

Red Wing Mayor's Blue Ribbon Panel on Economic Development
Meeting Location: SE Technical College
Minutes of May 11, 2010

Members Present: Scott Wordelman, John Becker, Dan Massett, Kenneth Bush, Mayor Howe, Carolyn Hedin, Kathy Radmer, Gary Iocco, Denny Tebbe, Dennis Egan, Michael Murphy, Linda Thielbar, Scott Adkisson, Duffy Schafer

Absent: Jim Johnson, Donna Anderst

Scott Wordelman called the meeting to order at 6:35 p.m. Scott addressed the agenda and the revisions. Scott stated that the Port has requested additional time to better prepare for the presentation originally scheduled for May 11. In response to this request, the Blue Ribbon Panel agenda for May 11 was changed to allow for a discussion with two developers. The Port discussion will occur as a part of the May 24 meeting.

Scott spoke to the agenda for the evening. The guests are Ray Piiranen and Ian McRoberts who will bring a developer's perspective to the panel's discussion. The plan is to spend an hour to hour-and-a-half on the discussion with developers. After that, Dave Unmacht will lead a discussion to prepare the panel for the final report writing.

Minutes

Denny Tebbe made a motion, seconded by Michael Murphy to approve the April 27 minutes. The minutes were approved unanimously.

Ray Piiranen, Fairview

Scott W. introduced the first speaker Ray Piiranen who was involved in the early discussion with the City of Red Wing on the Fairview project. He has a very broad network of developers that he works with and will provide his perspective on economic development.

Ray thanked the group for inviting him to Red Wing. Ray worked with the Red Wing Port and the City/County staff to bring the Fairview project together in the late 1990's in Red Wing. Ray has worked in a hundred communities in Minnesota putting together deals. He asked Ian McRoberts, Developer, to join him as they have worked together on projects and Ian has a different perspective because he is from a younger generation.

Ian McRoberts, Developer

Ian reviewed his background and spoke to his experience of dealing with start-up companies and venture capital. His background is finance and real estate development and services. Ian said he feels the main thing from a developer's perspective is to understand what the community's focus is. A community has great power in that and will be much more successful if they have a common vision and direction. Communities cannot just rely on the market. If they do, they discount their power and lose direction. Ian's one big take away is that communities that have a clear goal/vision and pathway forward are successful. Trends aside, you have a have a vision.

Ian offered some additional thoughts and referenced a division of Deloitte and Touche called Phantis. They do site searches. Their criteria for making connections are:

- Make sure that the State EDA knows about the project. The State EDA is a jumping off point and helps make the contacts with the communities.
- Have a concept of what you want/need for the project, and measuring it up to the various communities to best match the project needs/wants.
- Examine incentives that communities are willing to offer. This can be dollar or other non-monetary items.

It's most helpful if there is a person who is the contact to get a project through the process. Someone who can lay out the process on paper and help navigate the process. Also, it's important that the city/county be focused and have a unified pitch. The 'pitch' meeting should include take away documents with details on energy prices, development options, wages, unemployment and things like this.

Ray talked about Hydo Control and asked the Port how this company decided to come to Red Wing. Myron responded about how they competed with Lakeville to get Hydo Control in Red Wing. Ray spoke to how Red Wing has lots of potential to grow small businesses and described ways of growing/creating businesses; some were non-traditional starting with teaching classes in high school and college on being an entrepreneur.

Ray gave a local example of how it shouldn't be handled. He said that during the Fairview project he was giving a presentation to provide general information on the proposed project and all five of the people on the board said that they all got their medical services from Mayo. From Ray and Fairview's perspective, it didn't feel good.

Ray also pointed out that Red Wing competes with the attraction of the Hwy 52 corridor. Red Wing will have to do something interesting/different to get attention from developers. Ray said that the Wikipedia site says that the Red Wing motto is "we're pretty much Wisconsin" he feels this is a sabotage effort by some Wisconsin citizen.

Ray commented on how their tips to the panel are generational. Ian's tactics are going to be different from Rays. Ian talked about SAGE, a green energy company in Faribault. They create a tinted window where you can control the shade. The company started in Faribault and is growing. Faribault is attractive partially because they have somebody in their community pushing. When asked, Ian stated that their number one advocate is a business person. Faribault is also attractive because they are on Highway 35W and because it's close enough to the metro area to be considered a metro distribution center.

Ray talked about business decisions being made based on a personal connection with a specific location. This was more prevalent in the past and may not be as important now. Ray suggested using connections like our three sister cities. Ian and Ray said from an outsider perspective, lots of times cities look the same. The key is finding a way to make a personal differentiation.

Ray also suggested having spin-off discussions with local businesses to identify businesses to pursue or expand.

