

**SPECIAL MEETING OF THE
DULUTH ECONOMIC DEVELOPMENT AUTHORITY
Wednesday, December 14, 2011 - 5:15 p.m.
Room 402, City Hall**

MINUTES

- Call To Order:** The December 14, 2011, special meeting of DEDA was called to order by President Heino at 5:15 p.m.
- Present:** Jeff Anderson, Tony Cuneo, Todd Fedora, John Heino, Don Monaco, Christine Townsend
- Absent Excused:** Nancy Aronson Norr
- Others Present:** Bob Asleson, Joan Christensen, Brian W. Hanson, Adam Jagunich, Bronwyn Lipinski, Mark McShane, Craig Olson, Peter Passi, Kevin Scharnberg, Dana Thayer, Heidi Timm-Bijold

APPROVAL OF MINUTES: November 16, 2011. Accept as written. Vote: Unanimous (4-0)

Townsend arrives 5:16.

PUBLIC HEARINGS

1. RESOLUTION 11D-60: RESOLUTION ADOPTING BUSINESS SUBSIDY POLICY

Craig Olson, representing the Building Trades, expressed concerns about prevailing wages being paid at all DEDA-funded projects and urged Commissioners to require prevailing wages for all construction workers on all projects that receive public funding, whether publicly owned or not.

Cuneo arrives 5:17

Hanson explained that DEDA previously committed to be bound to City requirements for Project Labor Agreement and Mini Davis Bacon. Anderson asked if prevailing wage would be required if public dollars are attached to a project. Hanson responded it would not be required but is often negotiated in the agreement. Timm-Bijold explained that this business subsidy policy is silent on the prevailing wage issue because DEDA passed a stand-alone prevailing wage policy previously. She also explained that staff has made this policy as close to state statute as possible. Monaco added that it would be nice to have the option of discussion among commissioners; flexibility versus strict policy, and maybe the policy could include a piece about what conditions have to be met for prevailing wage.

RESOLUTIONS FOR APPROVAL

NEW BUSINESS

1. **RESOLUTION 11D-60: RESOLUTION ADOPTING BUSINESS SUBSIDY POLICY**

Staff:

Discussion: Cuneo said DEDA could have a standard policy that public money includes prevailing wage. Heino wondered how often we would run into situations with prevailing wage not being met if we adopt this policy, and conversely, the implications of jobs lost because of a stricter policy. Hanson replied that staff had three goals when creating this policy; consistency with City policy, keep it State statute driven, and have an all-in-one policy. It is very difficult to estimate what jobs we could have missed in either situation. Heino wondered if this resolution was amended to include prevailing wage language, and a project arose as a possible exception, would DEDA be able to deviate from its own policy? Christenson responded that if DEDA deviates from its own business subsidy policy, it would have to justify the reason to the Department of Employment & Economic Development. Monaco asked if we could follow the prevailing wage policy, but add language to the policy that would give DEDA the option to include otherwise disqualified projects at DEDA commissioner's discretion. Christensen pointed out that this business subsidy policy has a section titled "Other Considerations" where something like this could be included.

Monaco made a motion to amend the policy as follows; "further it is the intent of the City and DEDA to require prevailing wages to be paid for construction unless 5 of 7 DEDA Commissioners and 6 of 9 City Councilors deem otherwise". Anderson seconded.

Vote to Approve Resolution 11D-60 as amended: Passed (4-2) Cuneo, Townsend

2. **RESOLUTION 11D-61: RESOLUTION AUTHORIZING A REDEVELOPMENT APPLICATION TO THE STATE OF MINNESOTA FOR THE BAYFRONT REDEVELOPMENT PROJECT**

Staff: Timm-Bijold explained that this grant is asking for \$1 million with a \$5 million match; possible funding sources including TIF or Pier B financing. The estimated redevelopment cost of this project is \$6 million in order for Pier B to stabilize the site and sea walls before development begins.

Discussion:

Vote to Approve Resolution 11D-61: Passed (6-0)

3. **RESOLUTION 11D-62: RESOLUTION AUTHORIZING AN AGREEMENT WITH NORTHSPAN GROUP INC. PERTAINING TO THE NORTHLAND CONNECTION REGIONAL MARKETING, BUSINESS RECRUITMENT, DATA MANAGEMENT, AND ANALYSIS PROGRAM FOR 2012 IN THE AMOUNT OF \$15,000**

Staff:

Discussion:

Vote to Approve Resolution 11D-62: Passed (6-0)

4. **RESOLUTION 11D-63: RESOLUTION APPROVING AN AMENDMENT TO THE PARKING LOT MANAGEMENT AGREEMENT WITH ONEIDA REALTY COMPANY FOR OPERATION OF DEDA-OWNED AND DEDA-CONTROLLED LOTS IN CANAL PARK AND DOWNTOWN**

Staff: McShane explained that the City is in the process of a request for qualifications for the management of parking lots, including DEDA lots. This resolution will modify the Oneida contract at end of year in anticipation of the selection of parking manager. The contract will be month to month beginning January 2012.

Discussion:

Vote to Approve Resolution 11D-63: Passed Unanimously (6-0)

5. **RESOLUTION 11D-64: RESOLUTION AUTHORIZING AN AGREEMENT WITH THE CITY OF DULUTH PROVIDING FOR PARTICIPATION BY DEDA IN THE CITY'S SELF-INSURANCE PROGRAM FOR 2012 IN THE AMOUNT OF \$6,500**

Staff:

Discussion:

Vote to Approve Resolution 11D-64: Passed Unanimously (6-0)

6. **RESOLUTION 11D-65: RESOLUTION COMMITTING SPECIFIC REVENUE SOURCES IN SPECIFIC REVENUE FUNDS**

Staff: Hanson explained that there is a new Governmental Accounting Standard Board (GASB) statement that requires DEDA to formalize a commitment of specific revenue sources for specific purposes, affecting the Store Front Loan program.

Discussion:

Vote to Approve Resolution 11D-65: Passed Unanimously (6-0)

7. **RESOLUTION 11D-66: RESOLUTION AUTHORIZING A PROFESSIONAL SERVICES AGREEMENT WITH BAY WEST, INC IN AN AMOUNT NOT TO EXCEED \$70,000 AND FURTHER AUTHORIZING REIMBURSEMENT FROM THE CITY OF DULUTH IN AN AMOUNT NOT TO EXCEED \$70,000 ALL RELATED TO PHASE II SUBSURFACE ASSESSMENT AT BAYFRONT SITE**

Staff: Timm-Bijold stated that 100% of this money is grant reimbursable.

Discussion:

Vote to Approve Resolution 11D-66: Passed Unanimously (6-0)

DISCUSSION

With regard to the Pier B project, Fedora commented that banks are not lending money unless there is large private investment, and expectations should not be too high. He asked if DEDA is collecting a fee for each extension of the option agreement. Timm-Bijold indicated \$10,000 has been collected for each extension. Christensen responded that DEDA does have a fee schedule, but it does not include a pre-development agreement fee; this may be updated soon.

Heino and Hanson presented plaques to the three outgoing Councilor Commissioners, Anderson, Cuneo and Fedora, and thanked them for their time and service.

1. NOMINATING FOR 2012 DEDA OFFICERS

Heino stated that nominations for officers will be in January after the Mayor makes his appointments.

ADJOURNMENT: President Heino adjourned the November 16th, 2011 meeting of the DEDA at 6:38 p.m.

Respectfully submitted,



Brian W. Hanson
Executive Director

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