

**Red Wing Mayor's Blue Ribbon Panel on Economic Development**  
**Meeting Location: SE Technical College**  
**Minutes of April 13, 2010**

**Members Present:** Scott Wordelman, John Becker, Jim Johnson, Dan Massett, Denny Tebbe, Duffy Schafer, Kenneth Bush, Mayor Howe, Carolyn Hedin, Dennis Egan, Kathy Radmer, Gary Iocco and Michael Murphy.

**Absent:** Scott Adkisson, Donna Anderst, Linda Thielbar

**Panelists:** Kathy Silverthorn, Patty Brown, Shannon Harris, Randal Hemmerlin, Tom Brown

**Welcome:**

Dennis Egan welcomed everybody and discussed the purpose of having the panel discussion. Dennis introduced David Unmacht, who will be assisting the Blue Ribbon Panel with facilitating discussions at future meetings. David talked about his background and experience with facilitating public groups. He expressed his appreciation for being asked to participate and felt he could assist with processing information. He reviewed his background in local government, economic development and organizational development.

Dennis asked each panelist to introduce themselves, their organization and its role in Red Wing. Tom Brown, Chairperson of the Port Authority started the presentation. Tom's background is seed corn and real estate. Tom came onto the Port during a difficult time with the Falconer project. Tom thought he could help, and following the inspiration of his wife, became an active in community service. Tom expressed a desire to bring some facts to the Blue Ribbon Panel regarding the Port Authority. Tom framed his presentation by saying this is simplistic approach to what he feels the Port has brought to this community

**Red Wing Port Authority Board Chairman Tom Brown**

Since 1998 port has invested \$2,280,000 in taxpayer dollars into the community. Evidence of this investment is jobs, which are community assets that produce income. There have been a documented 1748 jobs created in Red Wing since 1998. That's a projected payroll of \$49 million. On the other side, the Port is responsible for \$1.2 million in debt, owed to the City. In addition to economic development activities, the Port operates a Marina, and a bulk head facility. These two operations are responsible for over \$180,000 of annual revenues. River Bluffs Park alone is responsible for \$26 million in taxable value. This figure excludes Fairview.

The River Bluffs property is a non income producing asset of roughly \$4.35 million. Studebaker Parking lot is an asset that is a non income producing asset. People can be critical, but these are huge assets to our community. In addition to the investments made by the Port, there are identifiable spin-off investments that have been made by other commercial entities like Walmart, which not so coincidentally opened the same day as Target, a Port initiated and TIF supported project.

Tom stated that the panel needs to address the pull factor and clarification of what this figure means. Panel member John Becker challenged the validity of the pull factor, and asked for further documentation on the figure being commonly used.

Tom Brown went on to address the various acknowledgement the Port has been awarded such as being the featured city for the 2006 Jobz state-wide recognition publication and the Job Retention of the Year Award in XXXX based on the work to save Capital Safety from moving to Toronto. .

Tom Brown summarized by saying that the investment of \$2.28 million has produced return of 1,748 in jobs; 1.2 debt ratio for land valued at \$4.35 million. Tom said the analogy that should be understood is that the Port has planted a tree. The value isn't immediate, but is long term, and it's been strategically planted to yield a sturdy trunk with lots of branches that are spin-off private investments.

John Howe commented that he thinks the way Tom presented the information is very good. John H. questioned the dollar used as the taxpayer investment. Does it include transfers from the city and debt? In addition John H. asked the rationale behind having the Port buy and operate the Marina.

Tom talked a little bit on the historical perspective of the debt as it came in for the River Bluffs Development. Tom didn't know the background of the Marina purchase, but that the investment has been positive.

Gary Iocco asked for a copy of the Port's business plan from five years ago, and what it is now. Tom said there isn't anything that he would call a business plan, but that the Port has a work plan that is being updated.

Carolyn reiterated that she would have the questions from the Mayor answered and like to know more information about the 1,748 jobs. Carolyn asked if there were any buildings owned by the Port that would be available for sale.

