



REGIONAL COUNCIL OF MAYORS

July 12, 2010

INFORMATION AND DISCUSSION—JOBS AND ECONOMIC COMPETITIVENESS

The last week of June, eight national site selectors visited the Twin Cities to hear about the region and to provide advice on marketing and attraction efforts. The visitors told the team, “You have to stop keeping this place the best kept secret.” With efforts underway to create the first “Regional Economic Development Entity” (REDE), the Itasca Project’s Job Growth Task Force is well on its way of letting the cat out of the bag!

Kathy Schmidlekofer, General Mills/Itasca Project, gave the group a recap of the work done by the 26-member task force. Having completed a five-month self-assessment of the region’s job growth drivers, the Task Force decided to focus in on “process levers” for which the region scored below average compared to its peers. These include: having a strategic vision for economic development, retention and expansion efforts, and attraction and marketing efforts. What became clear to the group—especially after reviewing peer regions—was that bringing this together in a disciplined way will require the creation of a “Regional Economic Development Entity” (REDE). REDE will represent the 13-county MSA, be comprised of 70% private sector stakeholders and 30% public. In addition to a board and its committees, a Partner Advisory Council is envisioned that would include a diverse array of economic development practitioners from local government, chambers, and workforce boards.

The Task Force’s implementation plan seeks to launch the entity in January 2010, ramping up in years 1 and 2 to a staff of 12 and a budget of \$2.8 million. At full capacity, REDE would have a staff of 20 and an annual operating budget of \$4 million. The Itasca Project is raising \$600,000 from the private sector to start up the organization and is looking for contributions from public sector partners based on their populations.

Alongside REDE, the Task Force is moving forward with a “business bridge” pilot that will link larger Minnesota companies to smaller ones that provide relevant goods and services to help grow the state’s small businesses. The Task Force is also working to institutionalize relationships between the University of Minnesota and the private sector to spur more commercialization of research.

Mayor Brede discussed the unique importance of Rochester and Olmstead County and wondered about its inclusion in the entity. Ms. Schmidlekofer replied that the approach has been to have the REDE point out all of the assets in Rochester and that if, for example, “an opportunity comes to the Twin Cities, but it is more appropriate in Rochester, the REDE’s goal is to keep that opportunity in the state.” She also

said that the REDE will establish strong relationships with all of the other economic development players in other Minnesota regions.

Discussing the state's corporate tax rate – which is often cited as a barrier to business attraction—the group noted that marketing materials from other states frequently list the rates of surrounding states, so even though Minnesota's rate may only be slightly higher than another state's-it is used against us.

The group also discussed the potential in the long-term for seeking some kind of regional financing for this organization rather than having individual cities and counties contribute. The group agreed that to keep momentum, the regional financing ideas would need to be pursued in the out-years of the project.

Ms. Schmidlekofer discussed that stakeholders like the various Chambers of Commerce would be part of the Partnership Advisory Council and that the Metropolitan Council Chair is likely to have a board seat. The REDE will work to make the ongoing economic development efforts in the region more unified and cohesive.

Mayor Kautz suggested that Ms. Schmidlekofer could speak to city councils to present the information and answer questions.

RCM Regional Competitiveness Project and Brookings Metropolitan Business Plan (MBP) Initiative

Mayor Harpstead reminded the group that the RCP has another year of funding and that an early focus will be on cluster boards—the first of which will be focused on the medical device industry.

Jon Commers, the project manager for the Brookings MBP initiative, provided an update on the project's "detailed development initiative" which is an implementable portion of the region's larger business plan. The City of Saint Paul, having received foundation and EDA funding to bring the non-profit entrepreneurship accelerator, JumpStart to the city, extended the opportunity to make it region-wide. The goal of the accelerator is to turn innovative ideas into commercial enterprises. Specifically, JumpStart will:

- 1) Create a Regional Entrepreneurship Action Plan
- 2) Develop an inventory of entrepreneurship assets
- 3) Perform a gap analysis
- 4) Conduct street level assessment-interviews (100 – 200) across the region to identify the inhibitors to entrepreneurship
- 5) Focus on inclusion and helping the region address socio-economic disparities.
- 6) Bring "Ideacrossing.org"--a matching tool that matches up venture capitalists and business owners to the Twin Cities.

[Learn more about JumpStart here.](#)

Grow Minnesota!

