

GRAND RAPIDS ECONOMIC DEVELOPMENT AUTHORITY

Thursday, May 28, 2015

4:00pm

Grand Rapids City Hall

NOTICE IS HEREBY GIVEN, that a regular meeting of the Grand Rapids Economic Development Authority will be held in Conference Room 2A in the Grand Rapids City Hall, 420 North Pokegama Avenue, in Grand Rapids, Minnesota on Thursday, May 28, 2015 at 4:00pm.

AGENDA

1. Call to Order
2. Call of Roll
3. Setting of the Regular Agenda - *This is an opportunity to approve the regular agenda as presented or add/delete by a majority vote of the Commissioners present an agenda item.*
4. Approval of minutes from the May 14, 2015 regular meeting
5. Consider approval of claims
6. DEED Shovel Ready Certification Program- Kevin Kelleher, DEED
7. Updates:
8. Adjourn

GREDA Members/terms:

Dale Christy – 12/31/16 (with council term)

Rick Blake– 12/31/18 (with council term)

Mike Przytarski – 3/1/21

Cory Jackson – 3/1/17

Mike Stefan – 3/1/18

Chris Lynch – 3/1/19

Sholom Blake – 3/1/19

**GRAND RAPIDS ECONOMIC DEVELOPMENT AUTHORITY
REGULAR MEETING
THURSDAY, MAY 14, 2015
4:00 P.M.
GRAND RAPIDS CITY HALL – CONFERENCE ROOM 2A
420 NORTH POKEGAMA AVE., GRAND RAPIDS, MINNESOTA**

CALL TO ORDER: Pursuant to due notice and call thereof, a Regular Meeting of the Grand Rapids Economic Development Authority (GREDA) was called to order on Thursday, May 14, 2015 at 4:00 p.m. in Conference Room 2A of City Hall, 420 North Pokegama Avenue, Grand Rapids, Minnesota.

CALL OF ROLL: On a Call of Roll the following members were present: Commissioners: Cory Jackson, Sholom Blake, Michael Stefan, Chris Lynch, Rick Blake. Absent: Mike Przytarski, Dale Christy.

SETTING OF REGULAR AGENDA: Approved with addition.

- Election of Officers

APPROVAL OF MINUTES:

MOTION BY COMMISSIONER LYNCH, SECOND BY COMMISSIONER JACKSON TO APPROVE THE MINUTES OF THE APRIL 23, 2015 REGULAR MEETING. The following voted in favor thereof: Jackson, R. Blake, S. Blake, Lynch, Stefan. Opposed: None, passed unanimously.

Commissioner Christy joined the meeting at 4:04 p.m.

APPROVAL OF CLAIMS:

MOTION BY COMMISSIONER STEFAN, SECOND BY COMMISSIONER LYNCH TO APPROVE CLAIMS IN THE AMOUNT OF \$13,863.00.

Itasca County H.R.A	\$11,652.40	Itasca County Treasurer	\$80.50
Kennedy & Graven	\$630.10	Springsted	\$1,500.00

The following voted in favor thereof: Christy, Jackson, R. Blake, S. Blake, Lynch, Stefan. Opposed: None, passed unanimously.

Discuss request for GREDA loan to partially fund natural gas extension CIAC.

The City is working with Minnesota Energy Resources to extend natural gas to predominately low to moderate income neighborhoods. Because MERC is regulated by the State Public Utilities Commission, they cannot extend utilities and socialize the cost over the entire customer base. As a result, MER has to charge a Contribution In Aid of Construction (CIAC) fee. The approximate fee is \$264,000 for the proposed extensions. GREDA legally can pay the CIAC where the City does not have the authority. The City is requesting that GREDA consider paying for half of the CIAC or \$132,000 and as the City collects the individual CIAC from the homeowners, the City will reimburse GREDA prior to repaying itself. The City is working on draft agreements for this project which will be brought to the GREDA for consideration.

Discuss request from Central School tenants for advertising funding.

Cathy LaDoux was present as a representative for the tenants at Central School. The tenants are asking GREDA to help support the Central School by covering the cost of a buy local commercial and new rack cards. The total cost would be \$1247.80. The Commissioners agreed that it is important to advertise and fill space at the Central School.

