



COMMITTEE OF THE WHOLE AGENDA
Board of Commissioners, St. Louis County, Minnesota

June 14, 2011

Immediately following the Board Meeting, which begins at 9:30 A.M.
Commissioners' Conference Room, St. Louis County Courthouse, Duluth, MN

CONSENT AGENDA:

All matters listed under the consent agenda are considered routine and/or non-controversial and will be enacted by one unanimous motion. If a commissioner requests, or a citizen wishes to speak on an item on the consent agenda, it will be removed and handled separately.

Minutes of June 7, 2011

Public Works & Transportation Committee – Commissioner Forsman, Chair

1. Purchase of Roadpatcher [11-227]

Finance & Budget Committee – Commissioner Nelson, Chair

2. Abatement List for Board Approval [11-228]

ESTABLISHMENT OF PUBLIC HEARINGS:

Finance & Budget Committee – Commissioner Nelson, Chair

3. Establish Public Hearing to Consider Off-Sale Intoxicating Liquor License – The Breeze Inn, Lakewood Township (July 12, 2011, 9:40 a.m., St. Louis County Courthouse, Duluth, MN) [11-229]
4. Establish Public Hearing to Consider Allegations of Liquor Law Violations – Burns Bar & Grill Rice Lake Township (July 12, 2011, 9:45 a.m., St. Louis County Courthouse, Duluth, MN) [11-230]
5. Establish Public Hearing to Consider Allegations of Liquor Law Violations – Fredenberg Minnoette, Fredenberg Township (July 12, 2011, 9:50 a.m., St. Louis County Courthouse, Duluth, MN) [11-231]
6. Establish Public Hearing to Consider Allegations of Liquor Law Violations – Grumpy's Gas & Bait, Unorganized Township 63-19 (July 12, 2011, 9:55 a.m., St. Louis County Courthouse, Duluth, MN) [11-232]
7. Establish Public Hearing to Consider Allegations of Liquor Law Violations – Pequaywan Inn, Unorganized Township 54-13 (July 12, 2011, 10:00 a.m., St. Louis County Courthouse, Duluth, MN) [11-233]
8. Establish Public Hearing to Consider Allegations of Liquor Law Violations – Saginaw Grand Lake Station, Solway Township (July 12, 2011, 10:05 a.m. St. Louis County Courthouse, Duluth, MN) [11-234]

TIME SPECIFIC PRESENTATION:

11:00 A.M. Amend JOBZ Subzone Boundaries – City of Duluth [11-235]

REGULAR AGENDA:

For items on the Regular Agenda, citizens will be allowed to address the Board at the time a motion is on the floor.

Central Management & Inter-Governmental Committee – Commissioner Raukar, Chair

- 1. Minnesota State Auditor Performance Measurement Program [11-236]**
Resolution to allow county participation in the Minnesota State Auditor Performance Measurement Program.

COMMISSIONER DISCUSSION ITEMS AND REPORTS:

At this time, Commissioners may introduce items for discussion or report on past and future activities.

ADJOURNED:

NEXT COMMITTEE OF THE WHOLE MEETING DATES:

June 28, 2011	Semer's Park Pavilion, Ely, MN
July 5, 2011	Commissioners' Conference Room, Courthouse, Duluth, MN
July 12, 2011	Commissioners' Conference Room, Courthouse, Duluth, MN

BARRIER FREE: *All St. Louis County Board meetings are accessible to the handicapped. Attempts will be made to accommodate any other individual needs for special services. Please contact St. Louis County Property Management (218-725-5085) early so necessary arrangements can be made.*

**COMMITTEE OF THE WHOLE
ST. LOUIS COUNTY BOARD OF COMMISSIONERS**

Tuesday, June 7, 2011

Location: County Board Conference Room, Duluth Courthouse
Present: Commissioners O'Neil, Jewell, Dahlberg, Sweeney, Nelson and Raukar
Absent: Commissioner Forsman
Convened: Chair O'Neil called the meeting to order at 10:07 a.m.

