

AGENDA
ECONOMIC DEVELOPMENT AUTHORITY MEETING
FRIDAY, November 17, 2017
7:00 A.M.
CITY COUNCIL CHAMBERS

- I. Call to Order/Roll Call

- II. Approval of Agenda

- III. Consent Agenda
 - A. October 20, 2017 Minutes
 - B. Approval of Expenditures

- IV. Public Comment

- V. Old Business

- VI. New Business
 - A.

- VII. Other
 - A.

- VIII. Updates
 - A. Boards & Commissions
 - a. B.E.S.T.
 - i. November 12, 2017 Board of Directors Meeting
 - ii. Business Summit 11-1-17
 - B. Elm Avenue Project
 - C. Visioning
 - D. Business support/recruitment?
 - E. U of M Extension Economic Impact Study
 - F. CVN December 8

- IX. Next Meeting Date
 - A. December 15, 2017

- X. Adjournment

Upon request, accommodations will be provided for individuals with disabilities wishing to participate

MINUTES

ECONOMIC DEVELOPMENT AUTHORITY FRIDAY, OCTOBER 20, 2017

I. **Call to Order/Roll Call**

The meeting was called to order at 7:00 a.m. by President Dave Dunn.

Members Present: Dave Dunn
 Ann Fitch
 Larry Thompson
 Russ Weir

Members Absent: Marty Armstrong
 Blain Nelson
 Roy Srp

Staff Present: Danny Lenz, City Manager
 Gary Sandholm, Economic Development Coordinator
 Michelle Murphy, Administrative Assistant

II. **Approval of Agenda**

It was moved by Weir, seconded by Fitch, to approve the agenda as presented; the motion carried 4-0.

III. **Consent Agenda**

It was moved by Fitch, seconded by Weir, to approve the Consent Agenda, the motion carried 4-0.

IV. **Public Comment**

None

V. **Old Business**

A. **Performance Metrics – Property Values**

Gary Sandholm presented property values for residential, agricultural, commercial, apartments and industrial properties that he received from the County. He stated residential property values peaked back in 2011 – it's getting back close to that again, agricultural values are a small part, basically land prices of an 8-9 year period that are being referenced. Commercial evaluations have gone up quite a bit in the last three years, apartments have taken a good increase also – they have leveled out the last couple of years, industrial has been level the last several years. New construction shows some rebound in 2015 and is trending up again in 2017.

Ultimately what we would like to try to do is to be able to identify things over time that the EDA has done that is driving changes in a positive direction in property values. The market is going to be the biggest driver in many cases, but at times there are increases just because of the demand.

At this point, Danny Lenz, City Manager, passed out effectiveness measures – looking at trend over the last five years to use as a tracking mechanism.

VI. New Business

A. Approval of Expenditures

In the future this will go under Consent Agenda – nothing to approve at this time.

VII. Other

A. China Town Hall, October 24th – 6-8 p.m. –MSU, Mankato

Gary Sandholm explained that this is a webinar at MSU in Mankato and there is information in it that impacts Waseca.

VIII. Updates

A. Boards & Commissions

• **B.E.S.T. of Waseca County**

Gary Sandholm stated the Business Summit plans are coming along well and the date for the meeting is November 1st at SROC with an 8:00 a.m. registration and 8:30 a.m. start time. The meeting is planned to go until 1:00 p.m. and will include a light lunch. The first results for the visioning project will be discussed at this meeting.

B. Property Acquisition

Gary reported that the City will be talking with our consultant on Monday to see what they have determined as far as a reasonable value or price range for the Waseca Mutual building would be. There is also another interested buyer for the building. The City has let them know the City will not stand in their way if they are truly interested in purchasing the building.

C. Elm Avenue Project

City Manager Lenz reported that the project is moving forward – concrete is being poured and contractor is on schedule. He stated the goal is to have a concrete surface down before winter. If the concrete cannot be poured before winter in all areas, black top will be put down through the winter. There will be access through and across the streets.

D. Visioning.

City Manager Lenz stated the first real action plan was reviewed last Monday and it looked very good. Almost all of the data that has been submitted was very consistent across the board and shows a desire to move Waseca into the gain/retain area. We will get more information at the business summit on November 1st. Final report is now due early December.

