planning on discussing the document and its finding at two different upcoming presentations, one to a business audience and one to a public audience. Nevanen reported the cold weather testing season has been very strong and was initially scheduled to end after this week, however there was a request for extending the season through the end of March, adding the feedback from testers continues to be very positive. Nevanen stated a meeting with Jaguar Land Rover on a list of items for facility upgrades will be conducted tomorrow, and at the end of the month he will be developing an economic impact report for the 2015-2016 test season. Anderson discussed what cold weather testing does for the area in the winter, referring to a previous facility project that he feels needs to be brought back up for review, noting after the sewer project and the airport terminal project are complete, he would like to start the process of getting another facility for cold weather testing started. Nevanen explained how JLR reimburses the KEDA for facility improvements. Nevanen updated the board on the DEED Request for Information on behalf of a site selector, noting the request from KEDA was submitted and received a follow-up for additional information regarding the project, adding the customer will make its first cut next month. Nevanen stated he met with representatives from the City of Northome, Ridge Runners Snowmobile Club, Commissioner Skoe

and Matt Gouin to discuss the Club's request to possibly site a groomer building in the Northome Industrial Park, however after further review of the on-site topography, the Club decided on an alternative site in the Park. Nevanen noted he sat in on a presentation from a representative of the Army Corps of Engineers to the City of International Falls on wetlands regulation, jurisdictional hierarchy, permitting and the City's Wetland Plan. Short discussion on the City's Wetland Plan not being adopted by the Army Corps and the process and formula they use.

08 Other (City/County Updates) – Anderson stated he talked to Representative Rob Ecklund who has asked him to testify for bonding funds, which he will do. Anderson mentioned wetlands are continually being a problem, noting the challenges on the multi-modal site, adding they are unsure on the quality of the investment now, noting to put in another spur would cost a quarter of a million dollars to do so. Anderson stated the current spur was put in the back of the property and the development company believes it is unusable, adding the term “shovel ready” is now questionable, however they are continuing to work with the developer. McBride mentioned the Chamber luncheon on Thursday at noon with guest speaker Mike Ward. McBride stated he was in the Twin Cities last week for the AMC Legislative Session and spoke of his experience of Governor Dayton's State of the State Address that he attended with Representative Ecklund. McBride mentioned the City of Northome received a \$5,000 grant from the KCDA for airport repairs and have also requested \$5,000 from the County to complete the project. Discussion on scheduling KEDA meeting and next month's meeting.

09 Public Comment Period – None

10 The next board meeting was scheduled for Wednesday, April 13th at 10:00 a.m. at the County Boardroom. **Meeting adjourned at 11:58 a.m.**