CONSENT AGENDA

Nelson/Sweeney moved the consent agenda. (6-0)

- Minutes of May 24, 2011

1. Road and Utility Easements across State Tax Forfeited Land - Town of White and Minnesota Power
2. Cancellation of Contracts for Purchase of State Tax Forfeited Lands - McCray, Didrikson, Boney, Guski, G&G Rentals Investments LLC, Pulford, Bechtold
3. New Job Class – Capital Planning Manager
4. Reallocation of Custodian Position in Property Management
5. Establish a Public Hearing for the St. Louis County Prescriptive Easement Project (Wednesday, July 27, 2011, beginning at 6:00 p.m. with an Open House, at the Mountain Iron Community Center in Mountain Iron, MN)

REGULAR AGENDA

Dahlberg/O'Neil moved, without recommendation, a resolution adopting changes in the leadership and committee structure of the Heading Home St. Louis County Ten Year Plan to End Homelessness. Administrator Gray said this reorganization downsizes the number of committees and restructures the Heading Home leadership and advisory committees. Deputy Public Health and Human Services (PHHS) Director Shelley Saukko said too much time was devoted to meetings and the recommendation is to have two advisory committees and one leadership committee. Laura DeRosier, PHHS, said one advisory committee will oversee homeless funding, rather than having it spread out over several committees. The centralized approach will result in greater efficiencies. In response to a question from Commissioner Nelson, Deputy Director Saukko said this recommendation was brought to the Bois Forte Band and they will have a voice. Commissioner O'Neil said we have come a long way, although recently we have seen greater numbers of new homeless cases due to the recession. After further discussion, the motion was approved without recommendation. (6-0)

Sweeney/Raukar moved to award a bid for a resurfacing project on CSAH 13 from T.H. 2 to T.H. 194 Hermantown, MN, to Northland Constructors on their low bid on \$2,750,095.71 (18.84% below the engineers estimate). Commissioner Nelson said it is late in the bid season and we are still seeing bids come in below estimate, noting there is not a great deal of work in the private sector and the county projects help provide work. (6-0)

Nelson/Raukar moved to award a bid for a bridge project in an unorganized area outside Fayal Township, to Redstone Construction on their low bid of \$475,793.10 (5.1% below the engineers estimate). Administrator Kevin Gray said the project includes approach grading and aggregate surfacing. (6-0)

Nelson/Jewel moved to approve an amendment to the architectural services with Scalzo Architects for the Duluth Courthouse window replacement project. Property Manager Tony Mancuso said the additional architectural services are needed to address energy and historical requirements. Property Manager Mancuso said these windows will last up to 50 years and will provide energy saving for the county. After further discussion, the motion was approved. (6-0)

COMMISSIONER DISCUSSION ITEMS AND REPORTS

Commissioner Nelson will be in Washington D.C. next week, along with Commissioner Forsman and Public Works Director Jim Foldesi, working to bring transportation dollars to St. Louis County.

Commissioner Nelson noted the change of venue from the Mesabi Station to the Mountain Iron Community Center for the June 21, 2011, County Board Workshop.

Commissioner Raukar said the recent consolidation of the Virginia 911 Call Center is another good example of reinventing county government. The consolidation to the Duluth 911 Center will result in cost and technology savings for the county, which according to Commissioner Raukar is a progressive step toward addressing continued budget shortfalls.

Commissioner Nelson recently attended a 911 User Board meeting and there were no complaints on the consolidation.

Commissioner Sweeney said technological advancements made the 911 consolidation possible, adding this will not negatively affect public safety.

Commissioner O'Neil announced a ribbon cutting ceremony at the new Voyageurs National Park Visitors Center. The event takes place at 10:00 a.m. on Saturday, July 2, 2011.

Commissioner Nelson noted the money saved by closing the Virginia 911 Center could be used to close communication gaps in Commissioner Districts 5 and 6, adding it is something to look at in the future.

