

Pine Island
Economic Development Authority
106 2nd Street SW, Pine Island, MN

2015
Annual
Report

Prepared by

Nate Carlson
EDA Executive Director





2015 Financial Review

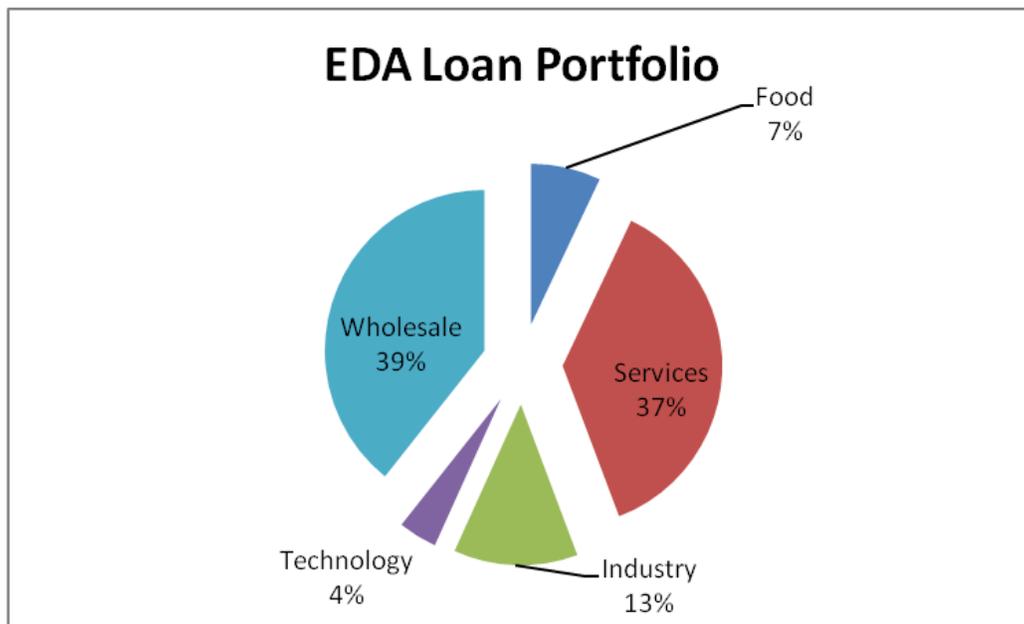
Pine Island EDA

December 31, 2015

EDA Revolving Loan Program

		<u>Total Outstanding Loans/Funds</u>	<u>Current Fund Balance</u>
Number of EDA loans issued since EDA was established	36		
• Pine Island City-Wide Development Loans Outstanding (Acct 260)	5	\$41,360	\$103,480
• Spruce-Up Loan Outstanding	1	\$15,000	\$15,189*
• Microenterprise Development Loans Outstanding (Acct 261)	8	\$146,382	\$109,458
• PITEL Revolving Loans Outstanding	1	\$113,900	\$278,469
Total All Revolving Loan Funds Outstanding as of Dec. 31, 2015		\$301,643	
Total All Revolving Loan Funds Available as of Dec. 31, 2015			\$506,653
Total All Revolving Loan Debts and Assets			\$808,297

* \$85,000 was allocated from Acct 260 for the Spruce-Up Program



2015 Pine Island Permit Activity

	2015 Permits Issued	2015 Building Activity (\$)	2014 Permits Issued	2014 Building Activity (\$)	2013 Permits Issued	2013 Building Activity (\$)	2012 Permits Issued	2012 Building Activity (\$)
New single-family dwelling starts	12	2,214,800	9	1,488,000	7	1,277,000	7	1,133,500
New Commer/Indus/Institutional	0	0	2	15,600,000	5	3,730,000	3	879,000
Existing Residential	106	736,314	116	653,675	96	529,715	101	651,387
Existing Commercial	15	13,298,000	9	4,706,931				
Total Bldg Activities		16,229,114		22,448,606		5,536,715		2,378,887
Trend - Total Building Activity		2011 - \$3,985,572 • 2010 - \$3,843,920 • 2009 - \$2,095,701 • 2008 - \$5,180,080						

Number of Business Establishments in Pine Island City & Pine Island Township:

2 nd Quarter 2015 Data			
	Number of Business Establishments	Number of Covered Jobs	Average Weekly Wages
Pine Island City	90	1,020	\$690
Pine Island Township	15	65	\$545
Source: DEED's Quarterly Census of Employment and Wages (QCEW) Program			