### **Red Wing House and Redevelopment Authority Director Randal Hemmerlin**

Randal introduced himself and stated that he was asked to come back for a second presentation. He won't present the same information, but can elaborate on any information presented before or tonight. Randal said he would like to provide an update on what is happening now, by first providing a little history. He said the most recognizable HRA project, the Jordan Tower dates back to the 1970's. Randal said he would like the HRA to be more active. Some of the things they are working on are a down-payment assistance program with funding coming from the small cities program. This is way of trying to get homeowners into properties. They are also working with the SE Tech College to build one new house a year. The HRA is putting a commitment into the community. The HRA is also working with a youth housing advisory committee to determine whether there is a way to create housing for homeless or potentially homeless youth, age 16-24 years. There is money available through MN housing.

They are looking at a 24 unit project and we could possibly get \$4+ million. The HRA has done a lot for the elderly, but now we need to focus on youth. The housing advisory committee will go to the HRA board in May or June to make a recommendation. It will be then be up to the leadership of our community to see if they have the political will to do this project.

The HRA is also working on a 40 unit project that will be workforce housing. The downtown was the initial focus, but there are no shovel ready projects with willing sellers. With no downtown site, the HRA will broaden the search.

The HRA worked with the City to refinance Jordan One Tower, turning a \$100,000 annual debt to a \$200,000 annual surplus. Now Jordan Two has an \$80,000 annual operating debt. The population at Jordan One and Two is changing from a primarily senior population to a growing handicapped population. This is happening because the County has limited funds and the handicapped population need assistance in finding appropriate living facilities. The impact is forcing the elderly to relocate.

Another initiative the HRA is investing in is looking for houses to rehab to get affordable housing on the market. One of the demographic changes that is driving the need for reducing in average household members. Randal provided some job statistics, including that there are currently 10,190 jobs in Red Wing. Of these jobs, 6,300 are held by commuters coming into Red Wing. The HRA would like to work with others to capture those commuters and get them to live here. Randal wants the HRA to focus on having shovel ready jobs.

Dennis E. asked Randal who has ultimate responsibility to make sure there are site shovel ready lots in Red Wing. Randal said it's a shared responsibility, and that the City would need to be committed in order to provide the financing to purchase and prepare the lots. Tools such as tax abatement and TIF can be used to support the lead agency. Randal stated that the HRA could possibly free up \$350,000, but would need \$650,000 and more on larger projects. This will require a great commitment from the City and its citizens. Regardless of the dollar amount, Randal said the HRA must have city support In order to even apply for Department of Economic and Employment Department funds. If the City doesn't think it's a high enough priority, they won't support and the project is dead.

Randal talked about the need for some convention or gathering space. Randal said he is very pro pedestrian friendly development.

Blue Ribbon Panelist Mike Murphy arrived at 7:20 p.m.

Gary Iocco asked if all projects have to go to the City Council, or just the Board. Randal said the City would provide a regulatory role and not a governance role. Scott asked where the funding comes from for the various projects. Randal talked to Small Cities funding that is available through MN Housing, which are GO bonds that the state floats. Randal emphasized that the best part is that these funds are non repayable, truly becoming an investment in the City.

Scott asked what the HRA role is in the community. Randal responded its Housing and Redevelopment. Redevelopment means a number of different things, based on board priorities. The mission is not industrial, but could include new development, subdivision, housing- mixed-used and small business.

Mayor Howe asked if the approach at the HRA is balanced. Randal said historically the HRA (in the 1990's) has been very strong in community development, including much of the downtown refurbishing. They haven't done much in the early 2000's. When Randal was hired board members said they want him to do more community development. They are still doing housing, but they want to be more active in the community development area.

Jim Johnson said he heard from the presentation about leveraging resources. The HRA has done a good job of working with the college to leverage resources. Randal responded that the HRA is meeting their mission by partnering with SE Tech.

Kathy R. said that the HRA was a partner in the Colvill Community Center and it probably wouldn't exist if it wasn't for the HRA.

Kathy S. said she would support a community convention center.