ADJOURNED

At 11:07 a.m., Nelson/Jewell moved to adjourn the committee of the whole meeting. (6-0)

Steve O'Neil, Chair of the County Board

Patricia Stolee, Clerk of County Board

BOARD LETTER NO. 11 - 227

PUBLIC WORKS & TRANSPORTATION COMMITTEE
CONSENT NO. 1

BOARD AGENDA NO.

DATE: June 14, 2011 **RE:** Purchase of Roadpatcher

FROM: Kevin Z. Gray
County Administrator

James T. Foldesi
Public Works Director/Highway Engineer

RELATED DEPARTMENT GOAL:

Provide a safe, well maintained road and bridge system.

ACTION REQUESTED:

The St. Louis County Board is requested to approve the purchase of one Schwarze model RP006 Roadpatcher from RCM Equipment Company of Cottage Grove, Minnesota.

BACKGROUND:

The Public Works Department's 2011 equipment budget includes the purchase of one Truck Mounted Roadpatching unit. The department currently owns four similar machines. These machines have resulted in a substantial cost savings to the county in road maintenance. With less manpower and reduced funding for road replacement, this machine will extend the life of paved roads. Using this machine, one operator can accomplish the same work as four operators using traditional methods. There are three brands of Roadpatchers available on the State Contract and the Schwarze model RP006 has the lowest price. The new unit will be located at Public Works Pike Lake facility.

RECOMMENDATION:

It is recommended that the St. Louis County Board authorize the purchase of one Schwarze model RP006 Roadpatcher from RCM Equipment Inc. of Cottage Grove, MN using the available State of Minnesota Contract. The purchase price for the Roadpatcher is \$168,957.00 plus 6.5% state sales tax of \$10,982.21 for a total cost of \$179,939.21, which is within that budgeted for the purchase, payable from Fund 407, Agency 407001, and Object 666300.

Purchase of Roadpatcher

BY COMMISSIONER _____

WHEREAS, the Public Works Department equipment budget includes the purchase of one Truck Mounted Roadpatching unit; and

WHEREAS, RCM Equipment Inc. of Cottage Grove, MN, responded with the State of Minnesota contract price of \$168,957 for the unit; and

WHEREAS, the purchase will be subject to State of Minnesota sales taxes of \$10,982.21 for a total cost of \$179,939.21.

NOW, THEREFORE, BE IT RESOLVED, the St. Louis County Board authorizes the purchase of one Truck Mounted Roadpatching unit from RCM Equipment Inc. of Cottage Grove, MN, for \$179,939.21, payable from fund 407, Agency 407001, Object 666300.

BOARD LETTER NO. 11 - 228

FINANCE & BUDGET COMMITTEE CONSENT NO. 2

BOARD AGENDA NO.

DATE: June 14, 2011 **RE:** Abatement List for Board Approval

FROM: Kevin Z. Gray
County Administrator

Mark Monacelli, Director
Public Records & Property Valuation

David L. Sipila
County Assessor

RELATED DEPARTMENT GOAL:

The County Assessor will meet all state mandates for classifying and valuing taxable parcels for property tax purposes as outlined in Minn. Stat. § 270 through 273.

ACTION REQUESTED:

The St. Louis County Board is requested to approve the attached abatements.

BACKGROUND:

The intent of abatements is to provide equitable treatment to individual taxpayers while at the same time exercising prudence with the tax monies due to the taxing authorities within St Louis County. Abatements are processed in conformance with St. Louis County Board Resolution No. 861, dated November 30, 1993, outlining the Board's policy on abatement of ad valorem taxes. This Policy provides direction for the abatement of: 1) Current year taxes; 2) Current year penalty and costs; 3) Past year taxes; and 4) Past year penalty, interest, and costs.

RECOMMENDATION:

It is recommended that the St. Louis County Board approve the attached list of abatements.

Abatement List for Board Approval

BY COMMISSIONER _____

RESOLVED, that the St. Louis County Board approves the applications for abatements, correction of assessed valuations and taxes plus penalty and interest, and any additional accrual, identified in County Board File No. 59185.