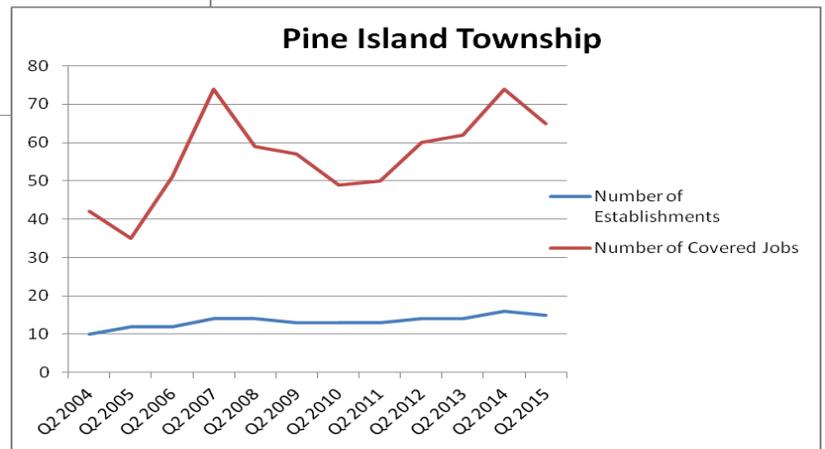
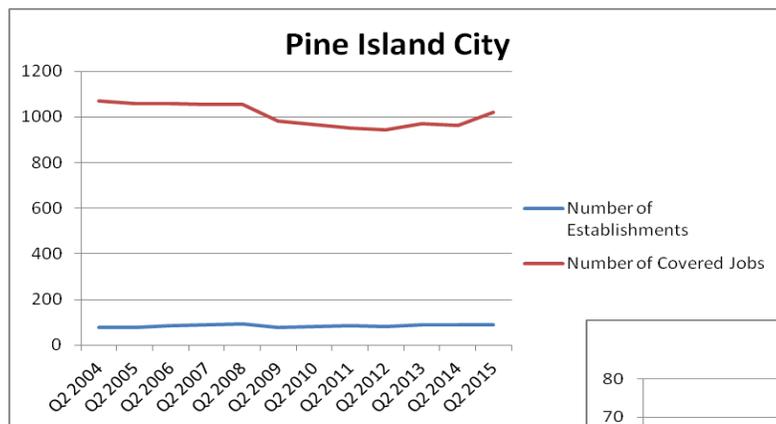
2 nd Quarter 2014 Data			
	Number of Business Establishments	Number of Covered Jobs	Average Weekly Wages
Pine Island City	88	964	\$685
Pine Island Township	16	74	\$489
Source: DEED's Quarterly Census of Employment and Wages (QCEW) Program			

2 nd Quarter 2013 Data			
	Number of Business Establishments	Number of Covered Jobs	Avg. Weekly Wages
Pine Island city	88	969	\$659
Pine Island Twp	14	62	\$479
Source: DEED Quarterly Census of Employment & Wages (QCEW) program			

2 nd Quarter 2012 Data			
	Number of Business Establishments	Number of Covered Jobs	Avg. Weekly Wages
Pine Island city	82	945	\$643
Pine Island Twp	14	60	\$526
Source: DEED Quarterly Census of Employment & Wages (QCEW) program			

10 -Year Employment Trends – Number of Business Establishments & Covered Jobs (City & Township):

**Note: Covered jobs include those reported to DEED Quarterly Census of Employment & Wages*



Demographics

Pine Island, Minnesota

Household Income	%	Age	%	Educational Attainment (age 25+)				%
< \$35,000	34.7%	0-19	29.2%	< High School	6.1%	Assoc Degree	11.6%	
\$35,000-\$50,000	5.9%	20-44	31.9%	High School	23.6%	Bach Degree	23.5%	
\$50,000-\$100,000	28.2%	45-59	20.8%	Some College	24.1%	Grad Degree	8.7%	
> \$100,000	31.2%	60+	18.1%					
Households								
Households	%	Gender	%	Size of Household			%	
Owner Occupied	70.5%	Male	48.4%	1 person	29.8%	3 person	16.3%	
Renter Occupied	29.5%	Female	51.6%	2 person	33.9%	4+ person	20.1%	
Housing Costs (mo.)								
Housing Costs (mo.)	%	Ethnicity						
< \$500	20.5%	White	96.6%	Hispanic	1.7%			
\$501-\$1,000	29.7%	Black	0.9%					
\$1,001 - \$2,000	39.8%	Native American	0.1%					
> \$2,000	9.9%	Asian	0.8%					

Source: U.S. Census Bureau, American Community Survey, 2010-2014

2015 Pine Island EDA Year-End Review



2015 Review – The Pine Island EDA has been involved in a number of activities and projects throughout 2015. Major development projects, new business development, existing business development, community development, and internal EDA projects have shaped this past year. The following is a detailed report of the five sectors.