MOTION BY COMMISSIONER STEFAN, SECOND BY COMMISSIONER CHRISTY TO APPROVE PAYMENT IN THE AMOUNT OF \$1,247.80 FOR ADVERTISEMENT OF THE CENTRAL SCHOOL BUSINESSES. The following voted in favor thereof: Lynch, Christy, S. Blake, Jackson, Stefan, R. Blake. Opposed: None, passed unanimously.

Election of Officers

MOTION BY COMMISSIONER R. BLAKE, SECOND BY COMMISSIONER JACKSON TO ELECT COMMISSIONER S. BLAKE AS PRESIDENT, COMMISSIONER LYNCH AS VICE PRESIDENT AND COMMISSIONER CHRISTY AS SECRETARY/TREASURER. The following voted in favor thereof: R. Blake, Stefan, Jackson, S. Blake, Christy, Lynch. Opposed: None, passed unanimously.

Updates:

SCDP Commercial Rehabilitation Projects- Madden's Dutchroom has changed ownership and the new owners are looking to expand the scope of work. Mr. Mattei received two new applications, one is for the Ben's Bait building and the other is Toivo's. Staff will set up a time with the review committee to discuss the new applications.

There being no further business the meeting adjourned at 5:04 p.m.

Respectfully submitted:

Aurimy Groom, Recorder

EDA BILL LIST - MAY 28, 2015

DATE: 05/22/2015
 TIME: 14:12:12
 ID: AP443000.CGR

CITY OF GRAND RAPIDS
 DEPARTMENT SUMMARY REPORT

PAGE: 1

INVOICES DUE ON/BEFORE 05/28/2015

VENDOR #	NAME	AMOUNT DUE
ECONOMIC DEVELOPMENT AUTHORITY		
2018225	TREASURE BAY PRINTING INC	14.50
	TOTAL	14.50
EDA - CAPITAL PROJECTS		
CENTRAL SCHOOL REDEVELOPMENT		
1309069	MILLER DUNWIDDIE ARCHITECTURE	5,420.00
	TOTAL CENTRAL SCHOOL REDEVELOPMENT	5,420.00
TOTAL UNPAID TO BE APPROVED IN THE SUM OF:		\$ 5,434.50

Minnesota's Shovel Ready Program

READY TO ROLL

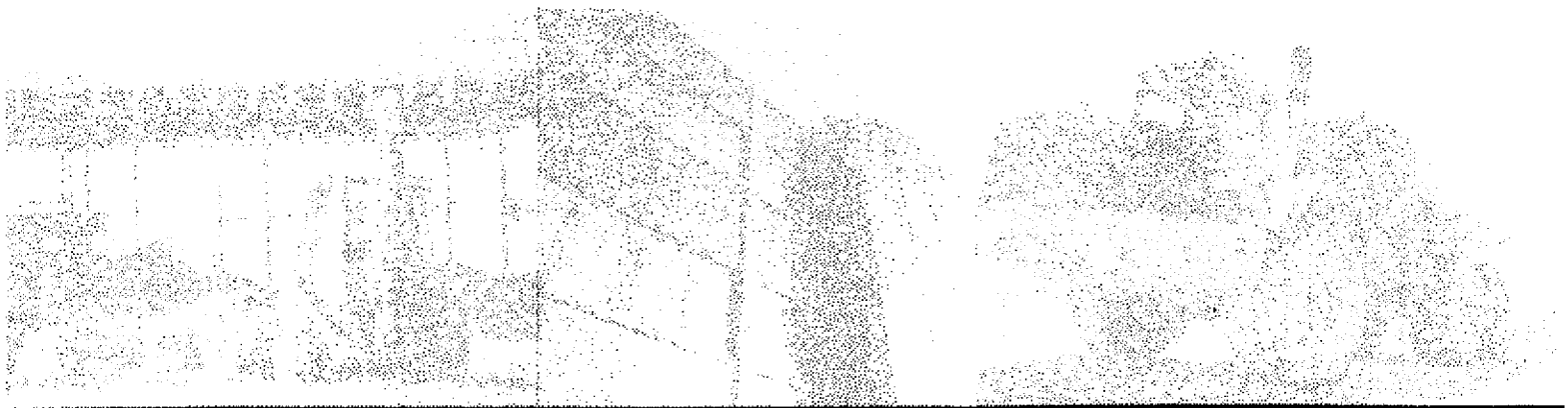
**Get ready to dig in and attract new business and industry with ease —
with a streamlined process to promote your city's economic development.**