Dan M. asked Randal to elaborate on his comments about moving out of the downtown. Randal said they aren't going to abandon the downtown, but they have a limited timeframe to find a site for workforce housing. The deadline is June if they want in on the state financing. They have to move beyond to find a site in that timeframe. Dan asked if the biggest challenge is the availability of shovel ready site. Randal expressed frustration with the Maltery project and how it sits on one of the most prime sites, and progresses so slowly.

### **Down Town Main Street President Shannon Harris**

Shannon Harris from the Downtown Main Street (DTMS) spoke about the purpose of the downtown agency. They are fully operated by volunteers. They have a mission based on strengthening the downtown through various strategies. They are affiliated with the national Main Street Program. In MN the funding for the national program was cut during the Carlson tenure. It is very much an economic development tool. The Downtown Main Street organization has four committees. They are business development, promotions, design and funding. DTMS has done a good job of promotions like the Holiday Stroll, Pajama Party, and Corn on the Corner. The goal is to have a positive experience in the downtown.

The MN Main Street program is back and will select five communities to be the first in the state. DTMS has applied to be one of the five selected. The applications are in, but no response has been received. There will be a state coordinator hired who will provide technical assistance and training. Training will happen in Iowa, since Iowa has a very active program. Iowa and WI have the strongest Main Street programs in the Midwest. Preservation Alliance is impressed with Red Wing and spoke to the City Council about the recently approved Downtown Action Plan. A decision on the five cities selected should be announced in early summer.

Shannon described the Design committee work by saying that it probably has the least amount of work. That is because the City of Red Wing has design standards, which have contributed to an attractive downtown. The standards are monitored by a very active Heritage Preservation Commission.

The Organization Committee is charged with recruitment and retention. They also do fundraising and membership.

The Economic Development Committee is now the Business Development Committee (BDC). They are just getting organized and getting committee members. John Becker, the Chair of the BDC added that committee members are challenging themselves with addressing the big holes in the downtown, specifically vacancies on second floors and lower levels. The BDC is also exploring reuse of space broadly, not just looking at retail opportunities. The BDC has looked into grant opportunities, and in this endeavor have gotten lots of support from the Port.

Shannon went on to say that one of Downtown Main Streets priorities is funding for a full time professional director. Until a director is hired they cannot start working the downtown action plan.

Dennis E. asked John to elaborate on recruitment to fill vacancies. Dennis E. specifically asked if the BDC is shying away from recruiting retail in the large vacant spaces. John B responded with a "no", but that they have to be sensitive to existing DTMS members. John B. said that the BDC cannot do what a professional director would be able to do with recruitment. At this point, the DTMS wants to create a positive environment to encourage other businesses to come down town.

Kathy S. asked who's role it is to recruit those businesses into our community. John H. said he thought that everyone recognizes how important a strong downtown is. John H. asked Shannon to talk about getting memberships, specifically, how do the Chamber, VCB, and DTMS coordinate membership drives? Shannon said it's not an easy answer. The collaboration amongst the various organizations is excellent, but that they haven't worked through this issue. The two directors and DTMS board members are sitting on each others' boards and are talking a lot. The membership question is interesting. Membership has been done differently in different cities.

Shannon H. said the DTMS currently has 120 members and a handful of friends. The budget is \$35,000 per year. Money comes from membership and profits from promotional activities.

Kathy S. said the VCB also used to be a membership organization and now they have gone away from that.

Gary I. said he would also like say that several years ago DTMS did a survey, and that there are approximately 1,100 jobs in the downtown. If downtown doesn't make it, we will lose a lot of jobs, and there won't be as much money invested in businesses. Downtown is an economic force.

Carolyn H. said she think they need to look at downtown in new ways, with service industries and anything else recruited to help bring people downtown. She further stated that DTMS will only work if it gets support.

Gary I. mentioned that the City Comprehensive Plan names the DTMS organization as the economic development agency of the downtown, but the DTMS gets no support for this.

