

CITY COUNCIL WORK SESSION ECONOMIC DEVELOPMENT

October 8, 2019

ECONOMIC DEVELOPMENT STRUCTURE

Economic Development Structure

One of the primary goals of this Work Session is to answer the question of what structure best meets the economic development goals of the City of Marshall

Development Organizations

Commercial Club

Chamber of Commerce

Development Corporations

EDA/HRA

Port Authority

ECONOMIC DEVELOPMENT STRUCTURE

Development Organizations

Commercial Club-promote retail and community events

Chamber of Commerce-local business memberships, sometimes political active and lobbying force in dealing with policy that affects the economic strategy

Development Corporations-typically develop and sell land/provide financing

ED Commission-a board used to advise the City Council, has limited decision making authority

Port Authority-promotes general welfare of the City's port district.

Joint Powers Board-multiple cities, townships, counties

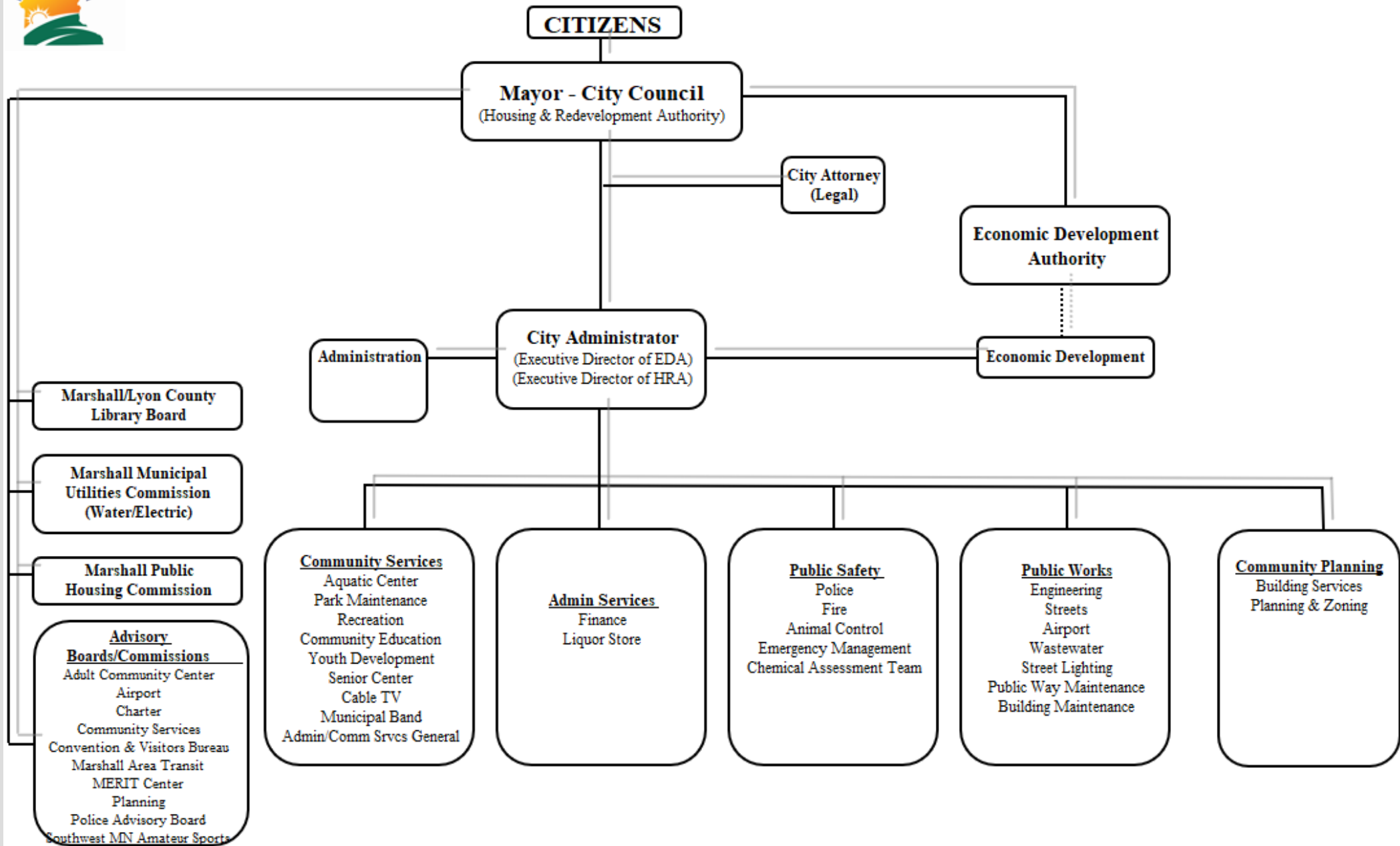
EDA-legal entity created by the City or County, allowed to buy/sell property; make loans and grants to businesses and to sell bonds.

