

What Does a County Economic Development Director Do?

By: John T. Sullivan, Economic Development Director

Carver County Community Development Agency

MAPCED Secretary and Education and Outreach Committee Chair

I get asked this question sometimes by my kids. What do you do at work dad? At least I used to get that question when they were much younger. I don't think they care much for my answers anymore, as I tend to get long winded and sometimes off topic and stray from the core of what I really do. Bottom line is, no matter what one does, have a quick elevator speech about it...short and concise. Mine is:

"I help businesses expand and I work on providing housing for County residents."

I have been the Director of Economic Development for the Carver County Community Development Agency for almost nine years now. I've been doing this type of work since I entered this field of study at St. Cloud State University's Local and Urban Affairs Program, and I emphasized my study in planning, economics, finance and speech communications. That was 1988. I wanted to make an impact on people's lives. I wanted to work at a job that was meaningful and important. I didn't want just a paycheck, I wanted a career. In hindsight, I didn't really know what I was getting into, but I think I made a wise choice for my skill set and interests and it's worked out fairly well for 26 years.

So.....what do County Economic Developers do? I have a fairly simple mandate here at Carver County. I mainly try to do three things here:

- Create and retain jobs
- Increase the tax base by creating new developments/doing redevelopment in the County
- Create and preserve affordable housing and a wide range of housing choices for the County

I spend time on all of them. However, I have spent more time in the past year and a half focusing on job creation/new developments/tax base. The economy (at least our local, state and US economy) is definitely getting better. Local businesses have been telling me that, as have local bankers. After 26 years in this business, however, my workload and project activity is a good barometer of at least the local economy and Carver County is doing well by a number of benchmarks. Unemployment is down, foreclosures are down, property values are higher, bank lending has increased, businesses are expanding, manufacturing is strong, global trade and exporting is increasing, mergers and acquisitions are increasing, and the stock market is at an all time high for the Dow Jones Industrials as well as the S & P 500 Index.

As a County Economic Development Director, my customers and partners are numerous and diverse. I tend to work for (or with) all of the following:

- Carver County CDA Board of Commissioners

- Carver County Board of Commissioners
- Local businesses and prospective businesses either in the US or international
- Local Cities in Carver County
- State DEED
- Greater MSP Economic Development Partnership
- EDAM
- MAPCED
- Banks
- Hennepin-Carver Workforce
- Commercial and residential real estate brokers, site selectors and brokerage houses

Increasingly, it seems as if to get an economic development deal done these days, it takes lots of collaboration and partners, especially in regards to business expansions.

Mention the tracking tool being developed by MAPCED and the U of M's Neil. It will give people an inside look at county economic development projects, investments, performance metrics, etc.

Projects in Carver County I am or have recently worked on include:

Open to Business Program.

Carver County began the Open to Business Program via contract with the Metropolitan Consortium of Community Developers (MCCD) with the goal to assist small and emerging businesses. The program is a two-pronged approach as it begins with free technical assistance such as business planning, budgeting, forecasting, managing inventory, permits and licenses, etc. If needed or requested, the program can also include financial assistance with loans to help businesses begin or expand operations. Most loans made through the program are fairly small, with an average loan size of approximately \$20,000.

The Open to Business program has had a very successful first year since its beginnings in the fall of 2013. The following Open to Business program activity has occurred from January 1, 2014 through June 30, 2014:

Clients Served: 33 (20 are new entrepreneurs; 9 are existing businesses; 4 are inquiries that are in process who have requested information)

Industry Segment: Retail: 8; Service: 3; Food: 10; Manufacturing: 2; Health/Fitness: 5; Construction: 1

Financing Provided: 6; Total Amount: \$157,000

Leveraged Funds: \$150,000

Financing Requests in Process: 5; Total Request = \$577,000; MCCD Portion= \$120,000; CDA

Portion=\$100,000

Client Location by City:

Carver	3	Chanhassen	2
Chaska	15	Mayer	1
Cologne	1	Victoria	1
Waconia	4	Watertown	2

Some highlights and success stories from the MCCD program over the past few months include, but are not limited to:

- A new coffee shop loan being approved in the City of Mayer
- A new martial arts and fitness business loan approved in downtown Chaska
- Auto repair in Chaska
- Food retail franchise acquisition in downtown Chaska
- Chiropractor in Waconia
- Chiropractor in Watertown
- Historical/meeting space renovation in downtown Watertown
- Downtown Watertown retail/services building acquisition
- New food vendor business in Waconia

City of Chaska:

Data Centers

The Carver County CDA and the City of Chaska are working closely together on developing ready to build sites for new data centers. The 2009 constructed 250,000 sq. ft. United Health Care data center has placed the City of Chaska high in the ranking in Minnesota and the Midwest with larger companies seeking to build data centers. The CDA is currently working with the City, Greater MSP Economic Development Partnership, State DEED and commercial real estate brokers and data center developers to enhance the viability, visibility, and marketability of additional data centers in Chaska.

