

**SPECIAL MEETING OF THE
DULUTH ECONOMIC DEVELOPMENT AUTHORITY
Wednesday, August 25, 2010 - 5:00 p.m.
Council Chambers, Third Floor City Hall**

MINUTES

Call To Order: The August 25, 2010, special meeting of DEDA was called to order by President Heino at 5:00 p.m.

Present: Jeff Anderson, Nancy Aronson Norr (5:03 p.m.), Tony Cuneo, Todd Fedora, John Heino, Don Monaco

Absent Excused: Christine Townsend

Others Present: Bob Asleson, Lisa Baumann (Duluth News Tribune), Joan Christensen, Terri Fitzgibbons, Patrick Garmoe (PureDriven), Christine Gradl Seitz, Bob Grytdahl, Brian W. Hanson, Steve LaFlamme, Bronwyn Lipinski, Mayor Don Ness, Kevin Scharnberg, Christopher Swanson (PureDriven), Heidi Timm-Bijold

APPROVAL OF MINUTES: June 16, 2010. Accept as written. Vote: Unanimous (6-0)

DISCUSSION

1. DEDA MEETING FORMAT AND LOCATION: Heino asked for feedback about having the DEDA meetings in a less formal setting and location. Fedora was wondering about the logistics of broadcasting on PACT TV if the meetings were less formal. Hanson said that he can talk to PACT TV and Jeff Cox about when recording capabilities will be available in Room 303.

2. GOOGLE EFFORT – PHASE TWO REPORT

Chris Swanson of PureDriven discussed findings from the Google Phase Two effort. Swanson has been working with Northland Technology Consortium on the concept of an idea institute in the Duluth area to bring ideas through a process to ultimately create jobs and economic development. Swanson stated investment financing mechanisms in our community are not as strong for non-asset based companies, but venture capital and angel investment funds would be very valuable. APEX is in discussions with venture capital funds in the Twin Cities area to help. Swanson also mentioned that Duluth could benefit from additional focus on branding. Swanson advocated for flexible education training at the proposed Duluth Academy since businesses seek people with specific skill sets to grow. Swanson expects Google to make their announcement by the end of year.

3. BAYFRONT DEVELOPMENT UPDATE

Timm-Bijold stated that during environmental evaluations of Bayfront Lot D, only low levels of contamination were discovered which will be manageable during project construction.

Evaluation of seawalls and buried foundations found some to be in excellent condition while others were completely failed, which could influence the location of the transient boat facility. The EPA offered the City \$50,000 of Targeted Brownfield Assessment (TBA) funds for the work plan that is focused on a boat basin. Staff has been working closely with the Department of Natural Resources (DNR) and U.S. Fish and Wildlife Service to secure a \$100,000 grant for basin design and engineering, as well as master planning for the entire waterfront with a funding application anticipated for submission next fall.

Timm-Bijold stated staff have been working closely with Bayfront stakeholders regarding the development. Once a concept emerges it will be used as a tool to solicit request for qualifications (RFQs) from waterfront design firms. Timm-Bijold reminded Commissioners that the conditional option that Pier B Holdings LLC secured from DEDA expires October 30, 2010.

Heino asked if there is a plan to inform the public throughout the stages of this project. Timm-Bijold indicated at this time there is not a formal plan but did point out that the City's webpage and print media could be utilized for such. Norr asked why the EPA funding was used for the boat basin, and Timm-Bijold indicated input was received from the EPA, MPCA, staff, and consultants regarding the work plan which was developed by reviewing draft reports, technical assessments, and the Phase II reports. The consensus was that the portion of waterfront with the most momentum is the boat basin. Timm-Bijold added that an award was received in May of \$200,000 from the EPA which will be applied to further petroleum contamination assessment work at the Bayfront. Monaco asked if the transient boat facility includes a cruise ship facility and passenger docking. Timm-Bijold replied that meetings with stakeholders have included Homeland Security, U.S. Customs, and the Seaway Port Authority, with the intent of assessing the need to provide cruise ship services at the Bayfront. Monaco stated Customs is reluctant to continue using the temporary facility at the Aquarium, and Timm-Bijold agreed we should make this dialogue a priority.

4. 2010 MINNESOTA JOBS BILL – TAX INCREMENT FINANCING

Hanson reported that the State Legislature has broadened the opportunities to use Tax Increment Financing (TIF) through allowing expanded use of existing excess funds and adding new zones. There is a short window, between now and next December, that would allow private development projects to utilize existing TIF dollars. Hanson stated additionally two new districts are being proposed which are a compact development district geared toward redevelopment and an expansion of economic development district that will allow expansion of the scope of project. Hanson advocated that the DEDA look at ways to utilize these tools to improve developments. Hanson reported in 1999 Duluth was first in the state for use of TIF at 16% of the tax base whereas in 2010 TIF in Duluth was at just under 3% of the tax base. Heino mentioned the data could be interpreted that Duluth is not abusing the use of TIF, or that Duluth is not being very aggressive with TIF.

RESOLUTIONS FOR APPROVAL

NEW BUSINESS

1. **RESOLUTION 10D-31: RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO EXECUTE AN ACCESS LETTER RELATING TO ENVIRONMENTAL ASSESSMENT ACTIVITIES ON DEDA-OWNED PROPERTY IN THE BAYFRONT AREA COMMONLY REFERRED TO AS DEDA LOTS B, C AND D**

Staff: Timm-Bijold stated that this resolution allows DEDA to sign an access letter allowing contractors from the EPA to set foot onto DEDA property and do \$50,000 of work.