Major Project Development

From the start of 2015 to the end, there have been several projects that can be defined as “major project development.” Said projects must have a significant impact on the local economy in order to be defined as major. The following five major developments have and will continue to have a great impact on the City of Pine Island.

- **Minnesota Veterans and Emergency Services Museum (MVESM)** – The PIEDA was approached by the President of the MVESM Board, Tom Hosier, in early May 2015. He expressed the need for a Veterans' Museum in Southeast Minnesota that celebrated the areas' veterans as well as the significant influence of Dr. Mayo and the American wars. The Director at that time was Karen Doll. She expressed great interest and wanted to facilitate any assistance the PIEDA could offer. When Nate Carlson took over as Director, Tom Hosier and the MVESM took another direction and approached the City of Pine Island to house said museum. This action was greatly supported amongst EDA, Park Board, Fire Department, and the City Council. Director Carlson facilitated discussions and letters of interest with Pine Island land owners. The assumption was that the City of Pine Island would gift the land so long as the museum was funded by the State Legislature. Progress was made and land proposals were received. However, due to the unfortunate nature of Tom Hosier's passing, the MVESM Board decided to cut communication with EDA Director Carlson and focus solely on the Rochester site. Communication ceased October 2015.
- **Hotel Market Study** – A hotel market study was conducted by request of a land owner in Spring 2015. The land owner expressed a great interest in developing a hotel off U.S. Highway 52. The project viability was to be determined via the study. The cost of the study was shared between the land owner and the EDA. The hotel study determined there was a "lack of demand for a hotel in the Pine Island region." Thus, the project stalled and development did not begin.
- **RSDP Program (student for Wastewater Task Force)** – In order to help facilitate the joint wastewater task force between Pine Island and Oronoco, the EDA took the initiative to apply for a grant that would provide a University student to act as researcher and secretary for the task force. The task force was granted the student secretary, and she has been of immense support as discussions between Pine Island and Oronoco continue.
- **Hiring of new EDA Executive Director** – On June, 22 2015, the PIEDA hired Nate Carlson as the new Executive Director for the Pine Island Economic Development Authority. With great references and his experience within Community and Economic Development with the City of Northfield, the EDA Board believed Nate would be a great addition to the PIEDA. There was a month overlap between Karen Doll's administration and that of Nate Carlson's administration.

She assisted with all of the transition training and provided great mentoring for Nate Carlson to assume the position. Director Carlson has been in the position since June, 22 2015. There are several projects that he is now responsible for as lead coordinator.

- **Hiring of new City Administrator** - As Karen Doll began her transition into retirement, Jon Eickhoff, the previous City Clerk, announced his retirement. The Council decided to reinstate the City Administrator position and hire a new Administrator. The final candidate was David Todd, then the City Administrator for Lanesboro, MN. Highly qualified for the position, David greatly respects the EDA and the work Director Carlson is doing. Administrator Todd and Director Carlson work in tandem on several projects.

New Business Development

The EDA worked closely with regional, state, and federal development agencies/specialists to access financial and technical resources for local economic development projects, including existing businesses, landowners, developers, and prospective new businesses.

- **New Businesses** – This past year, there was one new business to locate within the city limits of Pine Island. Total Farming Technologies, LLC. opened its doors on Main Street on September 1, 2015. The owner is Paul Mecikalski. He worked exclusively with Executive Director Carlson to get his business up and running. After obtaining consultation from the Small Business Development Center, Mr. Mecikalski was in need of seed funding to start the business. He needed \$30,000 to start operations. The EDA granted him a \$15,000 from the Pine Island City-Wide Development Fund, and the Southern Minnesota Initiative Foundation provided the additional \$15,000 through a loan. He currently employs 4 people, including him, and plans to add an additional person in Spring 2016.
- **Prospective Businesses** - The EDA worked with a number of prospective new businesses in 2015 of all sizes. Business planning assistance was provided and referrals were made to other agencies for support when appropriate. Information was gathered and compiled for several businesses seeking requests for proposals and information concerning potential financial and technical resources from city, state, and federal business subsidy programs.

The EDA has worked to link prospective business candidates to property owners, developers, lending agencies, and investors. In addition, staff has provided support to businesses in determining eligibility for local, state, and federal business subsidies, EDA revolving loan programs, and City tax increment financing/abatement programs.