Abatements Submitted for Approval by the St. Louis County Board
on 6/28/2011

<u>PARCEL CODE</u>	<u>AUD NBR</u>	<u>NAME</u>	<u>TYPE</u>	<u>LOCATION</u>	<u>APPRAISER</u>	<u>REASON</u>	<u>YEAR</u>	<u>REDUCTION</u>
387 10 525	0	13857 ADAMS, CHARLES	R	Greenwood	Ellen Trancheff	CODE CHANGE	2011	408.02
387 10 2380	0	13858 ADAMS, CHARLES	R	Greenwood	Ellen Trancheff	CODE CHANGE	2011	82.50
10 2741 800	0	13859 ARNTSON, SCOTT	R	City of Duluth	Diane Suomi	HOMESTEAD	2009	212.84
10 2741 800	0	13860 ARNTSON, SCOTT	R	City of Duluth	Diane Suomi	HOMESTEAD	2010	217.60
10 2741 800	0	13861 ARNTSON, SCOTT	R	City of Duluth	Diane Suomi	HOMESTEAD	2011	225.34
763 10 4000	9835	13862 CABLE TWO INC	P	68-21	Cory Leinwander	PP CANCEL	2011	383.22
235 15 163	0	13863 CENTRAL IRON RANGE	R	Balkan	Patrick Orent	EXEMPT	2011	53.58
235 55 131	0	13864 CENTRAL IRON RANGE	R	Balkan	Patrick Orent	EXEMPT	2011	63.60
235 55 220	0	13865 CENTRAL IRON RANGE	R	Balkan	Dave Sipila	EXEMPT	2011	31.80
235 55 270	0	13866 CENTRAL IRON RANGE	R	Balkan	Dave Sipila	EXEMPT	2011	38.86
235 55 320	0	13867 CENTRAL IRON RANGE	R	Balkan	Dave Sipila	EXEMPT	2011	130.74
235 55 810	0	13868 CENTRAL IRON RANGE	R	Balkan	Dave Sipila	EXEMPT	2011	21.20
530 10 3793	0	13869 COZZI, FRANK	R	Solway	Jan Jackson	HOMESTEAD	2011	200.50
10 1800 2210	0	13871 CULLIERRIER, BRANDON	R	City of Duluth	Diane Suomi	HOMESTEAD	2009	295.54
10 1800 2210	0	13872 CULLIERRIER, BRANDON	R	City of Duluth	Diane Suomi	HOMESTEAD	2010	287.06
10 4520 15920	0	13870 DEWITT, DAVID	R	City of Duluth	Diane Suomi	HOMESTEAD	2011	297.16
175 71 1684	0	13873 HAATAJA, JOEL	R	Mt. Iron	Mike Harvey	VALUATION	2010	292.60
215 10 3350	0	13874 HAKKILA, RONALD	R	Angora	Mike Harvey	HOMESTEAD	2011	592.18
290 10 4290	0	13875 HARTZELL, STEPHANI	R	Cherry	Rick Vidmar	HOMESTEAD	2011	581.12
10 2630 200	0	13876 HELMER, BENJAMIN	R	City of Duluth	Diane Suomi	HOMESTEAD	2010	220.94
10 2630 200	0	13877 HELMER, BENJAMIN	R	City of Duluth	Diane Suomi	HOMESTEAD	2011	228.50
115 30 800	0	13878 HERTZFELDT, NANCY	R	Buhl	Dave Jarvela	HOMESTEAD	2011	551.50
10 1830 890	0	13879 HOENE, NANCY	R	City of Duluth	Diane Suomi	HOMESTEAD	2011	265.04
330 10 2420	0	13880 HONKALA, HANNES	R	Embarrass	Carolyn Mackai	HOMESTEAD	2011	584.88
560 11 4490	0	13881 HUSANEN, RODNEY	R	Vermilion Lake	Dave Jarvela	VALUATION	2011	47.96
10 500 1540	0	13882 IMSANDE, JENNIFER	R	City of Duluth	Diane Suomi	HOMESTEAD	2010	275.28
10 500 1540	0	13883 IMSANDE, JENNIFER	R	City of Duluth	Diane Suomi	HOMESTEAD	2011	280.06
10 4520 5290	0	13884 KEIL, JOHN	R	City of Duluth	Diane Suomi	HOMESTEAD	2011	258.54
550 10 1080	0	13885 LAHTI, SHAWN	R	Toivola	Rodella LaFreniere	VALUATION	2010	469.84
315 63 390	0	13886 LIBBY, DANIEL	R	Duluth Twsp.	Noah Mittlefehldt	HOMESTEAD	2011	364.48
10 140 90	0	13887 LILLEBERG, ELIZABETH	R	City of Duluth	Diane Suomi	HOMESTEAD	2011	237.94
10 4290 300	0	13888 MARTIN, MAE	R	City of Duluth	Diane Suomi	HOMESTEAD	2011	226.24
175 71 5025	0	13889 MCGREGOR, SHARI	R	Mt. Iron	Mike Harvey	HOMESTEAD	2011	572.12
141 50 6566	0	13890 MORRIS, JAMES	R	Hibbing	Bruce Sandberg	HOMESTEAD	2011	525.10

