

Red Wing Mayor's Blue Ribbon Panel on Economic Development
Meeting Location: SE Technical College
Minutes of March 23, 2010

Members Present: Scott Wordelman, Scott Adkisson, Donna Anderst, John Becker, Jim Johnson, Dan Massett, Denny Tebbe, Duffy Schafer, Kenneth Bush, Linda Thielbar, and Gary Iocco

Absent: Carolyn Hedin, Kathy Radmer, Dennis Egan, Michael Murphy

Welcome

Scott Wordelman welcomed the panel and called the meeting to order at 6:40 p.m. Mayor Howe stated that the minutes of February 10 and 24 have been distributed and asked members to review and then approve.

Minutes

The minutes from February 10, 2010 should reflect that Kathy Radmer made the second to the approval of the January 27, 2010 meeting minutes.

Jim Johnson moved, second by Scott Adkisson to approve the February 10 (as corrected) and February 24, 2010 meeting minutes.

Update by Scott Wordelman

Scott reported that Gary Iocco is awaiting the arrival of the speaker and will join the panel once the speaker arrives. In the meanwhile, Scott reported on the meeting with the City Council. Scott provided a summary which he provided by e-mail to the members to review. The other issues discussed at the City Council meeting was the progress of the committee. The funding request of no more than \$7,500 was approved to hire a facilitator. Kay Kuhlmann will be taking minutes for the panel. Scott and John welcomed and thanked Kay.

Scott Wordelman reported on tonight's presentation by John Edman and also mentioned the panel is to get reports from Scott Adkisson and from Carolyn Hedin.

Scott Wordelman indicated that he would also like to start identifying the questions surrounding the Port so that the panel can start getting response from Myron and others.

John Howe added that the City / Port are working on the enabling resolution and the proposed changes; the panel will be asked to take a look at the resolution. He also mentioned that the enabling resolution has not been reviewed for some time and now there is a review made by the Port on an annual basis. Myron reported that he would make the changes suggested by

the City Council and provide it to the Blue Ribbon Panel. Linda Thielbar asked that the Port send out timeframes for approval and hearings when the document is sent out.

Scott Wordelman also mentioned that the panel wanted to hear from the Chamber, but Patti, unfortunately, has not been able to attend a meeting; she plans to in the future.

Scott Adkisson distributed a handout of findings from his committee – Living Wage Overview. The first page has a chart on people buying homes by population, median income by age, race, income, miscellaneous information like carpool or transit, government employees, or self employed. Data came from three sources: Simply Hired, City-data, and Real Estate.com.

- The average salary of a homeowner in Red Wing is \$31,000.
- The average household income in Red Wing is \$43,674-65,928 depending on the source.

Living Wage Calculation W/comparison

- In Red Wing living wage is \$7.50 per one adult.
- In Red Wing a living wage for a two adult and two children family is \$51,185.

Typical Hourly Wage

- Example management occupations in Red Wing are \$33.77 per hour as compared to \$40.78 per hour as compared to a U.S. of \$44.20.

Red Wing Job Trends – job loss is 34 percent between June 08 and December 09. Scott Wordelman asked for this to be clarified – we need to understand what the vertical category of ‘percentage of matching jobs’ is. Myron added that the unemployment has not varied by 1.5 percent over the next year and a half. Jim Johnson said he feels most comfortable with DEED information. DEED has listed 7 percent unemployment rate; while Simply Hired had Red Wing listed at 3 percent.

- Aging of community and workers.
- Lay-offs/poor economy.

Duffy Schafer added that there is quite a fluctuation at the casino. With construction going on they were at a higher employment level. They were at a high level a year ago, and have lost 400 jobs in the last year. That could cause a good part of the fluctuation.

Scott Adkisson was asked by Scott Wordelman on what the data tells him. Scott Adkisson reported that in its entirety, it gives him an idea of a value of what a good job is. Scott also said he was surprised that all the folks pull data from the same sources and it fluctuates so wildly. He will do more research on the job loss.

John Becker said that what jumped out at him is the age as compared to Minnesota. The average person is 10 years older than in Minnesota. He also said it’s a pretty white population

and lower income. People come here to retire. He said it's not clear from this data, but he feels that a lot of the talent is leaving the community.

Denny Tebbe added that there is a lot of private and public sector employers offering early retirement to downsize organizations. He also felt that there are a lot of older people who want to go back to work. It seems like a good niche to target.

Donna Anderst was surprised by the percentage of people who commute out every day and suggested researching what jobs people are leaving for.

Scott said it would be interesting to know what type of people Red Wing is attracting and is it stable. Migration from Goodhue County is 42 percent. Scott said that he started out with 50 percent being out of Red Wing and not all except one are local.

John Howe said that the 2010 census data will be very interesting. The data being discussed is pretty dated.

John Howe said he thinks it would be good to have Tom Gillespie, state demographer, come to a meeting to discuss trends in the future. He has a great deal of information and it would help the panel. John talked about some of the data. Kenneth Bush talked about how we are to have to change our new value system in the future due to the new normal, and the new economy. Kenneth agreed that it would be a good presentation/discussion.