Dennis T. asked how much is needed to support the DTMS. Shannon said \$50,000-\$90,000 on top of what is already being generated would be necessary.

**Red Wing Chamber of Commerce Director Patty Brown**

Patty B., Executive Director of the Chamber, reported on the mission, and strategies of the Chamber of Commerce, including Committee work by the Advocacy, Government Affairs, Promotion of local businesses, and Business training Committees.

Patty B. reported that the Chamber has provided information on the City and community to business inquiries. Business inquiries are directed to the Port Authority.

The biggest challenge now facing the Chamber is the budget. Seventy-four percent of the budget revenue is from membership dues; and balance is generated through promotional events. Losing a member or two makes it a very difficult challenge. The Chamber lost 52 members in 2009 and that has been a very hard reduction to absorb. The good news is that in 2010 they have added 11 members. The Chamber wants to be a resource for the entire business community, but when you are a membership organization, you need to promote members. A second challenge is having all new staff as of January 2010. Training is third challenge. The current employees are learning about how other chambers operate. Despite the challenges, Patty B. sees many opportunities ahead.

Scott W. said that there is great value in having new perspective. Scott W. asked what role the Chamber should play in business retention. Patty B. talked about business visits and helping members with their promotional needs, awareness of community and other needs. Part of her learning process has been to discover what resources are available in the community. Patty B. was asked about the Red Wing Chamber's relationship, if any, with the MN Chamber? Scott W. stated that he understood that the Red Wing Chamber is not members of Grow MN. Patty B. responded that part of the reason for not being a member is the funding challenge. Patty also stated that when asking businesses regarding membership in Grow MN, Patty has heard people say that it would be a duplication of our community resources, like the Port Authority. Gary I. asked if specific questions are asked when the Chamber goes out and does retention visits. Patty B. responded that at this point, there are not specific questions. The Chamber hopes to develop this, but it's not done yet. Gary I. commented that this is particularly helpful when tracking business concerns.

Patty B. said that she could see the Port and Chamber going on visits together in the future.

Carolyn H. asked if they visit non Chamber members. Patty B. said 'yes'; they meet with non-members to recruit and retain. Dan M. said that he is on the Chamber Board and that Grow MN is being discussed currently. The Chamber is not in a position to take on a project like this, unless there is some collaboration with another agency.

Patty B. said that responses from other chambers of commerce indicated that those who have Grow MN have said that it wouldn't be necessary to have it if you have a local development agency like the Port Authority. Jim J. said that he too, has a need to visit with businesses and can see additional collaboration in business visits.

John H. commented on the membership drop and if there has been a discussion about reducing membership fees to gain membership. John H. asked how collaboration could assist all three groups who are having financial difficulties.

Dan M. said the Chamber felt that the challenges of 2009 are behind them, and are in a good fiscal position. He elaborated that a recent survey stated that collaboration is important and that it will take some time to transition into a different model.

John H. asked about membership costs in Grow MN and if the participation impact could be minimized if the follow up responsibilities were shared. Dan M. said they will be talked about these issues in their Economic Development Committee.

Dennis E. said that it is interesting that there are four entities that all duplicate retention and data bases. Dennis E. challenged them to do more than just share board members. Dennis E. requested more specific examples of collaboration. He suggested that they could e-mail board members with this information

Kathy S. stated that the organizations have always communicated and worked together. Part of the agenda has been sharing space. From her perspective they will probably not be merging because they each have unique roles and they have tried hard not to duplicate each other's work.

Kathy S. said she thinks the three entities are doing a great job and she can't understand why people don't think they are collaborating.

Patty B. said the VCB and Chamber talk frequently about joint projects. A good recent example is finding housing for Xcel outage housing.

### **Red Wing Visitor and Convention Bureau Director Kathy Silverthorn**

Kathy S. introduced the mission of the Visitor and Convention Bureau (VCB) which is the arm that brings visitors into Red Wing. Despite a reduction in funding due to the economy, Red Wing is still a destination.