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10 3305 1490	0	13891 MUSTACHE, LOREN	R	City of Duluth	Diane Suomi	HOMESTEAD	2011	228.80
10 3266 10	0	13892 NORLAND, DONNA	R	City of Duluth	Diane Suomi	HOMESTEAD	2011	232.70
10 3970 2000	0	13893 OSBORN, VINCENT	R	City of Duluth	Diane Suomi	HOMESTEAD	2011	282.50
10 3510 2070	0	13894 POSTAL, CHAD	R	City of Duluth	Diane Suomi	HOMESTEAD	2009	214.72
10 3510 2070	0	13895 POSTAL, CHAD	R	City of Duluth	Diane Suomi	HOMESTEAD	2010	219.42
10 3510 2070	0	13896 POSTAL, CHAD	R	City of Duluth	Diane Suomi	HOMESTEAD	2011	227.06
10 4120 500	0	13897 REDELFS, ANN	R	City of Duluth	Diane Suomi	HOMESTEAD	2009	171.24
10 4120 500	0	13898 REDELFS, ANN	R	City of Duluth	Diane Suomi	HOMESTEAD	2010	177.38
10 4120 500	0	13899 REDELFS, ANN	R	City of Duluth	Diane Suomi	HOMESTEAD	2011	142.82
435 7030 390	0	13900 REGENTS OF THE UOFM	R	McDavitt	Dave Sipila	EXEMPT	2011	4.00
435 8010 1200	0	13901 REGENTS OF THE UOFM	R	McDavitt	Dave Sipila	EXEMPT	2011	16.00
435 7030 791	0	13902 RGGS LAND & MINERALS	R	McDavitt	Dave Sipila	OTHER	2011	16.00
465 20 2560	0	13903 ROM, REBECCA	R	Morse	Ben Thomas	VALUATION	2010	673.14
465 20 2563	0	13904 ROM, REBECCA	R	Morse	Ben Thomas	CODE CHANGE	2010	703.36
465 40 1770	0	13905 ROM, REBECCA	R	Morse	Ben Thomas	CODE CHANGE	2010	798.38
10 9080 80	0	13906 SEAWAY PORT	R	City of Duluth	Terry Johnson	PP CANCEL	2010	10,582.48
10 9080 80	0	13907 SEAWAY PORT	R	City of Duluth	Terry Johnson	PP CANCEL	2011	10,502.42
10 4500 3280	0	13908 SIITER, RICK	R	City of Duluth	Diane Suomi	HOMESTEAD	2011	549.08
10 803 50	0	13909 SMITH, RUPERT	R	City of Duluth	Diane Suomi	HOMESTEAD	2011	665.18
10 790 12890	0	13910 SODER, RONALD	R	City of Duluth	Diane Suomi	HOMESTEAD	2009	232.80
10 790 12890	0	13911 SODER, RONALD	R	City of Duluth	Diane Suomi	HOMESTEAD	2010	237.04
10 790 12890	0	13912 SODER, RONALD	R	City of Duluth	Diane Suomi	HOMESTEAD	2011	243.80
215 10 3591	0	13921 STATE OF MINNESOTA	R	Angora	Mike Harvey	EXEMPT	2011	5.92
215 10 3661	0	13922 STATE OF MINNESOTA	R	Angora	Mike Harvey	EXEMPT	2011	12.84
215 10 4931	0	13923 STATE OF MINNESOTA	R	Angora	Mike Harvey	EXEMPT	2011	1.98
215 10 5461	0	13924 STATE OF MINNESOTA	R	Angora	Mike Harvey	EXEMPT	2011	4.92
215 10 771	0	13913 STATE OF MINNESOTA	R	Angora	Mike Harvey	EXEMPT	2011	4.92
215 10 781	0	13914 STATE OF MINNESOTA	R	Angora	Mike Harvey	EXEMPT	2011	21.74
215 10 1231	0	13915 STATE OF MINNESOTA	R	Angora	Mike Harvey	EXEMPT	2011	25.70
215 10 1333	0	13916 STATE OF MINNESOTA	R	Angora	Mike Harvey	EXEMPT	2011	67.18
215 10 2851	0	13917 STATE OF MINNESOTA	R	Angora	Mike Harvey	EXEMPT	2011	1.02
215 10 2971	0	13918 STATE OF MINNESOTA	R	Angora	Mike Harvey	EXEMPT	2011	22.58
215 10 2979	0	13919 STATE OF MINNESOTA	R	Angora	Mike Harvey	EXEMPT	2011	0.98
215 10 3029	0	13920 STATE OF MINNESOTA	R	Angora	Mike Harvey	EXEMPT	2011	6.92
280 14 10	0	13925 STATE OF MINNESOTA	R	Canosia	Rodella LaFreniere	EXEMPT	2011	493.64
280 14 90	0	13926 STATE OF MINNESOTA	R	Canosia	Rodella LaFreniere	EXEMPT	2011	522.10