Kenneth felt that the panel should spend a little time talking about the senior population and exploring opportunities there.

Jim Johnson concurred that having Tom Gillespie at the meeting would be a "aha" experience. Jim said that at a recent discussion, they discussed how to attract the millennials. They are good workers, but they are concerned about their environment and not likely to move into an older community. They are family time oriented. They need a vibrant community to offer work and life options. Jim said he has noticed this in the student population. They aren't as demanding, but also aren't as into a demanding schedule.

Donna Anderset said that the Chamber board might also bring in Tom Gillespie because it was a great discussion.

Scott Wordelman cautioned the group about stretching the panels meeting and presentation schedule, because we do not want to keep meeting into the fall. Scott felt that if Tom Gillespie is brought in that the panel stays focused on what the panel really needs to gather data from his presentation.

Linda Thielbar asked if the panel could receive information from the demographer instead of having a presentation. Linda thought it would be like a futurist presentation and it would challenge panel, but Linda said she is also concerned about time.

Myron White suggested the panel bring in Jennifer Ridgeway to do a presentation on Southeast Minnesota. It would be a more focused presentation. Jim Johnson dittoed that comment. Myron offered to make the connection. Scott asked Myron for the contact information. Myron will send the information presented last year to Scott.

The consensus is to let the Chamber bring in the demographer and panel members were encouraged to attend. They will also try to get some written information from Tom Gillespie to distribute. Scott Wordelman will get the contact information for Jennifer Ridgeway and invite her to attend a future meeting.

Scott decided not to distribute Carolyn Hedin's report so that she can present the report. Scott complimented the report and said it was very rich.

Presentation by John Edman, Director of Explore Minnesota

Scott introduced John Edman and provided background on the purpose of the Mayor's Blue Ribbon Panel. John Edman presented information on a study of Southern Minnesota Tourism, the Economic Impact and Traveler Profile. The study period is June 2007 – May 6 2008. He distributed information and said tourism is an economic engine. It's an \$11 billion dollar industry. It's comparable to agriculture impact to economic impact. 16 percent of all sales tax comes from the leisure and hospitality industry, that doesn't include retail. There are 245,000 jobs state-wide in the leisure and hospitality industry. John referenced data in the chart that shows gross sales and jobs in every county in the state and said he feels strongly that tourism supports jobs, and has become part of the fabric of our state.

John highlighted the study:

- Over 50 percent of tourism dollars are generated in Minneapolis/St. Paul.
- Southern Regional person visits 7.63 millions
- Estimated traveler expenditures 2.106 billion – summer is biggest driver (\$782), fall (\$548) second, winter third, and spring fourth.
- Spending money on shopping (\$550), recreation (\$528), food (\$507), lodging (\$274), and transportation (\$247)
- People are staying closer to home due to consumer confidence.
- Average traveler spending per person per day is \$118.
- Direct impacts of traveler spending – salaries for tourism jobs (hotel clerk).
- The power of travel – how travel dollars support America – wages, salaries, profits, taxes.

- John commented that the sub-region of Mississippi bluff country cities like Winona, Wabasha and Red Wing are working well together to bring people to the area.

Packet information included customer profiles from specific communities. There is no profile of Red Wing, but there is one of Blue Earth/Fairmount, Worthington and Jackson. They attract mature, wealthy, seasoned travelers who seek natural resources. Look to what you have and don't build new. Also really try to attract new baby boomers. They are mobile, have disposable income. Repeat travelers can be a challenge because you have to keep recreating the newness of the experience.

Minnesota is being outspent by major competitors – like Wisconsin, Wisconsin Dells, Iowa, and South Dakota, so to stretch dollars we need to work together. The State of Minnesota now has data shares where each entity can pull the data they want and add it to their website.

Meetings and convention markets are a changing market. The national political convention market has dropped significantly. Now Minnesota competitors are working together to attract people to Minnesota.

John ended by saying he hopes tourism is part of our strategy, and that working together we can grow the economy.

Question – John H. talked about branding and how important it is. John E. said branding is important, but it's essential to keep it consistent and simple.

Question – Gary I. asked how important is the amenities around the lodging. John E. said it's critical. Lodging has to keep up with the demand of the consumers.

Question – Dan M. asked if there was separate data on the impact of casinos. John E. said no, it's all part of the general data. John E. said it's important that the area communities work well with the casino.

Question – Scott W. asked if the issue is promoting tourism or having the stuff. John E. said we have the stuff. You've got the market. There needs to be everybody working together, pulling in the same direction. We have the product, and we have the marketing, we just need it to be coordinated. John E. said he didn't have in-depth knowledge of our area, but it's silly to have multiple jurisdictions.

Question – Duffy S. asked "how would you rate how well our area is doing". John E. said he thinks some of the marketing is okay. We rate maybe a five on a scale of one to ten.