The next plan is to get the County Commissioners, the School Board and City Council together to review the presentation of the final report. The invitation will be extended more broadly later on to the EDA, B.E.S.T and the Chamber Board.

E. Business Support/Recruitment

Gary handed out the attached Prospect Update for EDA review on the ongoing projects he is working on.

City Manager Danny Lenz also reported that Burger King has not closed on the property yet, but the City has been contacting them twice a week to get this paperwork taken care of.

Jim Gibson of B.E.S.T arrived at this time and gave a brief overview of what the agenda will entail at the Fall Business Summit on November 1st. The first report of the Waseca Vision 2030 Project will be presented, followed by presentations regarding the business climate in Waseca County and Community update. The summit will finish up with presentations on emerging economic drivers in agriculture, tourism, manufacturing, technology and entrepreneurship.

He stated much of the credit for this Summit goes to the City Manager, Danny Lenz and Economic Development Coordinator Gary Sandholm. Both of them have done an excellent job getting this Waseca Vision 2030 project out to the public.

Jim also stated they are looking for nominations for the B.E.S.T. board if anyone is interested.

IX. Next Meeting Date

The next Economic Development Authority meeting is scheduled for November 17, 2017.

X. Adjournment

It was moved by Fitch, seconded by Weir, to adjourn the meeting at 7:34 a.m.; the motion carried 4-0.

Michelle Murphy
Administrative Assistant

Call center (CVN)

- They received official notice that they need to be out by April 2018. Build to suit options may be very limited. Existing facilities appear now most likely. They have looked at a closed call center in La Crosse, but we don't know if anything is happening there. Wage information and labor supply information from DEED was sent to them. (Call centers have a high rate of turnover. Demonstrating an adequate workforce is a key factor when recruiting a call center.)
- Employment: Up to 300
- Investment: Estimated \$1,000,000
- Interactions:
 - o Visited current location to see operation.
 - o Site visit to Waseca.
 - o Preliminary discussions on incentives.
 - o Provided labor market information to support Waseca's position.
- Status: Serious prospect but uncertain as to project progress. The big benefit to Waseca for the call center is the training employees receive that may help develop skills for other jobs/vocations. If the call center does not choose Waseca, it will most likely be to not feeling they will be able to maintain the employee numbers they need.

Site selector

- Have had an ongoing discussion since early summer with the possibilities of bringing a manufacturing business to Waseca. Learned more about the company 9-26-17. They need 50,000 sq. ft. with focus on EF Johnson. This is a highly automated process to manufacture foam-lined studs for construction. They need people who can operate automated saws & drills, robotics, and materials handling equipment. Wage range \$15 to start going up to \$20 with experience.
- Employment: Up to 50
- Status: Serious prospect. The site selector seems to be trying to assemble a short list of communities for their client. Indications are that Waseca is in a good position to make the list. Clear Lake Press Building has also been sent to the broker.

Hi-Tech Agriculture Business

- Korean company with a Twin Cities location. Wants to find a lower cost area. Approach to the company is we are interested in helping you find a better location rather than a direct solicitation. The current operation is small, but there may be other opportunities that follow.
- Status: Serious prospect. A person to person meeting with an international trade representative was held Oct. 13. This appears to be a lengthy process but may also open other opportunities.

Home improvement product manufacturer (CVN)

- Looking at an expansion from their Twin Cities location. Handmade tiles are sold to many nationally known companies for use in their properties. Needs up to 20,000 sq. ft. of climate controlled space. Company has grown from a startup to a successful small business.
- Employment: Up to 30
- Investment: \$2,525,000
- Status: Lead. Several communities are interested at this point. They had an open house Oct. 12 with CVN members invited to visit and see the operation. RFIs are due Oct. 20. Getting building and lease information at this time. Several communities from Iowa and Missouri were at the open house and are showing interest. Justin wants to reduce to five or six at most. If Waseca makes the short list, this lead will elevate to a prospect.

