



**LE SUEUR CITY COUNCIL
WORK SESSION AGENDA
Monday, May 2, 2016
203 South Second Street
6:00 P.M.**

1. Call to Order
2. Discuss Economic Development
3. Adjourn



CITY OF LE SUEUR
MEMORANDUM

TO: Mayor and City Council

FROM: Jenelle Teppen, City Administrator

SUBJECT: Discuss Economic Development

DATE: For the City Council Work Session Meeting of Monday, May 2, 2016

PURPOSE/ACTION REQUESTED

Review of how economic development activities are currently accomplished, and receive a presentation from an experienced city management professional on current methods and trends of economic development.

SUMMARY

The City's Economic Development Authority (EDA) was established in 1988 according to Minnesota Statutes, section 469.090 to 469.108.

In very broad terms EDA's have the authority to do the following:

- Develop/Re-develop property, including acquiring property, demolishing or removing structures, correcting soil deficiencies, constructing or installing public improvements (streets, roads and utilities), providing re-location benefits to the occupants of acquired properties, contracting for planning, engineering, legal services to accomplish the functions listed.
- Issue debt either through general obligation bonds or revenue bonds. The City Council must approve the sale of all bonds and obligations of an EDA.
- An EDA may adopt bylaws and rules of procedure. The EDA must select a president, vice-president, treasurer and secretary annually.
- An EDA member must submit a disclosure statement should any conflict of interest arise in which they might knowingly take part in a sale, lease or contract or they can be found guilty of a misdemeanor.
- A City may levy taxes specifically for economic development. The tax must not be more than 0.01813% of estimated market value.

EDA's are either three, five or seven members. A City Council can act as the EDA. For a three member authority, one person must be a City Council member, for a five or seven member authority, two must be City Council members.

The City's EDA is a five member board with two council persons. They generally meet on a quarterly basis but with the housing activities of late, they have been meeting monthly.

Since sometime in the sixties as I understand it, Le Sueur Development, Inc. (LSDI) has been contracted to perform economic development activities on behalf of the EDA. The LSDI board meets monthly.

Around the time LSDI was established, the EDA/City established the Revolving Loan Fund (RLF). The

RLF Guidelines indicate that LSDI administers the fund, with final approval required by the EDA/City.

The terms of the contract between the EDA and LSDI say that LSDI:

- Acts on behalf of the EDA in approaching and communicating with new and existing businesses and other entities for the purposes of encouraging and promoting economic development in the City and surrounding area.
- Reviews and makes recommendations to the EDA relative to applications made by businesses requesting loans or subsidies from the EDA. They are to use guidelines established by the EDA in determining the qualifications of the businesses requesting funds.
- On or before September 1 of each year, LSDI is to provide to the EDA a written business plan and budget for the following year and meet with the EDA to review the plan and receive comments and suggestions.
- On or before March 1 of each year LSDI is to provide to the EDA a written summary of LSDI's administrative program and financial activities relative to the prior year's business plan and budget approved by the EDA.
- The EDA is to provide annual compensation to LSDI that is to be approved on an annual basis. Currently the EDA compensates LSDI \$37,000 annually, made in quarterly payments. For the past number of years those funds have been generated from interest earnings of the RLF.
- There is a 60 day termination notice provided for in the contract.

Those business plans, budgets and summaries of activities have not been submitted to the EDA for their consideration and approval in 2014 or 2015.

The 2016 budget for the EDA is \$75,000. The Executive Director is compensated \$1,000 monthly. The EDA's Executive Director is also the Executive Director of LSDI. Presumably he receives compensation from LSDI as well. Ed has indicated his desire to retire from both positions within the next 8-12 months.

RECOMMENDATION

While the relationship with LSDI has served the City well, we are at a point where we should take some time for reflection and determine how to move forward with economic development activities.

I've invited Tim Madigan, retired City Administrator with over 30 years' experience in south central Minnesota communities to attend Monday's meeting and provide some perspective on current trends in economic development and how cities go about managing those activities.

At the conclusion of the presentation and any discussion I suggest the Council come back to this topic in a few weeks and provide direction to staff around the following:

- Continuation of contracted services with LSDI/Contract with another organization or entity
- City staff position charged with economic development as a portion of that job
- Combination of the two
- Other thoughts and ideas related to economic development.

Cc; Ed Tschida, EDA Executive Director
EDA members
LSDI Board members