HISTORY OF CITY OF MARSHALL EDA

- Marshall Civic and Commerce Association (present day Chamber)
- 1975-Marshall Industries Foundation
- 1987-MN Legislation to Authorize Formation of EDAs
- 1988-City EDA Formed
- Chamber Business and Economic Development Committee
- Around 2006-County Economic Development Facilitator
- 2008/2009-City EDA Director
- 2011-Present-Discover Southwest Partnership



CITY OF MARSHALL ORGANIZATIONAL STRUCTURE



PRIMARY POWERS OF AN EDA

- Serve to promote business and to recruit new businesses
- Issue revenue bonds
- Acquiring property
- Purchase and sell land
- Make or guarantee or other credit enhancements
- Issue general obligation bonds

POWERS OF EDA AND LIMITATIONS

- Per Enabling Resolution and Ordinance
 - Limited by MN Statutes
 - Sale of all bonds issued by EDA approved by the City Council before issuance
 - Follow City budget process
 - Consistent with Comprehensive Plan
 - Submit all planned activities to the City Council for approval
 - EDA structure to the City Council for approval

20-50 YEARS AGO...

- Industrial development was the primary game
- EDA work was being done by business leaders who did business deals with focus on real estate transactions
- Corporate expansion and need for new buildings and labor supply fed industrial search for available/cheaper land and labor
- Local success measured by how many companies you attracted; failure to do so led to short careers

20-50 YEARS AGO...

- Goal: create lots of industrial jobs, with less focus on the quality of the wages/salaries
- Tools: free land, loans, grants, training, TIF
- Competition: often fierce among cities, including luring companies from elsewhere

20-50 YEARS AGO. . .

- “Economic Developers” were often ex-businessmen
- Few trained in the discipline of “economic development” as taught today
- Volunteer local leadership, typically local businessmen, city council, trusted community leaders
- Little formal educational support

20-50 YEARS AGO...

- Formal tools to support development included:
 - Printed community profiles
 - Local one and five year plans
 - 3-ring binders with a VHS tape touting the city
 - Prepared presentations
- Companies mailed requests for information

20 YEARS AND TODAY. .

- Many older concepts and approaches still apply but have been complemented, amended, and replaced:
 - Industrial/manufacturing/technology expansion AND retention
 - Small business/retail/wholesale/distribution
 - Workforce development strategies
 - Adapting to the global economy and new business models
 - Regional approaches

20 YEARS AND TODAY. .

- Formal training for EDA staff
- Knowledge of finance, business principles, marketing, infrastructure, workforce development, political environment, public relations, redevelopment tools. . . .

