



## **MINUTES OF THE REGULAR EDA MEETING**

**EDA Members Present:** Russ Smith, Steve Micke, Dave Bjerkness, Lara Wilkinson, Ross Peterson, Shelly Peterson

**EDA Members/Others Absent:** Mike Schultz (EDA), Kelly Zink (Ex-Officio Chamber);

**Staff Present:** Holly Butcher, Brian Fritsinger (City); Connie Christenson (County)

### **CALL TO ORDER**

President Shelly Peterson called the meeting to order at 8:04 A.M.

### **ANNOUNCEMENTS, ADJUSTMENTS, CORRESPONDENCE AND OTHER**

None.

### **APPROVAL OF MEETING MINUTES**

President Shelly Peterson asked for any corrections or additions to the August 5, 2015 Meeting Minutes? Hearing none she asked for a motion.

**Motion:** Commissioner Ross Peterson moved, and Commissioner Micke seconded, that the EDA approve the Meeting Minutes from August 5, 2015. (Motion passed 6-0.)

### **APPROVAL OF FINANCIALS**

#### **JULY 2015**

Ms. Butcher reviewed the July cash and fund balances for the EDA and noted an increase in Fund 201 and Fund 203 due to loan repayments, no changes to Fund 202 or Fund 204, a zero balance in Fund 206 and the need to create a new Fund 208 for new Small Cities Development Program (SCDP) funding from the state, and finally bi-annual levy disbursements into Fund 207. All loans are current. President Shelly Peterson asked for a motion to approve the July Cloquet EDA financials.

**Motion:** Commissioner Micke moved, and Commissioner Ross Peterson seconded, that the EDA July 2015 financials be approved. (Motion passed 6-0).



**Tax Increment Financing (TIF) Fee Adjustment**

Ms. Butcher reviewed the request for the EDA to recommend to Council the approval of increasing the TIF Application fee from \$5,000 to \$10,000. She cited several TIF applications all of which were \$10,000 or more to create the TIF District. Commissioner Bjerckness asked if the other fees were in line with financial advisor charges, Ms. Butcher responded that yes the other charges are in line and appropriate. President Shelly Peterson asked for a motion from the EDA to recommend to the Council to approve the TIF Application fee increase from \$5,000 to \$10,000.

**Motion: Commissioner Micke moved, and Commissioner Bjerckness seconded, that the EDA recommend approval to the Council that the Tax Increment Financing Application fee be increased from \$5,000 to \$10,000.  
(Motion passed 6-0.)**

**Cloquet Business Park**

Ms. Butcher stated the remainder of the meeting would be used to focus discussion on the Business Park, she asked for round table discussion format and reviewed each of the goals set by the EDA for the Business Park. She mentioned that competitive disadvantages/advantages have not been discussed to date, that the idea of a business incubator should be discussed again post-recession, and that fresh ideas on internet/broadband fiber were appreciated.

Commissioner Ross Peterson began the roundtable stating that he didn't understand why there wasn't more interest in the Business Park. Secondly, he is aware (as a banker) how hard it has been for those businesses that have chosen to move up to the park, with little development having occurred. He stated that he believes it is a good spot, but the economy or perhaps a stigma exists.

Commissioner Lara Wilkinson said for her, it is still very unclear who the market is for the Business Park as a City and an EDA and until that is clarified the approach to the Business Park is not strategic or directed effectively, it's very hard to know what to do. An informative solid marketing plan is expensive to hire. She mentioned Duluth's Co-Lab incubator in Canal Park and the other in the Tech Village, but wasn't sure if an incubator was the right approach for Cloquet. There was EDA discussion on the Two Harbors incubator which has been successful and doesn't have timeframes for companies to move out, unlike the Duluth incubators. Ms. Butcher noted the attached photos of the Whitewater, WI incubator and the new private business Regus incubator in Duluth, a true back office with access to shared services.



Mr. Fritsinger asked for the County's perspective on prospects and their reactions to the Cloquet Business Park versus the Esko Business Park. Ms. Christenson stated that Esko seems to be coming online now having retail and industrial uses, while perhaps that office / manufacturing mix is how Cloquet is evolving. Mr. Fritsinger continued with questions asking if the way the Business Park is platted, which is predominantly in one acre tracts, does that prohibit opportunities? President Peterson said she has considered design options for the Business Park but the drainage ditch that runs between Business Park Drives East and West is an inhibiting factor. Ms. Butcher said she'd discuss with the City Engineer. The EDA discussed the City's zoning standards and current market realities.