Dan M. asked how important transportation accessibility is to locating a business. Ian responded that the Highway 52 corridor anchored by Rochester is a pretty important transportation corridor and hard to compete with.

Ian said that it's also important for cities to have developed acreage, so that the developer doesn't have to take the time to create the park. In most cases developers will not take the time.

Linda T. arrived at 7:10 pm.

Ray said that whatever you did with Hydro Controls, just do it again.

Kathy R. asked a question about creating a system that incubates business? How do we get a Red Wing graduate to build their business here? How do we find the young entrepreneur? Are there other networks or mechanisms that we should tap?

Ian responded that providing inexpensive space is a good way to start. He added that to find these folks is on the internet. He suggested that there be some type of multidisciplinary discussion going on about the internet so that everyone becomes a networker for the City's development potential.

Art K. asked if any of that can happen without fiber optics. Ian responded that fiber optics is huge for call centers, but not necessary for small businesses. To get a bigger company, you will need fiber optics. If there is fiber optics, it will save a lot of money.

Ian talked about having your pitch grounded in your community's strengths. There are a lot of assets in Red Wing to promote.

Carolyn H. asked about the importance of having a long term focused vision and sticking to these? She clarified that some businesses that come – stay; and others don't. Ian didn't have an answer for keeping businesses. Scott said he understands that it's a different mix of ownership (not all local) and that some of the more current owners are not as richly invested in the community.

Ian talked about how subsidies can sometimes get lost and aren't tracked.

Carolyn H. said she thinks the vision needs to have a long term component. Gary I. said the vision needs to be tweaked on an ongoing basis.

Dennis E. asked for examples of communities who have created opportunities for retirees. Dennis elaborated that Red Wing has a rich community with retirees. Ray said there is a program through the University of Minnesota where students are matched with retirees to help retirees assist students develop business ideas.

Art K. asked for advice on what an organization that is weak in networking can work on to strengthen networking? Art further said part of the networking is between the EDA and the business community and that we are weak in this. So, how can we strengthen this?

Ray said that part of it is demographics. There needs to be a private citizen that is the real pusher. Ian suggested that perhaps a group needs to be formed to keep momentum after the Blue Ribbon Panel is done.

Gary I. asked for a couple positive and negatives that they see on our community. Ray said it's a well respected, well founded, well resourced, well educated, independent, internationally known, county seat, tech school, casino, adjacent to the airport, Xcel community. Negative comments include that there isn't a lot of discussion on the Red Wing real estate going on in the metro area.

Scott A. arrived at 7:30 pm.

Dan M. asked 'how we network'. Ian suggested that we reach out to twin cities real estate brokers. He talked about a recent train trip offered by Sherburne County. University of Minnesota and the State Tech College system would be ideas to pursue. Ray said he would like to come back with some information to address Dan's question.

Scott W. asked if they had heard about Red Wing's negative political environment. Ian said he hasn't heard a lot about Red Wing and so his perspective is neutral.

Carolyn H. asked for five examples of great EDA's in Minnesota. Ray said he enjoyed working with Myron and Brian and that the relationship when building Fairview went fairly well. The City was focused and in terms of this project, the EDA was good to work with. Ray also said he had a good working experience with the City of Wyoming when they did a major project there.

Ray elaborated by saying, cities and EDA's that have the advantage of being on a major highway, or near a major airport don't have to be great to be successful.

Ian said that in the end incentives provided by a community may not be the deciding factor. If the community has an asset that helps a business accomplish a goal - that is more important. It doesn't necessarily have to be a dollar figure.

Denny T. talked about the regional airport master plan that was adopted in 2007. One of the discussion items was on creating a regional board that would guide the development/use of the airport to promote economic development. Ian said the key is the value of networking.

Kenneth B. asked Ian what type of businesses would be attracted to Red Wing. Ian said he thought smaller entrepreneurial knowledge-based companies might be a good focus.

Scott W. asked for any last questions. Ralph Rauterkus asked if there is a typical or average acreage that companies are looking for when trying to site a business. Ian responded by saying that the land need is totally dependent on what the company is trying to do. A good start might be to have lots that are ten acres. In some cases there may be a land need of 100 acres, but if you cannot accommodate that, the business will have to go elsewhere.

Ray said that he will do a little research and come back with more information on the questions asked.

The panel took a brief break. The panel came back together at 8:10 pm. Scott announced that the balance of the meeting would be facilitated by Dave U. He further stated that the discussion should be focused on framing up the panel's final report that will be presented to the City Council in June.

Scott reported that the City Council held off on adopting the Port enabling resolution to wait for the Panel's final action.

