

**SPECIAL MEETING OF THE
DULUTH ECONOMIC DEVELOPMENT AUTHORITY
Wednesday, December 15, 2010 - 6:00 p.m.
Room 303, City Hall**

MINUTES

Call To Order: The December 15, 2010, special meeting of DEDA was called to order by President Heino at 6:01 p.m.

Present: Jeff Anderson, Nancy Aronson Norr, Tony Cuneo, Todd Fedora, John Heino, Don Monaco, Christine Townsend

Others Present: Bob Asleson, Joan Christensen, Mitch Davis (Fox 21 News), Brian W. Hanson, Ken Johnson (SJA), Dan Krautbauer (Channel 10 News), Bronwyn Lipinski, Peter Passi (Duluth News Tribune), Bill Scalzo, Kevin Scharnberg, Chris Swanson

APPROVAL OF MINUTES: November 17, 2010. Accept as written. Vote: Unanimous (7-0)

RESOLUTIONS FOR APPROVAL

NEW BUSINESS

1. **RESOLUTION 10D-49: RESOLUTION AUTHORIZING A LICENSE AGREEMENT WITH THE CITY OF DULUTH TO DISPOSE OF SNOW AT THE ATLAS SITE**

Staff: The City of Duluth needs a location to place the excess snow each winter, and would like to use the Atlas site, along with DEDA Lot D, which was used last year. The snow will be placed so that it will not infiltrate directly into the river water or wetlands. This area is part of Minnesota Pollution Control Agency's (MPCA) Voluntary Investigation Control (VIC) program, a clean-up program that helps us access environmental clean-up funds. A draft proposal from VIC approved snow disposal at this site.

Discussion: Monaco asked if there are any other potential uses for this land. Hanson stated that there is not at this time. Norr asked if these sites would need further clean up investigation if there were someone interested in this land. Hanson replied that yes, more investigating would need to be done, and if someone became interested, we would make it happen.

Vote to Approve Resolution 10D-49: Passed Unanimously (7-0)

2. **RESOLUTION 10D-52: RESOLUTION AUTHORIZING A LICENSE AGREEMENT WITH THE CITY OF DULUTH TO DISPOSE OF SNOW ON DEDA LOT D**

Staff: The City would like to dispose of excess snow on Lot D, as they did last year. The snow will be placed so that it will not infiltrate directly into the water. This area is also part of MPCA's VIC program. A draft proposal from VIC approved snow disposal at this site.

Discussion: Norr asked if these sites would need further clean up investigation if there were someone interested in this land. Hanson replied that yes, more investigating would need to be done, and if someone became interested, we would make it happen.

Vote to Approve Resolution 10D-52: Passed Unanimously (7-0)

3. **RESOLUTION 10D-50: RESOLUTION AUTHORIZING AN AGREEMENT WITH THE CITY OF DULUTH PROVIDING FOR PARTICIPATION BY DEDA IN THE CITY'S SELF-INSURANCE PROGRAM FOR 2011 IN THE AMOUNT OF \$6,500**

Staff: Hanson stated that this is annual resolution with the same dollar amount as last year which allows DEDA to participate in the City's self-insurance program.

Discussion:

Vote to Approve Resolution 10D-50: Passed Unanimously (7-0)

4. **RESOLUTION 10D-51: RESOLUTION AUTHORIZING AN AGREEMENT WITH NORTHSPAN GROUP INC. PERTAINING TO THE NORTHLAND CONNECTION REGIONAL MARKETING, BUSINESS RECRUITMENT, DATA MANAGEMENT, AND ANALYSIS PROGRAM FOR 2011 IN THE AMOUNT OF \$15,000**

Staff: Hanson explained that NorthSpan and Northland Connection are long standing partners of DEDA that provides information about our community. They manage a website database for the region including a listing of properties in Duluth, demographic info, and employers, for both city and state. They also provide other services and research that save staff a lot of time.