<u>PARCEL CODE</u>			<u>AUD NBR</u>	<u>NAME</u>	<u>TYPE</u>	<u>LOCATION</u>	<u>APPRAISER</u>	<u>REASON</u>	<u>YEAR</u>	<u>REDUCTION</u>	
280	14	220	0	13927	STATE OF MINNESOTA	R	Canosia	Rodella LaFreniere	EXEMPT	2011	555.92
495	10	2491	0	13928	STATE OF MINNESOTA	R	Owens	Mike Harvey	EXEMPT	2011	2.06
495	10	3911	0	13929	STATE OF MINNESOTA	R	Owens	Mike Harvey	EXEMPT	2011	13.98
495	10	3916	0	13930	STATE OF MINNESOTA	R	Owens	Mike Harvey	EXEMPT	2011	4.98
495	10	4433	0	13931	STATE OF MINNESOTA	R	Owens	Mike Harvey	EXEMPT	2011	6.98
495	10	4437	0	13932	STATE OF MINNESOTA	R	Owens	Mike Harvey	EXEMPT	2011	2.08
280	31	304	0	13933	SZYMCAK, KAREN	R	Canosia	Lynette Olson	DISABILITY	2011	256.32
387	10	1722	0	13934	THIELKE, EDITH	R	Greenwood	Ellen Trancheff	VALUATION	2011	290.84
10	1160	730	0	13935	VOS, JOHN	R	City of Duluth	Linda Brophy	HOMESTEAD	2011	189.60
575	10	5170	0	13937	WALKER, ROBERT	R	Willow Valley	Doug Knoer	CODE CHANGE	2011	65.58
575	10	5180	0	13936	WALKER, ROBERT	R	Willow Valley	Doug Knoer	CODE CHANGE	2011	203.42
465	50	170	0	13938	WARNER, LOREN	R	Morse	Chris Link	HOMESTEAD	2011	392.92
10	350	260	0	13939	WEINKE, JOANNE	R	City of Duluth	Diane Suomi	HOMESTEAD	2010	284.02
10	350	260	0	13940	WEINKE, JOANNE	R	City of Duluth	Diane Suomi	HOMESTEAD	2011	288.44
465	10	3440	0	13941	WICKLUND, JAMES	R	Morse	Chris Link	HOMESTEAD	2011	1,283.38
535	10	5550	0	13942	WIITA, JAMES	R	Stoney Brook	Jan Jackson	HOMESTEAD	2011	561.24
400	10	1420	0	13943	WOJTYSIAK, EDWARD	R	Industrial	Jan Jackson	VALUATION	2011	67.36
10	390	195	0	13944	WRAZIDLO, EDWARD	R	City of Duluth	Diane Suomi	HOMESTEAD	2010	226.50
10	390	195	0	13945	WRAZIDLO, EDWARD	R	City of Duluth	Diane Suomi	HOMESTEAD	2011	233.80
365	6000	44625	0	13946	ZAESKE, MIRIAM	R	FREDENBERG	Jan Jackson	HOMESTEAD	2011	124.08
350	10	2220	0	13947	ZIKA, DELORES	R	Field	Doug Knoer	CODE CHANGE	2011	232.48
350	10	2230	0	13948	ZIKA, DELORES	R	Field	Doug Knoer	CODE CHANGE	2011	267.94