Question – Denny T. asked about the ratio of the local infrastructure cost as compared to a pay back. John E. stated that he went all over the state and asked what needs to happen to grow the industry. Some of the answers were basic – like good roads, protecting the environment, business operations (trained workforce). Must have a supportive government and one that doesn't come in the way. You can look at a cost benefit on a project by project basis – look at your projections.

Question – John H. asked about where Red Wing fits in comparison with other river towns. What do we do well? What are assets we need to build upon and what do we need to work on? John E. responded that we do better than most of river towns. Stillwater does well despite themselves. You do well with groups, leisure travel. I think you are in the top along the Mississippi River. Red Wing doesn't do as well as Lutsen or Grand Marais.

Question – John B. asked for an example of a community that has revitalized themselves. John E. responded that Grand Marais and the Gunflint Trail area have done a good job of combining one entity to really promote events.

Question – Linda T. said what strikes her is the cooperation and partnership theme. We need to figure out how we move the current economic systems to another level. We need to consider a much more collaborative basis.

Question – Don O. Why would someone wish to relocate to Red Wing, and why not? Scott said the panel would be exploring this with recently relocated business owners. Tourism plays into this and may be a leading indicator as to why this would be a good site to locate a business and live. John E added that there is a group made up of significant business leaders that are coming together to advertise the amenities to try to attract more people to the metro area.

Question – Carol D. stated that at the LMC conference it's the peripheral amenities that attract businesses to cities.

Question – Robert asked what type of argument you use for those residents who are opposed to tourism. John E. said the best thing about tourists is that they come and take pictures, drop their money and then they leave. He added that a community won't stay the same, if they don't have dollars to stay the same.

Question – Art K. asked how the groups in Grand Marais and Gunflint area came together – what are the mechanics. John E. said there were a couple frustrated individuals, business owners that had to do it.

Question – Art K. do you see much of a shift in information as compared to the year old statistics. John E. said to use the information as general. Travel is up in 2010, but people are still conservative in spending of discretionary spending.

Question – Art K. asked how Minnesota compare to other states. We are comparable to South Dakota, or Iowa as far as market share. John E. feels pretty good about the results of market share. John E said Minnesota is 29-30 as far as budget and 22nd as far as market impact.

Question – John H. asked about transportation and the different options for the future like High Speed Rail. How can Red Wing build on the train being a mode of transportation? John E. said people are looking for that type of mode. There is a tourism benefit and that people are looking to get back to their roots. We do have a travel deficiency, meaning more people leave the state that travel into it. The primary mode is car and Red Wing is a drive destination.

Question – Scott W. asked who Red Wing's competitors are. John E. said probably Brainerd or Duluth. John E. said it would be a very interesting survey to ask people in the metro area what their top destinations are – we would probably be number three.

Question – Myron W. asked if we had looked at any boating study impacts. We are in pool three and its one of the most heavily used boating pools on the Mississippi River. John E. said that type of study may be available through the Department of Natural Resources.

John Edman was thanked for his presentation.

Scott W. said in his discussion with Dave Unmacht they discussed three more session like this one and then go into a retreat. The panel needs to clarify our questions around the Port Authority and the unanswered questions around the developer.

The Panel has not had presentations from the Chamber or the County EDA.

Identifying critical issues that need to be discussed with the Port Authority

1. Marketing plan.
2. Mode of operation.
3. County EDA/VCB/DTMS/Chamber – bring in on fifteen minute increments (panel).
4. Clarification on the difference between an EDA and a Port.
5. Specifically the pros and cons of how an EDA vs Port work.
6. All the tools of all the different players in economic development have, whether it is public private to increasing economic development. Access to federal funds, Port Assistance Funds and Revolving loans, City can do things on their own – Tax abatement. This means defining capabilities, not just meaning money.

Linda T. asked about conducting a case study. Why would a business take this option and not another. It's about understanding the application.

Donna A. talked about lining up committees of Chamber, DTMS, VCB, and etc. This would be very helpful to have before the panel discussion.

Scott asked if Myron would be able to identify a few businesses that didn't come to Red Wing to discuss why they chose not to come to Red Wing.

Robert recalled information that Gene G. presented about 70 percent of the new businesses in 2008 didn't move to the metro are. The committee should find out why they didn't come to Red Wing. Shari C. commented that we did have an Italian company come to Red Wing that year.

Duffy Schafer provided some updated information on updated housing statistics and lot availability.

Scott said the panle may want to extend the meeting timeframe out another hour each night. Gary corrected the date in the agenda; the next meeting date is Tuesday, April 13, 2010.

Scott spoke to retreat dates and said they are looking at a late May (third week) date possibly two four-hour sessions. Linda asked for possible dates and said she is running into all sorts of conflicts. She suggested Sunday nights would be a good night. Scott and Kay will discuss possible dates and send out options to the panel.

Adjournment - The meeting adjourned at 9:00 p.m.

Next Meeting Date – Tuesday, April 13, 2010 at 6:30 p.m. at the SE Technical College