Chaska is a strong candidate and is currently the most competitive site location in Carver County due to the fact Chaska has its own City utility, allowing it to negotiate rates up front and be more cost competitive for the long run. In addition, it is located along Highway 212 and the brand new extended and enhanced County Road 10 with a newly installed Carver County Fiber Ring. Lastly, the City utility constructed a new electric substation uniquely developed to serve additional growth and data centers in the vicinity of West Creek Corporate Center.

Carver County went from 0 data centers in 2008 to 4 in 2014!!!

Stream Data of Dallas, Texas recently completed construction in early July 2014 a 85,000 sq. ft. first phase \$35 million dollar data center in Chaska at West Creek Corporate Center. CDA staff along with City of Chaska Mayor and staff attended the ribbon cutting ceremony held at the new building on July 9, 2014. In addition, the State DEED approved a \$257,929 BDPI (Business Development Public

Infrastructure) grant to the City of Chaska to support the data center development. The State DEED BDPI grant program purpose is to help stimulate publicly owned infrastructure that supports new economic development projects that create jobs and add to the tax base. Specifically, the grant is paying for the following project elements:

- City Storm Sewer \$134,259
 - Water Service Loop \$117,270
 - Driveway Connections to West Creek Lane \$ 2,400
 - ADA Ramps for Sidewalks \$ 4,000
- TOTAL: \$257,929

CDA economic development staff wrote this State DEED grant on behalf of the City of Chaska.

Beckman Coulter in the City of Chaska has been working with CDA staff, Greater MSP staff and the State DEED to develop an expansion of this major medical diagnostics company that is expanding its research and development operations, which includes up to 106 high paying medical technology jobs. The City, CDA, and State DEED have agreed in early 2014 on a financing package to make the project occur. It breaks down as follows:

Proposed Sources and Uses of Funds

	MIF (DEED)	Equity (Beckman)	CDA	Other	Total
Property Acquisition		\$2,650,000			\$2,650,000
Site Improvement					
New Construction					
Renovation of an Existing Building	\$750,000	\$1,797,000	\$200,000		\$2,747,000
Purchase of Machinery and Equipment					0
Public Infrastructure					0
Other					0
Total Project Costs	\$750,000	\$4,447,000	\$200,000	0	\$5,397,000

Beckman Coulter, for a portion of its equity injection to the project, purchased a 60,000 square foot building at 316 Lake Hazeltine Drive for \$2,650,000. By the 2nd and 3rd quarter of 2014, they plan to renovate the building for a research and development center to support:

Instrument Manufacturing:	25,000 sq. ft.
Raw Materials-Finished Goods Warehouse:	21,500 sq. ft.
Office and Support Space:	13,500 sq. ft.
Total:	60,000 sq. ft.

Employment:

Beckman Coulter plans to add 106 new jobs as a result of this planned expansion. The majority of these jobs will be higher wage and highly skilled jobs such as scientists, lab technicians, skilled manufacturers, and administrative positions. Average wages are over \$90,000 per year.

Financial Impact:

\$200,000 in a CDA forgivable loan, with a loan and development agreement that requires performance benchmarks in case of default. The \$200,000 would be used by Beckman Coulter for building renovations at 316 Lake Hazeltine Drive. The DEED \$750,000 loan is structured in the same manner and the CDA's funds were used as key leverage to make the incentive package work.

This expansion project has been spearheaded by Greater MSP staff in conjunction with a team that consists of staff from the City of Chaska, CDA, State DEED and Greater MSP. This project is a great example of these entities working together to make successful economic development occur and to attract private investment and leverage. Without the use of incentives to finance the project, the company could have easily expanded their operations in Texas, Boston, California, or China.