Check out the new Shovel Ready Site Certification Program at mn.gov/deed/shovelready.

The certification program makes the site-selection process easier, faster and more predictable for companies that are looking to grow in Minnesota. Certified shovel-ready status is fast becoming a standard for sites that are marketed around the country.

Minnesota's Certified Shovel Ready sites will be marketed at national conferences, trade shows and on the MnPRO.com Web site, the state's site-selection database.

John Rhodes, national site-location consultant with Moran, Stahl & Boyer, will assist communities with the certification process. Applications may be submitted at any time. The application fee for shovel-ready certification is \$3,250 and covers the initial review, onsite inspection, final certification and marketing.



**For more information on
Minnesota's Shovel Ready Site Certification Program, contact:**

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E-mail: kevin.kelleher@state.mn.us

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DEPARTMENT OF EMPLOYMENT AND ECONOMIC DEVELOPMENT

Shovel-Ready Program Overview

The competition between communities nationwide to attract business startups, expansions and relocations (and jobs and tax base they bring with them) has never been more fierce.

Communities everywhere are looking for something that makes them stand out from the pack. Certified shovel-ready sites can give your community that competitive edge.

[What is a Shovel-Ready Site?](#) [Benefits](#) [How Site Selectors Choose a Location](#)

What is a Shovel-Ready Site?

Shovel-ready sites are in growing demand among companies and site selection consultants, and they are an increasingly popular tool for communities to attract new business and industry. While definitions vary from state to state, the term 'Shovel-Ready' generally refers to commercial and industrial sites that:

- Have had all of the planning, zoning, surveys, title work, environmental studies, soils analysis and public infrastructure engineering completed prior to putting the site up for sale.
- Are under the legal control of a community or other third party.

See the [Shovel-Ready Fact Sheet \(/deed/images/Shovel-Ready_FactSheet.pdf\)](#).

Our Shovel-Ready Certified Site program takes into consideration the factors that are most important to site selectors and includes the criteria listed below.

Ownership Status

It is important for prospective buyers to know that sites can be purchased without undue complications. Ownership status documentation must include:

- A description of the current owner
- Documentation of title to the property

General Site Information

Site selectors need a wide variety of information to determine whether a location is suitable. General site information must include:

- A description of all parcels that make up the site.
- A site map and schedule for site plan approvals and permits.
- A zoning description of the site plus current and future planned zoning of adjacent sites. Land use maps must be provided.
- Information about whether the site or adjacent sites fall within the boundaries of special Economic Development Zones.
- Aerial photos noting site boundaries.
- The current price offering for land.
- Current real estate taxes and special assessments on all parcels that make up the site.
- Identification of current and former land use of the site and adjacent sites.

Specific Tests and Assessments

Site selectors need to know whether the ground on a particular site is suitable for specific structures or uses. Certain tests and site assessments must be completed and documented, including:

- Geotechnical soil tests.

Utility Services

The availability of utilities is an extremely important factor that site selectors consider. The types of services available at the site and the names of the providers must be documented, including:

- Electric power
- Sanitary sewer
- Natural gas
- Telecommunications
- Water and wastewater treatment
- Municipal storm sewer

Transportation Access

The ability to receive raw materials and components and move finished products to market is crucial to manufacturers. Transportation access documentation includes:

- Distances to major state highways and interstates
- Access to navigable river, inland or sea ports
- Rail access to site

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Benefits

Shovel-ready sites are a benefit to companies and site selectors because they take much of the time, expense, unpredictability and risk out of development.