Advertising in the Visitors Guide is a major VCB effort, along with keeping the web site up to date. The VCB will be open seven days this summer again. Kathy has 1.5 personnel including

herself. She hopes to add two part time people in the summer. The VCB partners with the Cannon Valley Trail, one of our large attractions. The trail has over 100,000 riders last year. The VCB is participating in a Bike expo, to further promote Red Wing as a bike friendly destination. Joint Planning is done with other communities along the Mississippi including Winona, Lanesboro, Wabasha and Red Wing on various events.

Kathy S. talked promoting tours of local factories, and the pottery place. She also indicated that they view Explore MN as a strong partner, and that she currently serves on the Governor's tourism council.

Mike M. asked about funding. Kathy said the VCB revenues are generated through overnight lodging stays. They get a 3 percent tax on every overnight stay. That results in 93 percent of their revenue. There is a little revenue made from the sale of ads in the Red Wing Visitor's Guide. In 2009 their budget was \$160,000, which is a reduction from the 2008 budget of \$182,000.

John H. asked who participates in the collection of the lodging tax. Kathy S. explained that there is a City ordinance that dictates that all lodging entities pay the tax. There are eleven properties, including the Legacy House and all B&B's in the City limits. Treasure Island does not participate because it's a sovereign nation.

Kathy S. said that she is also working on enhancing day-trips from Rochester. There isn't a lot to do in Rochester and so after doctor appointments, there is an opportunity to get these folks to Red Wing.

Dennis E. asked if there are any questions from the audience.

Denny T. said he thought the approach that Tom provided was good, but wondered if there is a net statistic, accounting for the job gains but also subtracting out the job losses. He also asked Randal if there was any collaboration between the HRA and Port on projects. Randal responded that it depends on the project. Housing projects would not necessarily involve the Port, but redevelopment projects would.

Tom responded that his approach was to talk about what have we bought with our investment and that the figures do represent the downsizing that has gone on in the community. Denny T. said he thought it was a good historical perspective. Regarding the HRA, Denny T. wondered if the structures built in the 1970's are still public investments. Randal said there are 119 units in public housing,

Art Kenyon, a member of the audience, wondered if Dennis E. got an answer on the question of collaboration. Kathy S. asked for more specifics on what Dennis was requesting. Scott W. clarified that the reason the panel is interested in more information on collaboration is because they have been charged by the Mayor to find out what is working and what isn't. In the end, the panel will provide a recommendation on what the 'economic development' structure should look like going forward.

Scott W. explained that he has been in a business that has experienced a lot of integration. He said that there can be cooperation, collaboration, and integration. The difference is that integration is by design. Kathy R. said that there is a huge amount of networking going on and that now it must be about integration of systems.

Kathy S. said she agrees that they want the same questions answered, who is suppose to fill the vacancy of buildings in the downtown.

Myron W. said if you listened closely you will see that each agency has a different role, there isn't a lot of duplication. Gary I. said we have to work together. Gary I. wants a formalized plan to accomplish the economic development goals.

John B. said there is still a retention issue because there are three silos as far as membership fees. John B. pointed to Northfield where there is one office that houses the VCB and the Chamber. John H. said he just wanted to thank all the panelists for their passion and that the panel is just looking for a deeper understanding of what you do.

Tom B. commented on what he considers as good things about living in Red Wing. There have been achievements. Tom B. asked that panelists appreciate some of the good in what has been presented tonight. He assured the panel that a lot of good has been done, that might not be fully evident.

At 8:45 pm, the panel took a short break. After a short break, Carolyn H. distributed her Quality of Life report. Carolyn's presentation was focused on quality of life. She elaborated on the various aspects of wellbeing that contribute to a sense of community.

Carolyn H. said that the reasons people want to live in Red Wing aren't always measureable. Carolyn H. said that she can speak for the Indigo Building, and the Anderson Center. The last two were not economic investments. So, you have to ask yourself which comes first... is it the quality of life or economic investment. Carolyn said we need to determine how to continue and strengthen economic investment and quality of life. This is the charge of the City Council, Commissions, and citizens. It's a charge for the privilege of living in Red Wing. Vision is the first thing....collaboration comes next.