Currently, there are three prospective businesses that Director Carlson is working with into 2016. There should be greater development in Spring 2016 or Summer 2016. Each business is different from the other: retail, an industrial, and an eatery. Director Carlson anticipates that these businesses will be approaching the EDA for some initial funding.

Existing Business Retention and Support Services:

- **Business Expansions/Relocations** – During 2015, there was a major expansion effort with DS Manufacturing. Mid-summer 2015, DS Manufacturing was purchased by Lincoln Manufacturing, which is the largest piping manufacturer in the country. DS Manufacturing now acts as a sole input provider for Lincoln Manufacturing. The company has expressed that increases in employees and building footprint are in the works. Within the next 5 years, the company is anticipating great success and further expansionary efforts.

- **Business Retention/Support** - Director Carlson continues to support the local businesses through means of Business Retention and Expansion practices (i.e. BR&E). Starting Spring 2016, Director Carlson will be instituting annual business visits to all businesses in Pine Island. There was a major development for a business on Main Street during Summer 2015. Ken Arel of Arel's Flowers and Gifts closed up shop for good in mid-August 2015. Director Carlson expended many hours recruiting a new business to replace the flower shop but to no avail. Director Carlson continues to seek opportunities to fill the need for a flower shop in Pine Island.
- **Highway 52 Commercial Development Opportunities** – The EDA has worked closely with a prospective land owner/developer and the City during the past 12 months to recruit prospective commercial businesses for a new development along the Highway 52 Frontage Road near County 11 Interchange. Director Carlson intends to launch a new campaign strategy to develop the frontage road off County Road 11.
- **Elk Run** – The EDA has provided technical support and services to prospective Elk Run businesses, responded to inquiries about Elk Run, and have acted as a conduit between Tower and clients when viable inquiries come through the office. Tower has expressed an interest in pursuing residential development as well as business park development.
- **Local, Regional, and State Incentive Programs** – The EDA continues to provide technical assistance to major employers during the past 12 months. Opportunities for local, regional, state and federal business subsidies could apply for several employers.

Community Development Projects:

- **Community Planning Team (CPT)** – EDA has facilitated meetings activities, projects, and events sponsored by the CPT for the past 40 months. The group is comprised of representatives of the City, School, surrounding townships, City of Oronoco and the EDA. It serves as a think tank and meets monthly to discuss issues, ideas, projects, and ways to work together to accomplish mutual goals and objectives. After the passing of the school referendum, Director Carlson pursued another project for the CPT to consider. Being approached by Tower Investments to investigate the opportunities of residential development around the new school, Director Carlson and previous Director Doll joined up with University of Minnesota Dean of Architecture Tom Fisher. The University has a great interest in assisting the development of "healthy residential development." With support from DMC and SMIF, the EDA decided to off-load the project to the CPT to act as a steering committee for said project. The anticipated timeline of development coincides with the timeline of the County Road 5 reroute past the new school.
- **Senior Housing (Downtown Residential Development DRD)** – Initiated by Mayor Steele, the Downtown Residential Development (DRD) has made progress since its inception. Beginning with an initial idea of providing housing for seniors in the downtown district, the project has completed the preliminary steps. A Request For Proposal (RFP) was drafted and distributed to several local developers. Two developers took interest, and at this current time the City is moving on with one developer. The developer, the City and South East Minnesota Multi-County HRA (SEMMCHRA) are working toward financing the project and providing a timeline for construction. A public forum was held to gauge the initial interest of the senior citizens of Pine Island. SEMMCHRA then will distribute a housing needs survey to the community, and a study will be completed. Only after the demand is fully gauged can the project move forward in 2016. The EDA will continue to act as project lead for the DRD project.