20 YEARS AND TODAY. .

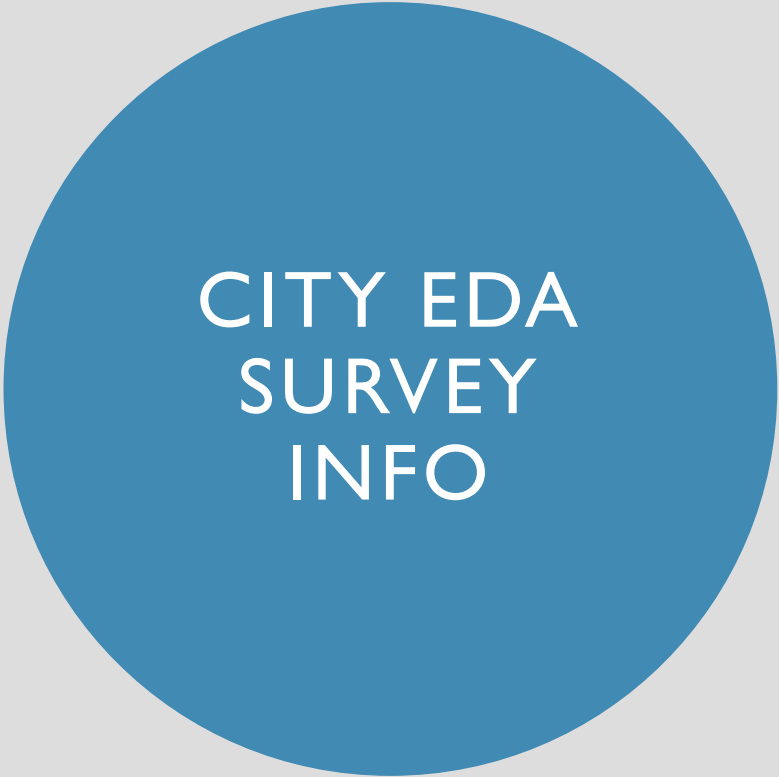
- Process for corporate decision making as changed
 - Compressed time frame
 - Outside site consultants, not company staff
 - Most data is electronically available
 - Develop short list of sites from on-line tools
 - Goal is to eliminate sites that don't work

20 YEARS AND TODAY. .

- Process for Corporate decision-making has changed (cont.)
 - Land is still plentiful, but brownfields in play
 - Workforce is not plentiful, and often primary driver
 - Still seek incentives, but even better at extracting them
 - Economic Developers increasingly work in a virtual world, but it is still a relationship-orientated profession

20 YEARS AND TODAY. .

- Economic development work more sophisticated than ever:
 - Community websites furnish great detail
 - Site information tools better all the time
 - Marketing of sites increasingly more attuned to specific purposes; i.e. shovel ready, site certified



CITY EDA
SURVEY
INFO

FINDINGS

Almost all cities have in-house staff
with EDA duties

Most cities also contribute to a
regional/Chamber type EDA
arrangement

Most cities have larger EDA levies

EDA LEVY HISTORY

Year	Levy Amount
2008	121,500
2009	126,329
2010	119,677
2011	119,677
2012	119,677
2013	119,677
2014	119,677
2015	119,677
2016	119,677
2017	119,677
2018	120,000
2019	125,000
2020	135,000

CHAMBER APPROPRIATION HISTORY

Year	Amount
2011	44,759 (Jun-Dec)
2012	92,424
2013	96,000
2014	96,000
2015	96,000
2016	96,000
2017	108,000
2018	108,000
2019	112,800
2020	117,600

CURRENT CHAMBER EDA BUDGET

Chamber Structure	
Consultant Fees	117,600
General Professional Services	2000
Conferences	750
General Liability	171
Advertising/Marketing	4500
Dues	9000
Supplies	500
Chamber Appropriation	3500
Revenue	-5500
Legal Fees	1500
Intern	1500
Grand Total	135,521

CITY DISTRIBUTION TO CHAMBER OUTSIDE OF EDA STAFF

- \$3,500 Chamber Membership
- \$6,000 Chamber Transportation Budget
- \$8,400 Chamber Yearly Rent

- \$17,900 Annual City Financial Support to Chamber



EDA BUDGET CHAMBER IN COMPARISON TO CITY

City Structure	
ED Director Salary/Benefits	88,654
Chamber Support	25,000
Mileage	2400
Professional Fees	3000
Conferences	1000
Meals/Lodging	600
Advertising/Marketing	5000
Dues	9000
Supplies	500
Chamber	3500
Revenue	-5500
Legal Fees	2000
Intern	1500
Grand Total	136,654

Chamber Structure	
Consultant Fees	117,600
General Professional Services	2000
Conferences	750
General Liability	171
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CONCLUSION



City Hires Full-time EDA Director



City Initially
Supplements
Chamber EDA
Funding Void

Rent of Space
Admin
Support



City Supports
Regional Approach

Provide Seed
Money