Dave U. asked if he panel would like to view the property tax system video. This is a video that he had referenced at the last meeting. It takes about ten minutes. The panel decided to watch the video. Kay will put the video on the city's web site.

Highlights from the Video

Tax system in Minnesota is complicated with over 20+ property tax classifications. Because of the complicated system, there are multiple variables as to why your taxes may go up or down. They are as follows:

1. If market value changes it changes your share of the total bill.
2. Other properties affect your value and tax.
3. Cost of government affects taxes.
4. State general property tax levy.
5. City or Township budget and levy may change.
6. County budget and levy may change.
7. School budget and levy may change.
8. Special district budget can affect local spending.
9. Special assessments may have been added to your tax bill based on benefiting improvements.
10. Referendums can allow for expanded levies for construction.
11. Changing mandates affect local budgets.
12. Changing intergovernmental aid can cause local properties to go up or down.
13. If state alters property tax classification rates, taxes will shift.
14. State policies will affect local tax base.

Following the video, Dave U. asked the panel members to speak to the key points from Ray and Ian presentations. The panel listed the following:

- Clear vision goal and path is important.
- Opportunity and timing, flexibility and adaptability can make a project successful.
- Professionalism and our appearance is important – relating our story to a potential business.
- Built in assets can be leveraged.
- Some of the larger developments won't work because we don't have large tracts of land.
- Nobody knows about Red Wing.
- It's important that everybody on the city team is working together.

- Business recruitment – community ties and next generation is more focused on technology.
- Business friendly or unfriendly comments.
- Idea of what is inviting for the younger generation to attract them.
- Clear vision – SWOT analysis needs to be done.
- Networking hasn't been done outside of Red Wing.
- Develop opportunities for current business leaders to help start up people – we need to get the word out to the younger generation on what and who they need to talk to.
- Deals are not always done based on the money – there is no magic pill – it takes time and effort.
- Person or group that is responsible to help a company get through permits/process.
- Leadership from city or business community makes things happen.
- Need to identify who keeps pushing on the economic development ideas.
- Need a more collaborative approach – perhaps a continuation of volunteer groups to keep the ideas moving forward.
- Networking between the different institutions.
- Decision on how to locate is 'who you know'.
- Small business seems to be our best prospect.
- Too much time talking about each other, we need to spend more time talking to each other.

Dave added:

- They couldn't identify five successful EDA or communities – it isn't structure. It's about what the developer needs, not about the city. Strategic advantage inventories are important and should be distributed to real estate representatives.

Dave distributed information to help frame the discussion. The first handout labeled, Mayor's Blue Ribbon Panel on Economic Development "Out of the Recession Comes Great Opportunity" was a PowerPoint presentation that provided some ideas to consider when addressing the Mayor's charge to the panel.

Kenneth B. said that the City of Rochester created a citizens advisory board. Maybe Red Wing should consider this.

Carolyn H. said that the new normal is going to be really important.

Scott W. said he thinks we need to be cautious to not reflect on what hasn't worked well, but to focus on what will work well in the future

Dave U. addressed the second handout; a document was called "Framing the Finish". This document is intended to help the panel talk about the final report.

Dave asked panel members "what they want their legacy to be?"

Comments were:

- Kathy R. said she doesn't want this to be just one more plan for the shelf. She wants a truly useful tool for agencies, groups – something that is truly living.
- Dennis E. said he wants an action plan that is implemented and that at the end of the day there is an entity that helps move and shape Red Wing's future - and that there is somebody bird-dogging it to make sure it gets done.
- Gary I. hopes the City Council will put together an organization that will get out the word that Red Wing is pro business.
- Carolyn H. said that she hopes that we will have brought clarity to the process and that we will use this to bring companies to Red Wing.
- Denny T. hopes that we have sustainable recommendations, balancing needs of commercial, industrial, residential, and institutional.
- Scott A. said that he feels the final document will identify support for new and existing business. The plan should identify ideas outside of the box, whether it is business or government.
- Dan M. said his determination of success is whether we have met the five charges of the Mayor.
- Linda T. said she would like the legacy to be that they changed the environment.
- Duffy S. said he wasn't comfortable looking at our legacy, but that we need to address the gaps of homegrown business leaders. We need to look long term, and not necessary at the specific goals (like number of jobs).

Dave U. said the look and feel of what you want will dictate what type of report you want to produce. If you have process credibility, you will have outcome credibility.

Dave asked the committee to review the major pieces of information that has been revealed to the panel so far so that information that is missing can be identified.

- Gary I. said that a lot of his questions will be addressed by the Port.
- Carolyn H. said she would like more clarity on Red Wing's image.
- Scott W. said we need to look at local business; why they have stayed or grown, or not.