Super Radiator Coils in Chaska is currently undergoing an expansion in 2014 at their headquarters facility in Chaska. CDA economic development staff is the lead on the project. A breakdown of this currently underway project is as follows:

Super Radiator Coils (SRC), Chaska, submitted an application to the CDA Business Loan Fund for loan financing in the amount of \$150,000 for the development of a new approximately 20,000 square foot building expansion to the current SRC building located in the Peavey Industrial Park, 104 Peavey Road Chaska. The site is owned by SRC. SRC is a custom manufacturer of specialty fin and tube heat exchangers (coils). SRC designs, manufactures, and sells throughout the United States and overseas from its locations in Chaska, Minnesota; Richmond Virginia, and Phoenix, Arizona. Their markets include power and energy, food processing, HVAC, industrial equipment, transportation, military, refrigeration

display cases, industrial processing, testing and chambers, after market replacements, industrial heat recovery, carpet and floor cleaning equipment, laundry equipment, medical, data center cooling coils, clean rooms, wind tunnels, nuclear applications, etc.

The proposed financing will allow the company to expand and increase products and sales to its existing line. Efficiencies will be realized with a larger space to accommodate the current and projected growth of the business and they plan to hire an additional 28 employees within 3 years in the space. SRC is growing, and is a very successful operation and needs to hire additional employees to keep up with demand for its products and design services. The company is a union shop and pays an average of over \$55,000 per year in wages per employee.

The proposed loan and sources/uses break down as follows:

USES

Site Improvements:	\$750,000.00
Building Construction:	\$1,100,000.00
Renovation of Existing Building:	\$250,000.00
Machinery and Equipment:	\$450,000.00
Infrastructure:	\$450,000.00
TOTAL:	\$3,000,000.00

SOURCES

BMO Bank Minneapolis:	\$2,100,000.00 (70.00%) (first mortgage)
CDA BLF:	\$150,000.00 (5.00%) (sub. mortgage to BMO Bank)
Borrower Equity:	\$750,000.00 (25.00%) (cash/land/DEED JCF)
TOTAL	\$3,000,000.00 (100%)

In addition, the CDA wrote an application to the State DEED Job Creation Fund (JCF), on behalf of the SRC and the City of Chaska as an incentive for the company to expand in Chaska. In July of 2014, DEED notified the City of Chaska, CDA and SRC that their application was successfully approved in the amount of \$287,500. The JCF is a newly enacted program developed by DEED in 2014 with approval and funding from the Minnesota State Legislature in an effort to provide incentives for strong local companies to expand and create quality jobs along with a significant private investment. The program favors manufacturing and Chaska's SRC was a perfect fit for the program.

The DEED Job Creation Fund is an important tool for economic development. Without this tool, the company could have easily expanded at its operations in Arizona or Virginia, but they chose to expand here in Chaska due to the incentive and the strong local workforce.

City of Carver:

Park and Ride Transit Project:

CDA staff continues working on the Carver 36 acres project with the City of Carver. The project consists of a city transit station/park and ride; approximately 47 units of single family for sale housing by Mattamy Homes; collector roads; County Road 11 traffic signalization; County Road 11 improvements; storm water ponds; trails; sidewalks; small park; CDA multi-family apartment out lot; and the associated design and engineering. Currently, the CDA has a board approved purchase agreement with Ron Clark Construction for approximately 2.10 acres of the remaining approximately 6 acre parcel (Outlot B) of multi-family zoned property.

CDA staff assisted the developer, Ron Clark Construction on the following for the apartment project:

- TIF and site development application to the City of Carver for the 68 unit apartment building
- Tax Credit Application to MHFA for 68 unit apartment building construction and development
- Metropolitan Council LCDA grant application (primarily land acquisition and miscellaneous items)

The project is currently under construction. Due to the Carver County CDA purchasing this 36 acre property in 2010, it has been a catalyst for development at the site. Mattamy Homes has also planned to develop additional single family homes adjacent to this site which will add another approximately 56 single family homes to Carver. At the project conclusion, most of the 36 acre project will be privately owned, and provide taxes and a mix of new residents for Carver County and the City of Carver. It will also provide the area with additional transit/park and ride services to complement the efforts of Southwest Transit and their excellent bus service.

City of NYA:

The **Vickerman** project construction of the approximately 43,000 sq. ft. expansion of its industrial operations at the NYA Tacoma Industrial Park was completed in early 2014 with the help of the CDA BLF Program loan of \$150,000.