Dave Olson of the Minnesota Chamber of Commerce described the chamber-sponsored “Grow Minnesota!” initiative focused on retaining the state’s businesses. After thanking companies for being in MN, Chamber representatives ask how they can help individual businesses and make the overall business climate better. In 2009, the Chamber visited 893 companies, 81% of which are small business; 35% located in the metro area; and 24% manufacturing companies. The Chamber also provided financing, permitting assistance and customer introductions to 215 companies.

Under the current REDE proposal, the Grow Minnesota! effort would become the business retention element.

Property Assessed Clean Energy (PACE) Financing Program

According to Senator John Doll, the recently enacted PACE program is one of the most far reaching pieces of energy retrofit legislation in the country. Under the program, businesses and home-owners can apply for a special assessment on their property to make energy efficiency improvements which can be paid off over a 20-year period. Cities would need to pass a resolution allowing property owners to apply for the special assessment; then they would need to issue a revenue bond that would be applied to the property tax in the first lien position and when the property is sold the outstanding assessment would be transferred to the next property owner.

To participate, property owners would need to have an energy audit; demonstrate ability to pay; and participate in a quality assurance program. Participants would be awarded a PACE certificate that will hopefully become a “seal of approval” for the quality of the improvements. A working group is currently focused on setting up a loan loss reserve pool and working with Fannie Mae and Freddie Mac so that they will accept mortgages with this type of financing attached to it.

BREAKING NEWS: MONEY MAGAZINE RANKS FIVE MINNESOTA METRO CITIES IN THE TOP 20, “BEST SMALL CITIES IN AMERICA TO LIVE”

Eden Prairie took the top honor, with Plymouth coming in at 11; Woodbury at 13; Eagan at 15 and Apple Valley at 20. Congratulations to all! [See the list here.](#)

COMING UP

The August RCM meeting has been cancelled. September’s meeting will be focused on what activities we can do together.

ATTENDEES

Mayors

Ardell Brede, Rochester; Sandy Martin, Shoreview; Elizabeth Kautz, Burnsville; Stan Harpstead, Arden Hills; Jim Hovland, Edina; Debbie Goettel, Richfield; Marvin Johnson, Independence; Mike Maguire, Eagan; Bill Hargis, Woodbury; Dean Johnson, Lake Elmo; Janet Williams, Savage; Chris Coleman, Saint Paul; Terry Schneider, Minnetonka; Bill Droste, Rosemount; Steve Lampi, Brooklyn Park; R.T. Rybak, Minneapolis; Peter Lindstrom, Falcon Heights, Doug Anderson, Dayton.

Staff and Contractors

Caren Dewar, executive director, ULI Minnesota; Cathy Bennett, Housing Initiative; Snezhana Bessonov, Initiatives; Mary Kay Bailey, Communications and Policy, Kristina Smitten, Environment Initiative.

Advisors and guests

Rep. Frank Hornstein, State Representative/Minneapolis 60B; Kathy Schmidlekofer, General Mills/Itasca Project; John Shardlow, Bonestroo; Michael Huber, Blue Cross Blue Shield of Minnesota; Carol Nielsen, Target; Luke Weisberg, Greater Metro Workforce Council;; Gretchen Nicholls, LISC; Jim Erkel, MN Center on Environmental Advocacy; Alisha Cowell, University of Minnesota; Lee Munich, University of Minnesota; Elizabeth Ryan, Family Housing Fund; Brian Paulson, Greater Twin Cities United Way;; Jay Lindgren; Dorsey & Whitney; Larry Lee, City of Bloomington; Senator Scott Dibble, MN Senate-District 60; Ann Mulholland, City of Saint Paul; Jenna Fletcher, Trust for Public Land; Todd Klingel, Minneapolis Chamber of Commerce; David Olson, Minnesota Chamber of Commerce; Jon Commers, Donjek, Inc.; Steven Kvenvold, City of Rochester; Todd Olson, Metro Cities; Jason Ziemer, City of Maple Plain; Heather Worthington, City of Edina; Mason Schirmer, City of Maple Plain; Dwight Johnson, City of Rosemount; Jim Antonen, City of Maplewood; Justin Miller, City of Falcon Heights; John Gunyou, City of Minnetonka; Kriystauhl Fitchett, City of Burnsville; Lucia Lebens, mCapitol Management; Erich Mishce, mCapitol Management; Cecile Bedor, City of Saint Paul; Katherine Blauvelt, Office of Senator Al Franken; Senator John Doll, MN Senate-District 40.