Vote to Approve Resolution 10D-31: Passed Unanimously (6-0)

2. **RESOLUTION 10D-32: RESOLUTION AUTHORIZING DEDA TO REIMBURSE THE DULUTH AIRPORT AUTHORITY FOR UNDERGROUND POWER LINE RELOCATION AT THE NORTH BUSINESS DEVELOPMENT AREA UP TO THE AMOUNT OF \$18,000**

Staff: Monaco will be abstaining from this resolution because of his business interest in this area. Hanson stated that the North Business Development Area is an exciting opportunity to expand our slate of industrial property in the City of Duluth. The Duluth Airport Authority and their partners have come together with \$3 million in support to develop 200,000 square feet adjacent to the former Northwest Airlines MRO facility. The project is an opportunity to jointly market an area that complements the MRO facility. DEDA's portion of \$18,000 will contribute to the costs of an overage for relocation of the road and additional parking.

Vote to Approve Resolution 10D-32: 5-1-0 (Monaco abstained)

3. **RESOLUTION 10D-33: RESOLUTION APPROVING THE NORSHOR THEATRE CAPITAL IMPROVEMENT BUDGET FOR 2010**

Staff: Hanson presented an overview of the NorShor Theatre project.

Discussion: Heino asked why the sale of Temple Opera building isn't anticipated until 2012. Hanson responded that we want to see a real estate market that can support a higher price and see the skywalk connection established before a sale. Anderson asked if a DEDA commissioner may be on the Executive Committee for the NorShor governance. Hanson replied that it would be welcome. Ness added that the DEDA Board is already the top level of the governance structure with ultimate authority coming from DEDA. Cuneo asked if a more detailed budget will be brought forward detailing specific expenditures. Hanson replied that the purpose of the proposed budget is to establish a capital and operating budget with the understanding adjustments may be needed. Hanson noted that the 2011 budget will be more detailed. Heino stated the public is very interested in this project and asked if the work done to-date was anticipated. Hanson indicated that the work was anticipated. Christine Gradl Seitz, Playhouse Director, discussed the success of last week's fundraiser in which nearly \$14,000 was raised with more donations still coming in. She then expanded on the goals that Hanson mentioned.

Public Input - Roberta Cich, Duluth Office Director for the Center for Independent Living and Chair of the Duluth Commission on Disabilities: Cich would like to see DEDA re-prioritize to address accessibility issues at the theatre immediately, citing the Americans with Disabilities Act. She requested the theatre delay programming until there is a bathroom on the ground level and access to all programming.

Galen White, Access North: White stated that events should not be held until accessibility is addressed or fixed immediately, by either prioritizing the budget or ensuring upcoming events are accessible.

Discussion: Norr acknowledged the problem and stated she is open to some dialogue with commissioners about how to address the accessibility issue. Cuneo agreed and asked if the budget can be amended or re-prioritized. Fedora asked if there is an elevator in the NorShor, and after hearing that there is not, asked how much money will remain in the Storefront Loan program after the \$90,000 allocation for the theatre. Scharnberg found that there will be \$1.5 million remaining. Monaco asked if the capital budget includes funds to address this issue. Ness replied that the skywalk plans include the cost of an elevator and an accessible bathroom on the first floor is part of the plan. Monaco asked when the earliest the first floor bathroom and second floor accessibility would be addressed. Ness responded that the bathroom is a priority, but the skywalk and elevator are longer term prospects. Norr asked if the staff wished to amend the budget this evening so it may be approved and if it is legally necessary to have access to all to have events. Ness responded that if capital funds were specified to be used for life safety and accessibility issues, the Executive Director would have discretion to address accessibility in the coming months

Heino asked if there would be a delay of events if access to the second floor were required. Hanson replied that if this were the case only the first floor would be used. Cuneo made a motion to amend the capital budget to be prioritized around issues of life safety and accessibility. Anderson seconded.

Fedora suggested an amendment to increase the budget to \$123,000. Norr advocated maintaining originally proposed figures and inviting staff to come back with revisions at a later time. Motion to amend passed 6-0.

Vote to Approve Resolution 10D-33 as amended: 5-1 (Fedora Opposed)

4. RESOLUTION 10D-34: RESOLUTION APPROVING THE NORSHOR THEATRE RESERVE BUDGET FOR 2010

Vote to Approve Resolution 10D-34: 5-1 (Fedora Opposed)

5. RESOLUTION 10D-35: RESOLUTION AUTHORIZING A MANAGEMENT AGREEMENT WITH THE DULUTH PLAYHOUSE, INC. FOR MANAGEMENT OF THE NORSHOR THEATRE

Discussion: Fedora asked if the Playhouse fees draw from the reserve fund and if the Playhouse can collect fees without booking events. Hanson replied that the revenues will cover fees and bottom line results are the best measure for providing results. The increase from \$500 a month in 2010 to \$2,000 in 2011 and 2012 reflects the Playhouse's commitment in early stages.

Vote to Approve Resolution 10D-35: Passed Unanimously (6-0)

6. **RESOLUTION 10D-36: RESOLUTION AUTHORIZING AN AMENDMENT TO THE LEASE MANAGEMENT AGREEMENT WITH ONEIDA REALTY COMPANY FOR MANAGEMENT OF THE NORSHOR THEATRE, THE NORSHOR ANNEX, AND THE TEMPLE OPERA BUILDINGS**

Vote to Approve Resolution 10D-36: Passed Unanimously (6-0)

ADJOURNMENT: President Heino adjourned the August 25, 2010, meeting of the DEDA at 7:21 p.m.

Respectfully submitted,



Brian W. Hanson
Executive Director

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