Carolyn H. stated that we need to be open to emerging trends, but fiscally responsible. Establishing economic guidelines for quality of life is important. The economic investment needs to be sustainable, high quality, stable and offer good employment opportunities. Zoning must be respected with an eye to the highest and best use. Design guidelines should respect natural scenic beauty and the arts.

Scott W. asked how we keep the 'essence' of the quality of life in Red Wing. Carolyn H. responded by saying it keeps changing.

Carolyn H. said we must define things, connect to it, appreciate it and pass it on.

Art K. asked if Carolyn was saying that the standard of performance is what is important. Art elaborated that the standard is that the immeasurable have to be upheld; that there is a danger in a slow creeping erosion of quality of life.

Carolyn H. stated that there is a danger when something is measured that you limit the greater potential.

Scott W. walked through the newspaper article distributed by Carolyn H. The article expressed some of the same concepts that Carolyn had addressed in the quality of life report. The article was written by a business leader and addressed intentionally maintaining quality of life. Carolyn H. said that one of the questions we need to address is how fast we want to grow.

Scott W. said that the Comprehensive Plan has a vision statement that talks about capturing the vibrancy of growth.

Carol Duff, a member of the audience, commented that students should do a philanthropic project so that as they age they will want to continue to reinvest in their place of work or community.

Kathy R. said that she had a recent discussion with her children who are adults between the ages of 27-35. The challenge is keeping a high quality of life to keep people living in Red Wing despite the commute.

Robert Hedin, a member of the audience, commented that when he grew up there was no quality of life in Red Wing. Then the Sheldon was refurbished along with other positive art investments like the Anderson Center and the Art Association and then Art outreach.

Art K. said that this discussion on quality of life gets to the core of why we are here.

John B. stated that lots of traditional jobs are going away and not coming back. A benchmark in fifteen years will be if people choose to live here and create a job.

Art S. said there is no silver bullet and that it won't be one or two businesses, but a series of small to medium sized business that make our success. Art K. further elaborated that small entrepreneurs should want to live here.

Gary I. added that the panel has not heard from businesses as to why they aren't locating here.

Shari Chorney, a member of the audience, said that if you go out and visit our business leaders you will see that there are some impressive young managers. Carolyn H. stated that expansion of our current businesses is the key.

Scott W. asked members if they had picked up a copy of the enabling resolution for the Port Authority. Kay K. commented that the enabling resolution is being reviewed and that the changes aren't complete. The document will be reviewed by the Port and City Council again before the Council is asked to take action to approve the changes.

Myron White, a member of the audience, walked through the enabling resolution, explaining that it has been revised occasionally and that the changes are recommended by the Port Authority and approved by the City Council. The enabling resolution is limited by the State Statute.

Carol D. suggested that panelists talk to those individuals who participated in creating the original enabling resolution.

The discussion centered on the timeframe for adoption. Motion by Jim J., second by Carolyn H. to ask the Council to wait to take action to pass the enabling resolution until the panel finishes their work. There was no discussion and the motion passed unanimously. The panel is asked to read the enabling resolution and bring questions forward at subsequent meetings.

Scott W. distributed the work plan for the Mayor's Blue Ribbon Panel. He discussed several upcoming dates including the next two regular meeting dates of April 27 and May 11. Both of these meetings will be from 6:30 p.m. – 10:00 p.m. On May 24 and 25 there will be discussions on all the information presented to the panel. The times for meeting these two days will be 6:00 p.m. – 10:00 p.m. All meeting will occur at SE Tech. in room 314.

Scott W. also distributed an op ed piece he and Dennis E. drafted to go to the RE regarding the progress of the Mayor's Blue Ribbon Panel.

Scott W. mentioned that we have straightened out our problem with the electronic distribution of the agenda and minutes.

Motion by Gary I. to adjourn. Meeting was adjourned at 10:15 pm.

Scott reminded everyone that the next meeting is April 27 at 6:30 p.m.