Startup recycler (CVN)

- Serial entrepreneur who started a recycling company and built it into a \$100m company. He identified problems recycling plastic wrap that encased specialty items. Created a process that doesn't impair recycling for specific plastic product types. The plastic wrap can be melted into pellets or beads and reused in other molding situations. Finding nearby molding companies that can use the bead is also important. Need 25,000 sq. ft. expanding up to 45,000 sq. ft.
- Employment: 18
- Investment: \$3,000,000 (Justin has recommended focusing on buildings and workforce. The principle will need to take care of most of the financial arrangements. He seems to have some investors interested.)
- Status: Lead. Justin Erickson is very high on this company if they can raise their own capital. He is recommending to interested communities to concentrate on facilities and workforce at this time. A site visit is being set. Regional injection molders have been contacted to attend and learn about the product. Representatives from DEED and SMIF plan to attend.
 - Ongoing conversations with Justin indicate there are only two or three cities actively in the hunt. The initial plan is to contract with a recycler in Milwaukee to do contract work for a few months to prove the concept. Actual operations in a permanent location are expected 6 to 9 months out. A conference call discussed buildings, workforce, and identified what is crucial for the project,

Early stage company that manufactures lumber replacement board products (CVN)

- The process has roots in Southern MN even though the company is based in TX. The Principle is from Western IA. AURI may be an attraction for them to come to Waseca. This may be a multi plant project that can be replicated in several locations.
- Employment: 12 to 15
- Investment: \$8-10,000,000/plant.

- Status: Lead. I met with a local business person and discussed the product and project. He has had preliminary talks with the company. We will be getting feedback from this individual. His network may have possible investors.

Manufacturer of machines to produce very tiny parts for medical devices (CVN)

- Talked with Tim Wenzel to see if there is any kind of fit with a local company. After conversations with MN Micro, it isn't a good fit right now, but the door may reopen.

Site selector for a school for autistic children

- Received a call about potential locations in Waseca for a school. Suggested Viking, Northridge, Dollar General, and Clear Lake Press. Want 15,000 sq. ft. to 20,000 sq. ft. with green space for play area.
- Status: Prospect. They are gathering information about possible school locations in several communities. They have worked with other cities where schools have been built and seem very interested in Waseca specifically. Since they have completed other projects regionally and appear to have the plan and ability to perform, they fall into the prospect class rather than a lead.

Warehouse

- A regional real estate office had a client looking for a location for a warehouse. We identified a suitable site and provided the contact's name and phone to the broker for a site in the Waseca area.

Apartment projects

Several developers have inquired about building new apartment buildings or renovating downtown apartments.

LIST OF EXPENDITURES

November 17, 2017

| | | |
|---------------------------|-----------------|-------------|
| Econ Development | <u>3,413.81</u> | |
| Total Gross Payroll | 3,413.81 | |
| *Less- Payroll Deductions | <u>1,907.27</u> | |
| Net Payroll Cost | | \$ 5,321.08 |

*These costs are included in Accounts Payable totals below

Accounts Payable

Expenditures dated:
September 14,2017-November 14,2017

| | | |
|---------------------------|-----------------|--------------------|
| Bank ACH Withdrawals..... | <u>3,008.39</u> | |
| GRAND TOTAL EXPENDITURES | | \$ <u>8,329.47</u> |

| Check Issue Date | Check Number | Payee | Description | Invoice GL Account | Check Amount |
|---------------------------------------|-----------------|----------------------------|-------------------------|-----------------------|-----------------|
| Economic Development-General f | | | | | |
| 11/03/2017 | 20173766 | Blane, Canada Ltd | Synchronists | 261-46700-3000 | 2,400.00 |
| Total 261467003000: | | | | | 2,400.00 |
| 09/15/2017 | 20173661 | Sandholm, Gary | Jan - Aug Mileage Reimb | 261-46700-3300 | 285.69 |
| Total 261467003300: | | | | | 285.69 |
| 09/15/2017 | 20173658 | Personalized Printing Inc. | Insert for Shopper | 261-46700-3500 | 322.70 |
| Total 261467003500: | | | | | 322.70 |
| Total Economic Development-General f: | | | | | 3,008.39 |
| Grand Totals: | | | | | 3,008.39 |