Because the sites are more likely to catch the eye of corporate site selectors or site selection consultants, they're also a distinct competitive advantage for site owners and communities.

Benefits for Companies

Certified shovel-ready sites are extremely attractive to companies looking to expand, relocate or start up. The reasons are simple:

Global economic forces are pushing companies to make market decisions faster than ever before. They no longer have the luxury of spending six to 12 months on a site search. Shovel-ready sites can be purchased quickly.

Companies need sites that are ready for development and can match the construction completion date with customer product delivery demands.

Shovel-ready sites simplify the development process and greatly reduce risk by eliminating most of the unknowns from the site selection decision and increasing the predictability of getting the land developed, the building constructed and the business up and running.

Finally, shovel-ready sites lower development costs, a very important factor at a time when all companies are more cost-conscious.

Benefits for Minnesota Communities and Site Owners

Certification offers several benefits for communities and site owners, but let's start with the most important: increased visibility in a very crowded marketplace.

Minnesota's Certified Shovel-Ready sites will be heavily marketed at national conferences and trade shows as well as on the property search tool we provide for site selectors. The result is improved visibility for both the community and the site.

Certified shovel-ready status is fast becoming a standard for sites being marketed throughout Minnesota. Having certified sites demonstrates that communities are progressive, business-oriented, and prepared for new development.

For communities serious about taking their efforts to attract new commercial and industrial growth to a whole new level, our Shovel-Ready Certified sites are the natural next step.

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What is a Shovel-Ready Site? **Benefits** **How Site Selectors Choose a Location**

How Site Selectors Choose a Location

Location selection takes on different approaches depending on the situation and the experience of the project team. However, in the end it is a process of elimination that takes place in two phases.

The process begins with either an initial list of preferred locations or specific criteria for which to build a list. Location lists are frequently based on counties for manufacturing and distribution projects and on cities (metropolitan statistical areas or MSA's) for headquarters, back office and R&D projects. The county-level analysis allows for more defined geography that can be better differentiated (e.g., locations near interstates).

It is important to note that the local economic development agencies are usually not contacted until Phase II for site visits unless the project team does not have experience in data collection. Also note that real estate-related information is required at several points in the process.

When making real estate decisions, many companies will first seek the availability of existing buildings (unless the building they need is highly specialized) and then consider potential sites in an attempt to reduce startup time, minimize risks and reduce cost.

Selection Process

PHASE ONE OF THE SELECTION PROCESS

Step One

Initial Discussion with Search Team to Define Key Selection Criteria

Step Two

Screen Locations and Profile Top Candidates

This step, consisting of three different screenings, is the point in the selection process where local real estate options are considered.

This first screening is by geographic preferences, which are driven by logistics or other business considerations.

Next, they screen by industry presence, which is an indicator for determining the presence of certain skills or industry cluster.

The third screening is for resource availability, which considers the following factors:

- Demographic profile (population, growth rates, education levels, etc.)
- Transportation access (air, interstate, rail and port depending on operation)
- Workforce (quantity/quality of available skills)
- Education and training resources
- Overall costs (real estate, labor, construction, taxes, power, insurance, etc.)

- Ability to recruit staff to an area (quality of life/cost of housing)
- The presence of certain suppliers, competitors and/or industry partners
- Gather examples of available real estate options and lease/purchase costs/terms

The final screening is to develop comprehensive profiles of the top location candidates.

Step Three

Present Screening/Profiling Information to Senior Management

PHASE TWO OF THE SELECTION PROCESS

Step Four

On-Site Field Visits

- Review available real estate and related lease/purchase options (buildings and sites)*
- Evaluate labor and other resources critical to the company's operation

Step Five

Incentives Negotiation (where available)

- Review available incentives that are applicable to the company's situation

Step Six

Feasibility Analysis

- Develop Net Present Value(NPV) of costs and incentives (10 or 20-year pro forma)

Step Seven

Final Presentation and Decision

Site Characteristics

When a prospective company views an area and its real estate options, there are four levels of evaluation (as outlined below) that frequently drive the decision. Having identified a particular site or building, the search team conducts a quick evaluation of access to an airport (if air travel is important) and the labor force within 30 minutes of the site.