Dave U. asked the panel to discuss the Mayor's Charge. The three areas of focus are:

- Conducting an assessment of Red Wing's performance in economic development - What have we done well and what have been our setbacks?

- What strategies should Red Wing employ to position our city for the future – given today/future economic conditions and what structure will give Red Wing the best opportunity for success?
- How does the City communicate these outcomes with the community?

Carolyn H. said she felt there was an emphasis on performance and not on potential. Maybe we should focus more on Red Wing's potential.

Dan M. said he thought the panel needed to address the accountability concerns along with who is driving the process. Mayor Howe thought it should be added to the second bullet.

Denny T. said he felt that there are assets that Red Wing has that are not being promoted. What are we missing that we could promote that would attract a specific business?

Dave U. asked how you bring some good old fashion luck to Red Wing.

Mike M. said the harder you work the luckier you get. It gets back to the face of the community and business and how well they network. Talking optimistically is important.

Kenneth B. said it's really about developing people skills. The panel has to be honest and keep communications open.

Dave asked the panel to talk about the final item on his one page handout. It is brainstorm on the final product. You have to have some record of the work product. Comments were:

- Scott W. said the lesson he's learned is less is more – the vital few recommendations should be focused on in the final report, supported by rationale and the panel's thoughtful approach. Keep the number of recommendations to ten or less.
- Duffy S. asked how the city effectively communicates – we have to sell to the city council. Hoping that the council picks up on us. We need to practice a little bit about what we have been talking about and that is networking. We have to come up with something that is sellable, credible.
- Dan M. said he thinks the report needs to be tangible, sellable and it may be bold. There has to be courage to take strong recommendations.
- Denny T. said that too much detail will burden the report – less is more. It's not about selling it to the city council; it's about doing what's right for the community.
- John B. said you can be specific and direct without getting into the detail. It has to be honest.

John Howe explained that his role was to call the panel and make sure that the information was shared. He will not participate in the final deliberation in order to keep the process credible.

Carol Duff added that the report has to be specific and tangible. It also has to be inviting to bring citizens and businesses to us.

- Scott A. said that it's often helpful to get examples. Offer a picture of a solution, instead of just identifying a problem.
- Carolyn H. asked if there should be prioritizations – Dave suggested you delay that decision until you see what you have as far as recommendations and the panel's overall level of support.
- Dennis E. said that he feels that we can put some type of presentation together for youtube.
- Linda T. said she feels that she isn't sure the Council is our main audience. Council can't do anything about a lot of what is being discussed. It's about engaging citizens; everybody has a part in this. Council has no jurisdiction over the Chamber of Commerce, businesses, VCB, and etc. If we don't inspire people to work better, it's all for naught. The City Council doesn't have the power to make it all happen. How do we make this go viral? Linda would like executive summary to be geared to 'citizens' as the audience.
- Kathy R. said she finds it exciting; however, we have to deal with the reality of the structure. The City Council has a huge amount of power to stop things.
- Linda T. said that they need to encourage citizens to engage council members in a discussion on economic development.
- Kenneth B. said that he feels boards and commissions are like musical chairs. There is some sort of control that is inside of the box.

Dave said that isn't a unique problem to Red Wing. It's a challenge everywhere to get the younger generation involved and broaden the base of discussion.

Discussion on Panel progress and agenda for panel retreat

Scott said he would like to limit the Port's discussion to two hours. That would leave a couple hours to focus on the final report.

Next meeting Dates – May 24 and 25, 2010 at 6 p.m. – 10:00 p.m. The meeting will be in the Indigo Room in Downtown Red Wing

Scott W. and Dennis E. will be meeting with the Port leadership prior to the May 24 meeting to discuss the twenty-nine questions identified at the last meeting. Scott said he appreciates that the Port is being responsive to the panel's information request.

Dave U. asked if there is a chance that we could start addressing some of the questions via the internet. Dave U. could gather information on 1a and b of the Mayor's charge. Dave U. will send something out to the panel asking them for specific information. In this way we won't have to spend a lot of time on this question.

Linda T. requested that if information comes from the discussion between Scott W., Dennis E. and the Port leadership could be sent out in advance, it would be helpful. Dennis said he didn't know that the meeting would generate answers, but merely to clarify what will be presented.

There are six categories of questions that the Port has been asked to address. They are: foundation and visions, marketing, technology, economic development tools, structural, relationships/collaboration/culture/community/accountability.

There was a discussion about whether the panel's May 24 and May 25 meetings should be open. There is no need to video tape the meeting, but Kay clarified that the group needs to abide by the Open Meeting law.

Mayor Howe thanked the panel for their work; he appreciates everyone's dedication and believes the community has high expectations.

Adjournment:

Meeting was adjourned at 10:10 p.m.