Discussion: Heino asked if we are keeping up with how people are using technology, whether or not they actually use websites, with Blackberries more common now. Hanson stated that Chris Maddy from Northspan could give a demonstration of the website, and we could ask him about more mobile technology. Monaco asked about the scope of services in the contract. Hanson replied that the more parochial the service (Duluth centric), the more we push the edge of what they can do for us. Norr added that we could ask for the strategic plan which outlines the scope of services. Cuneo looks at it as more of a membership fee for the resources they provide, versus a fee-for-service.

Vote to Approve Resolution 10D-51: Passed Unanimously (7-0)

5. **RESOLUTION 10D-53: RESOLUTION AMENDING RESOLUTION 10D-42 RELATED TO ACQUISITION OF PROPERTY FROM THE CITY RELATED TO TITLE CLEARANCE OF ONEOTA INDUSTRIAL PARK FIRST ADDITION**

Staff: Hanson stated that the \$2,500 that we thought DWP would collect is not necessary now.

Discussion:

Vote to Approve Resolution 10D-53 as amended: Passed Unanimously (7-0)

6. **RESOLUTION 10D-54: RESOLUTION AUTHORIZING A LICENSE AGREEMENT WITH THE DULUTH MISSABE & IRON RANGE RAILWAY COMPANY RELATED TO ACCESS OVER PROPERTY AT THE FORMER ATLAS CEMENT SITE**

Staff: Hanson stated that there are a few changes that do not effect our position, but were substantial enough to bring an amended agreement. It is a temporary agreement allowing DM&IR access over the Atlas land for safety reasons during the winter months.

Discussion: Norr asked if Hanson thought the DM&IR will ask for access after the March 31, 2011 deadline, and Hanson replied no, because their project should be finished by then.

Vote to Approve Resolution 10D-54: Passed Unanimously (7-0)

7. **RESOLUTION 10D-55: RESOLUTION AUTHORIZING AN AGREEMENT WITH STANIUS JOHNSON ARCHITECTS INC IN AN AMOUNT NOT TO EXCEED \$48,350 RELATING TO THE NORSHOR THEATRE RENOVATION PROJECT**

Staff: Hanson introduced Ken Johnson, president of Stanius Johnson Architects (SJA), who had the top rated proposal for renovation of the NorShor Theatre. They have been the lead firm in many local projects, including the Amsoil Arena, Weber Music Hall, and the Zeitgeist Art Center. SJA will work with Westlake Reed Leskosky (WRL), performing arts historic theatre specialists, who have been involved in over 75 historic theatre renovations. Hanson had multiple recommendations for both SJA and WRL. SJA scored the highest and had most competitive bid out of eleven original applicants.

Discussion: Johnson told how he and his team are excited about the NorShor project and about the firm they will be working with, WRL. The key to the project will be the vision for this theatre. Everything from seating, lighting, sound and stage is based on the vision, and WRL will help formulate a vision for the theatre. Monaco asked about who will be working with the team to help shape the vision. Hanson responded that City staff, Playhouse staff and local artists will be involved, but the citizens will be able to give input as well. Also, because the theatre needs to be self sustaining, the business side of the theatre will also be represented with many activities throughout the year. Johnson added that right-sizing the theatre - getting the right number of seats in the theatre, by looking at other venues in the community without becoming a competitor, is part of the programming process and business process. Norr asked about how the theatre will be self-sustaining. Johnson replied that WRL stated that none of the theatres they have worked on were self-sustaining – they had to find funds from some other source, but the programming process and strategic planning sessions are very important for this. Norr asked if SJA has worked with Westlake before, and how they are