The evaluation team then reviews the local amenities and interstate access that are within a few miles of the site. Lastly, the team focuses on the overall site and the details of the building(s), if present. In the final analysis, it is the site with the best access to resources and manageable risk at the lowest cost that will most likely be selected.

Size of Development Site and Lot Sizes

Company requirements will range from large (100+ acre) standalone sites for single users down to 5-10 acre sites within a multi-user park. Many companies will scan the real estate options for the size lot they need but also check the potential for expansion on contiguous land or adjacent sites.

The configuration of a site and its individual lots is also a key determinant of the size and configuration of the building that can be placed on the site, particularly when considering any minimum offset distances required to property lines.

Level of Site Visibility and Security

Some companies want to have visual access from an interstate or a primary highway and have their name on the building. Other companies are more concerned with security and want to be located in an office or industrial park that has controlled access, a perimeter fence and lighting throughout. Also important is the location and distance to fire, police and hospital services that are the closest to the site.

Level of Site Readiness

As previously discussed, companies seek out real estate options that minimize startup time and limit potential risks. If the type of facility required is relatively generic, the company will first screen the real estate listings for buildings then for building sites. If the building requirements are fairly unique (extra large site or building size, very specialized space layouts, need for high-end architectural features), the company will seek a building site. Different companies and types of operations will be attracted to different levels of readiness – from a developed site to a shell building in place to a move-in quality building.

There is a multi-level scale for determining the level of site readiness (see below). The scale ranges from raw land currently zoned agriculture up to a fully developed site with a building in place. Each level indicates an incremental amount of effort that reduces the time to startup for the prospective company. When a community is considering the development and marketing of a particular site, make an effort to determine what level of readiness will be needed to assure that certain types of businesses will be attracted to the site.

Readiness is ultimately defined by prospective companies as the time required to obtain occupancy in a building on a site.

Level 2: Developed site, building shell in place or existing building needing modest renovation.

Level 3: Developed site with virtual permitted building (based on pre-designed building and defined conditions).

Level 4: Developed site ready for building construction

- Lots defined and graded
- Roads and utilities in place with service to lots
- Some permits secured and covenants defined

Level 5: Undeveloped site

- Ownership/title cleared and ready for sale
- Proper zoning in place
- Surveys/studies completed
- Permitting agencies poised for approvals
- Infrastructure within reasonable access
- Compatible adjacent land use
- Conceptual site plan and general covenants

Level 6: Zoned land in hands of original owner

Level 7: Land zoned agriculture but is to be zoned industrial or O/I based on the Comprehensive Land Use Plan

Soil and Water Conditions

Soil conditions and on-site water management can be a major issue for a prospective company. The results of soil boring tests provide the following critical information:

- Types of soils at different depths impact site drainage potential and structural soundness.
- The overall uniformity of the soil conditions across the site is also important. Rock outcrops, presence of peat deposits or changes in soil type may lead to difficult excavations, stability issues or differential settling of structures.
- Any presence of fill material can produce unknown foundation conditions as well as indicate potential contamination of the site.
- Depth to bedrock and type of bedrock will determine the extent (and cost) of the foundation required.
- Depth to groundwater and the fluctuation of the groundwater can impact foundation integrity. Access to high quality groundwater with a relatively high draw rate can be a differentiating asset for the site.

Another critical site issue is the existence of wetlands and the regulations that impact land use and encroachment near wetlands. In addition, the existence and location of the 100-year flood plain can have a significant impact on buildable acres and access within the site.

Access and Capacity of Utilities

Access to utilities and their cost and capacity can be a driving factor for a site decision. It is important to know the details related to cost and capacity when having discussions with prospective companies.

Demand for particular utilities will vary by type of operation from food processors that need substantial water and wastewater treatment, electric power and gas (for drying operations) to data centers that need highly reliable power, telecommunications services and water for cooling.