President Shelly Peterson stated that broadband (fiber) infrastructure is a selling point as Boldt has recently paid for a MediaCom internet extension from 14<sup>th</sup> Street along Tall Pine Lane. She stated the service for business has been very good with the new type of service extension they've done and they have certainly stepped up their game in the Cloquet market. Connie Christenson encouraged the City and Schools to re-engage in discussions with NESC as the County recently negotiated a contract down significantly from what was originally price quoted. NESC remains only available to public entities unless they work with a provider like MediaCom, CenturyLink, Frontier etc. to extend the fiber infrastructure from NESC to their business via linkages. Brian Fritsinger mentioned that right now in the Cloquet Business Park, the extension of internet has been customer driven (vs. proactively run through the park and paid for by the City) from development that has occurred, it does not exist in undeveloped sections of the park but is in the Business Park and available for both Daqota Systems and the Cloquet Home Center.

Commissioner Bjerkness stated that the Cloquet Business Park to date has been a casualty of the times as it was built pre-recession. He is concerned about inquiries having dropped off significantly this year with the market improving.

EDA discussed the South Hwy 33 at Interstate 35 project and items that are in progress right now related to roadway safety enhancements, is a critical project getting DNR interested in moving to the Business Park to stimulate additional development? Is it critical to examine City Public Facilities Plan paired with sites that will provide those businesses opportunities to move to the Business Park?

There was discussion on the Cloquet manufacturing survey that was sent out in early spring and the fact that only two surveys were received back. Was the paper survey in the mail the wrong approach? Instead should staff call the Plant Managers and be put in touch with a procurement officer to identify supply chain needs, specific businesses and contact information or even ask



these community partners to take the lead in laying out that groundwork in an effort to better and grow the Cloquet community for business. If they act then as community leaders, the EDA should be thinking how to package and have them direct respondents. Mr. Fritsinger asked if the to-date Business Retention visits have identified critical supply chain issues? Ms. Butcher stated that after each BRE the group prepares a Red Flags sheet to identify critical issues they face, Ms. Christenson suggested perhaps the red flags should be discussed with the Cloquet Partnership group? EDA members suggested the Chamber could also be a supply chain resource. EDA expressed concerns over FDL Reservation's interests in air quality designation and business impacts in Cloquet. Ms. Christenson mentioned that APEX has been working with FDL to market Hwy 210 area for light industry activities.

The EDA discussion moved to businesses that are here need quality, reasonably priced housing and the occupancy rates for housing in Cloquet are critically tight. EDA suggested meeting with builders to inquire about what can be constructed for certain price points. The EDA stated that the goal of housing should be elevated. Ms. Christenson mentioned attending the Cloquet Housing Institute and Dave Lee of County Human Services having mentioned a new Department of Corrections opportunity related to housing construction, perhaps that is an opportunity related to platted St. Pauls land between 14<sup>th</sup> and 18<sup>th</sup> Streets.

President Shelly Peterson suggested that rather than guessing what businesses need, perhaps it's time for another business summit to identify from leaders what they need to have a healthy business. It would be good to get a business engagement process.

Mr. Fritsinger asked the EDA to identify the "now what" directions and project drive ideas moving forward.

**Direction: Staff should follow up on these items related to the Business Park:**

- **Discuss with City Engineering what if any options are available related to filling in the ditch for increased building and design options in the Park.**
- **Ensure that the Cloquet Business Park brochure information clearly articulate where design standards apply.**
- **Further discuss with County (Dave Lee was mentioned) concepts identified for use Department of Corrections programs to further housing options.**
- **In the future hire a Marketing Plan be done with the Business Park marketing being one critical element of that plan.**



- **Re-engage with NESC on broadband fiber opportunities for City / School District service.**
- **Continue work with the Cloquet DNR.**
- **Call the business leaders that received the manufacturing supply chain survey to ask for ideas, contact information, and ask if they are willing to be the conduit lead in connecting communications.**
- **Move to project driven concepts for the Business Park, housing etc.**

**Informational Updates / EDA Questions**

**Next meeting date**

Wednesday October 7, 2015 at 8:00am.

**ADJOURNED 9:46 A.M.**

Respectfully submitted,

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Holly L. Butcher, Community Development Director