establishing roles and responsibilities. Johnson replied that they have not worked together before, and WRL sought out SJA to partner with and work as a team for this project. WRL's primary responsibilities will be programming, designing, and process committee, and they have all the specialty consultants in-house. SJA has had a lot of experience in historic renovation projects, and they have worked with out-of-town specialists before. Fedora asked about the comment that none of these projects are self sustaining, and asked Johnson to expand. Johnson said it was a reflection on what WRL has told him. Hanson added that one of the reasons DEDA has partnered with the Playhouse is their knowledge of getting operational support and individual donor support on an annual basis. Monaco asked about the design project and if there is a cap we don't want to exceed. Hanson said that doing the business plan, understanding the income potential, and balancing the needs of the facility will help get closer to a specific number. The \$4-\$6 million number was chosen by the team thinking it was reasonable for the project. Heino mentioned that people will ask why we hired consultants from out of town. Johnson replied that his firm is local, so half of the firm fee will stay in Duluth, but there are no local firms with historic theatre renovation experience. Cuneo asked how connected this process is with an overall fundraising plan. Hanson responded that they focused on materials and information as tools for fundraising, and some teams, during the interviews, said that they could bring in local people to help with fundraising. SJA recommended a firm called the North Group to help out with professional fundraising support, as they have worked on theatre fundraising with Westlake in the past. The Playhouse is open to this idea, but more information gathering will take place before this decision is made. Fedora stated that he will not vote for this resolution because they were not told at the time of the theatre purchase that these projects are not typically self-sustaining, and only 1/3 of theatres that WRL worked on were done with the budget that is being proposed. He wants to know where the fundraising money will come from. Monaco stated that he supports this project up to \$50,000, but before resources above the \$50,000 are spent, he wants to see the economics, the costs of construction and what are the sources and uses of funds. Monaco wants to know if our long-term strategy is to sell at some point, and who are our potential buyers.

Vote to Approve Resolution 10D-55: Passed (6-1) Fedora

DISCUSSION

1. **2011 MEETING SCHEDULE** - Anderson wishes that DEDA could meet at 5:00 PM or 5:15 PM, he does not like room 303, and wishes the meetings were back in Council Chambers. The meetings could then be televised to the public and the media could be accommodated. Fedora and Cuneo agreed with Anderson. Norr also prefers 5:00 PM, but wants to stay in room 303 to keep the informal discussions and open dialogue. Heino and Townsend said the time does not matter. Townsend is open to either location, but likes the informal discussions in room 303. Heino preferred the Council Chambers. Monaco prefers the 6:00 PM time because he has another meeting that runs until 5:30 PM. Heino suggested the meetings be held on the fourth (4th) Wednesday at 5:00 PM. Monaco suggested a compromise to use the Council Chambers but have an informal discussion style. Staff could be at the table instead of the side table, and the microphones could all be left on. Anderson asked if there are

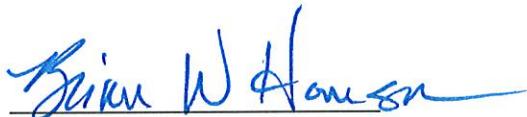
plans to have cameras in room 303. Hanson said he knows there are plans, but does not know when it will happen. Heino said that there will be one more meeting in room 303 before a decision will be made. The next DEDA meeting will be on the Fourth Wednesday of January at 5:00 PM in room 303.

2. **EXECUTIVE COMMITTEE** – Heino talked with all current officers and they are willing to continue in their position, but if anyone else is interested in an officer position, please let John know in the next week and a nominating committee will be formed.
3. **PUREDIVEN – GOOGLE PHASE TWO** – Swanson said Google is extending their time to make a decision until early 2011. But we have set ourselves up for the win with other companies interested in coming to Duluth. A team has been formed to make sure we are ready to go right away if picked by Google, and to be prepared for any possible problems.

Fedora mentioned that at the last DEDA meeting, he requested a rent roll for Temple Opera building, and Hanson provided that to him. But, he wants staff to add in the net operating expenses to get to a net operating income level, so he can see if this could be a source to help pay for the NorShor Theatre. It would be nice to know what it is worth from a cash flow standpoint. Hanson reported that it is about \$80,000 cash flow from Temple Opera and the Annex. Costs for the NorShor were about \$40,000-\$50,000, with a net of \$35,000 for the overall facility. The average rate for office space with windows is \$11 per square foot.

ADJOURNMENT: President Heino adjourned the December 15, 2010, meeting of the DEDA at 7:16 p.m.

Respectfully submitted,



Brian W. Hanson
Executive Director

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