Electric Power

- Listing of providers and whether they are municipals, co-ops or large investor owned
- Estimate unit cost (cents/kilowatt-hour) for industrial users
- Dual-feed power capabilities
- Voltage and power ratings of feed lines
- Access to locally generated renewable power (hydro, wind, solar, biofuel-based)

Water Treatment/Distribution System

- Source of area water (groundwater vs. surface)
- Results of water quality tests
- Any history of supply shortages
- Excess capacity of system for incremental users
- Line size and pressure in the vicinity of the site

Wastewater Treatment/Sewer System

- Available capacity of the treatment plant
- Collection line size and incremental capacity
- Pretreatment requirements for certain discharges

Municipal Storm Water Sewer

- Size of line and incremental capacity
- Need for runoff retention pond/chamber

Telecommunications and Broadband

- Listing of providers
- Speed/bandwidth capabilities and type(s) of cable
- Redundancy of system with dual-feed capabilities

Gas Distribution System

- Listing of local providers
- Line size that feeds the site and delivery capacity

Zoning, Covenants and Land Use

Companies seeking to acquire land are typically concerned over the potential restrictions on use or the establishment of non-compatible land uses (residential developments, schools, public parks, hospitals or high density retail) near the site.

There is also concern over past uses of the site and any potential environmental contamination that may be present on surface soils or in the groundwater from on-site or off-site sources.

Site Zoning Classification/Description

Identify the current zoning classification and the designated uses and restrictions of the classification. It is also important to review the zoning classification for contiguous and nearby land parcels that are not part of the site to determine the types of activities that may be planned for the future.

Land Use

Identify the current and past land uses for the site and adjacent sites.

Environmental Assessments

The Federal Environmental Protection Agency (EPA) requires a Level 1 (Phase 1) Environmental Assessment to be completed as part of the due diligence process for commercial and industrial property transactions. The requirements for the assessments follow ASTM procedures along with some additional actions defined by the EPA.

The assessment is performed by a certified professional engineer and requires a thorough review of older maps, aerial photos, published reports, interviews with key people knowledgeable of the site, and other sources. The engineer will also walk the site (and observe adjacent sites) seeking any indications of past activities that may have been sources of contamination.

If a potential for contamination is identified, a Level 2 (Phase 2) site testing procedure must be completed to either verify or refute the potential presence of contamination.

Covenants and Other Restrictions

If the site is within an industrial park, the company will want to review all covenants and restrictions that are imposed on the park residents.

Transportation Logistics

Access to Interstate

Rail Access

Air Access

Port Access

Other Considerations

There are other resource factors that a company may review in selecting a site that go beyond the site itself. These are very critical needs for certain types of companies and operations and the community should be aware of them.

Size and Quality (Skill Levels) of Labor Force

In the location screening process the project team normally profiles the county or MSA for current population levels, five year growth trends, education levels of residents, unemployment rates, and employment levels for specific industries. Frequently, the company or its consultant will interview existing employers to determine labor quality and supply issues as well as length of average commute distance and time. After a site is selected, the company may plot and quantify the labor resources within the stated commute distance.

Quality of Life Factors

For operations that require a significant relocation of staff (e.g., R&D facility, IT support center, headquarters, etc.), the community quality of life attributes will be a serious consideration and include: cost/availability of housing, quality of K-12 education, access to universities, health care facilities and cost, recreation/cultural options, social organizations and meeting places (coffee shops, unique restaurants, etc.) and other factors.

Access to Certain Amenities and Support Services

Some companies will want to have local access to amenities and services such as a health club/gym/walking trail, restaurants and hotels for guests, business service providers, and others.

Parting Thoughts

The site certification program demonstrates to prospective companies that the community or owner of the site has made a significant investment to prepare the site prior to marketing. This investment relates to lower cost and risk for the company.

The consistency of what is defined as *certified* will determine the credibility of the program and buy-in by prospective companies.

Companies don't acquire just a site but the access to a *package of resources* – that will vary in scope by company, by type of operation, and by life cycle stage of company.

Not all companies are seeking *dirt*. Many will be attracted to a site that has a spec building, frequently a *flex building*.

It is very important for communities to realistically define what types of industries and companies would be most appropriate for a given site. Without this realistic expectation, the community may be *waiting for the bus that just never comes*.