Across the street from Vickerman, the City of NYA also recently had a ribbon cutting for **Waconia Manufacturing** for their expansion to the NYA Tacoma Industrial Park with construction completed in June 2014.

City of Waconia:

The Carver County CDA is planning and developing a financing plan for a new approximately 75 unit workforce rental apartment building to be called Trails Edge South located on Airport Road south of Target. The CDA has been applying for grants and low interest loans from the State DEED and Metropolitan Council for funding of a portion of the project. The CDA would like to begin construction in 2015.

The CDA finished much needed improvements to Airport Road from the prior failed development at Interlaken by a private developer. The CDA took over the development agreement and agreed to finish off the required improvements at Airport Road that included a complete second lift of asphalt on Airport Road, a new sidewalk, new landscaping, curb/entrances/lighting. The street and associated project work for Airport Road is to be finished in summer 2014.

Waconia Land Trust: CDA staff has been working with the City of Waconia, Ridgeview Foundation, and local builders to expand the Chaska Community Land Trust by developing 4 new townhome land trust units for sale in Waconia. CDA staff submitted an application to Minnesota Housing Finance Agency for funding a portion of the project.

City of Watertown:

The CDA has been assisting the City of Watertown with a neighborhood rehabilitation project immediately west of main street (Lewis Avenue) located along a several block area of Westminster/Angel and Territorial streets. The CDA is applying, on behalf of the City and Planning Commission, for grant funds for housing rehabilitation from the State DEED SCDP grant program. In 2010, the CDA successfully completed a similar project for the three cities of NYA, Cologne and Hamburg.

New Carver County Housing Study for 2014-2040:

The CDA is working with Carver County and the cities on an update of the previous Maxfield Research county-wide housing study that was completed in 2007. The soon to be released study will be shared by Carver County planning and city planning staff to develop new updates to local comprehensive plans, housing implementation plans, and new efforts into developing a wide mix of housing types in the county. The study coincides with the newly updated Metropolitan Council Thrive 2040 population projections. The study was paid for by the CDA and a partial grant by the Family Housing Fund.

Ongoing County CDA Initiatives

- Develop workforce, senior, and affordable housing in Carver County so workers can live and work here in Carver County, which will support economic development and business throughout the county.
- Promote redevelopment within the cities of Carver County through new mixed use projects which promote downtown living and shopping.
- Plan and integrate economic development and housing projects that will occur as the result of the Highway 212 corridor being improved.
- Provide marketing, technical assistance to cities, and business finance resources to industrial and business park developments in the county.
- Establish and maintain high quality service with interested stakeholders to build a collegial working relationship that contributes to CDA initiatives.
- Participate in the Greater MSP Economic Development Partnership; represent Carver County as the Public Sector Representative on the Greater MSP Advisory Group; Serve on Greater MSP Operational Protocol Committee; work in conjunction with Private Sector Greater MSP Representative.

- Work towards attracting new sources of capital and investment to Carver County.
- Joint CDA-Carver County Public Works fuel purchasing and maintenance of CDA vehicles
- Enhanced partnerships with Carver County and GIS applications.
- Continue serving on Executive Committees of MAPCED, and legislative and economic development initiatives with EDAM
- Improve the Carver County CDA web site, with additional emphasis on revitalizing the Economic Development web pages and providing stronger connections and links to Carver County's new web site to be completed in 2014.

As can be seen from the projects mentioned above, economic development professionals serve a diverse blend of services and programs.

As an executive member of the Minnesota Association of County Economic Developers (MAPCED), we are all excited about a new project tracking software project we are beginning. With the assistance of Neil Linscheid of the University of Minnesota Extension, MAPCED is developing a new MAPCED Measurement Project. This new software will give people an inside look at county economic development projects, investments, performance metrics, jobs created, tax base, programs used, etc. The data will be both individually used as well as produce aggregate results. I know speaking on behalf of Carver County and MAPCED, we look forward to implementing the new tracking software. The end goal is to shed additional light on the good work economic developers' conduct in their respective counties and to quantify the return on investment.

When I explain the actual projects above to my kids.....attracting and building data centers, expanding industrial plants that make cool things, building apartment buildings, developing new transit oriented neighborhoods, etc. they think it's pretty cool. I think so too.