- **Journey to Growth Initiative (J2G)** - A new venture has been gaining momentum in Southeast Minnesota. This initiative stemmed from RAEDI and is partially funded through said organization. The objective of J2G is to diversify the economy of Southeast Minnesota away from the medical industry. Additionally, J2G takes action on workforce needs, community needs, and regional population needs. One goal of J2G is to brand Southeast Minnesota in order to market and publicize the region as a whole. After a presentation in January 2015 to the EDA Board, the leadership of J2G made an ask of Pine Island to contribute funding to this cause. This ask was made in early August 2015. The Board has agreed to financially support J2G for one year and will revisit the financial gift in Summer 2016.
- **Infrastructure Development** - The EDA was involved in meetings during the past year involving current and future infrastructure planning with MnDOT, Goodhue and Olmsted County. Traffic congestion and pedestrian safety issues have spurred discussions about possible changes to County 11 East and Main Street. Goodhue County has agreed to join the City in discussions with MnDOT concerning issues around closing access to Highway 52 from north Main Street. MnDOT has begun the scoping process to determine feasibility of a high speed Zip Rail from Rochester to Minneapolis, and Highway 52 is one of two possible routes being considered. EDA and City staff attended several meetings during 2015 concerning this issue and the City submitted an official response to the scoping process.
- **Grants** - The EDA researches potential grant opportunities on an ongoing basis and writes and submits grant applications when requested and approved by the EDA Board and City. EDA staff completes and submits annual reports to state and federal agencies as required for previously awarded grants.
- **Channel 7** - Operation of the public service channel continues to fall under the authority of the EDA who contracts with a private individual to create and maintain the channel. The policies and procedures for operation of Channel 7 were reviewed and updated in 2015. Bevcomm staff provides the technical assistance and equipment for the station.
- **Community Ambassador** - The EDA director was asked to make several presentations in and outside of Pine Island about the City, Elk Run, and the Hwy 52 Interchange project in 2014.
- **Collaborations & Partnerships** - The EDA participated in several organizations that focused efforts on strengthening economic development in southeast Minnesota and the State.
 - In 2015 the EDA served on the Rochester Area Economic Development, Inc. Board of Directors (RAEDI)
 - The EDA participated in regular economic development specialist meetings hosted by the Southern Minnesota Initiative Foundation (SMIF) and made a contribution to the organization for the work it does in our community and region
 - EDA staff worked closely with SMIF and Destination Medical Center (DMC) representatives in developing the Regional Community Growth Initiative Project discussed previously.
 - The EDA participated in meetings hosted by MnDEED involving development of new funding programs, training, and site selection.

EDA Internal Programs:

- **Reinstitution of Bi-Annual EDA Retreats** - As one of his first acts as Executive Director of the PIEDA, Director Carlson reinstated the bi-annual retreats of the EDA. He believed that holding two additional meetings a year would provide an outlet for greater, more in-depth discussions. There are many issues and goals to be discussed for the future of the EDA and Pine Island, and a regular meeting does not allow time for such discussions. The first Fall EDA retreat of 2015 was a great success. The EDA took steps to better the loan programs, restructure the Mission Statement, and discuss future revenue sources. Director Carlson believes that these retreats will enrich the PIEDA and provide greater direction for the City. An agenda has not been set for Spring 2016 Retreat. However, the retreat will be held in March or April 2016.
- **Restructuring of EDA Loan Program** - As one of the actions coming from the Fall 2015 EDA Retreat, the PIEDA made the decision to restructure the loan programs. The PITC fund remained as was previously. The greatest changes were to the previous MICRO Loan Fund and the EDA REVLOVING Loan fund. These funds are now titled the MICROENTERPRISE DEVELOPMENT Fund and the PINE ISLAND CITY-WIDE DEVELOPMENT Fund. Because of greater restrictions from the federal government, Director Carlson recommended an account shift that would allow greater utilization. Parameters of the funding allowance were changed, an application fee was installed, and an origination fee was introduced. Director Carlson believes that the restructured programs will streamline the process as well as allow the EDA to take greater risk with more chancy investments. The process of restructuring of the loan programs happened in November 2015.
- **Revolving Loan Disbursements** - Two new revolving loan were issued to Pine Island businesses in 2015 in the amount of \$24,600. Fifteen loans to local businesses are outstanding; the status of all loan payments is current. Revolving loan funds administered by the EDA total - \$938,288 with \$506,653 currently available for lending. Kennedy and Graven was reappointed to prepare necessary loan documents for the EDA, and the Small Business Development Center of Rochester was designated to provide loan analysis assistance for the EDA. The EDA works closely with the SBDC and frequently refers clients to them for free technical support on expansion projects, ownership transition, business model improvements, and new business start-ups.
- **Available Real Estate** - The EDA continues to maintain a database listing available commercial and industrial properties for sale or lease within the City.
- **Website Development** - The EDA developed a new website in late 2013 at www.pineislandeda.org and continues to make improvements to it. The site provides information and resources for prospective developers and businesses interested in knowing more about the community. In 2016, Director Carlson intends to review the viability of the current site.
- **Community Marketing & Promotional Materials** - A brochure promoting highway commercial development has been completed and is available on the EDA website. A new brochure promoting Pine Island as a great place to live is in final stages of development.