BOARD LETTER NO. 11 - 229

FINANCE & BUDGET COMMITTEE CONSENT NO. 3

BOARD AGENDA NO.

DATE: June 14, 2011

RE: Establish Public Hearing to
Consider Off-Sale Intoxicating
Liquor License – The Breeze
Inn (Lakewood Township)

FROM: Kevin Z. Gray
County Administrator

Donald Dicklich
County Auditor

RELATED DEPARTMENT GOAL:

Provide mandated and discretionary licensing services in a timely manner.

ACTION REQUESTED:

The St. Louis County Board is requested to establish a public hearing to consider an off-sale intoxicating liquor license for The Breeze Inn, an establishment in Lakewood Township.

BACKGROUND:

Breeze Inn Duluth, LLC, has made application for an Off-Sale Intoxicating Liquor License for the establishment known as The Breeze Inn, Lakewood Township.

M.S. 340A.405, subdivision 2d, relating to the issuance of off-sale intoxicating liquor licenses provides that "No license may be issued under this subdivision unless a public hearing is held on the issuance of the license. Notice must be given to all interested parties and to any city located within three miles of the premises to be licensed. At the hearing the county board shall consider testimony and exhibits presented by interested parties and may base its decision to issue or deny a license upon the nature of the business to be conducted and its impact upon any municipality, and the character and reputation of the applicant, and the propriety of the location."

The County Liquor Licensing Committee considered and approved the application and recommends Board approval. This establishment is located in Area 1 and the annual license fee is \$500.

RECOMMENDATION:

It is recommended that the St. Louis County Board establish a public hearing at 9:40 a.m. on July 12, 2011 in the St. Louis County Courthouse, Duluth, MN to consider the matter.

**Establish Public Hearing to Consider Off-Sale Intoxicating
Liquor License – The Breeze Inn (Lakewood Township)**

BY COMMISSIONER _____

RESOLVED, that a public hearing will be held at 9:40 A.M. on July 12, 2011, in the St. Louis County Courthouse, Duluth, Minnesota, for the purpose of considering the granting of an Off-Sale Intoxicating Liquor License to Breeze Inn Duluth, LLC d/b/a The Breeze Inn, Lakewood Township.

BOARD LETTER NO. 11 - 230

FINANCE & BUDGET COMMITTEE CONSENT NO. 4

BOARD AGENDA NO.

DATE: June 14, 2011

RE: Establish Public Hearing to
Consider Allegations of Liquor
Law Violations at Burns Bar &
Grill, Inc. (Rice Lake Township)

FROM: Kevin Z. Gray
County Administrator

Donald Dicklich
County Auditor

Mark Rubin
County Attorney

RELATED DEPARTMENT GOAL:

Provide mandated and discretionary licensing services in a timely manner.

ACTION REQUESTED:

The St Louis County Board is requested to establish a public hearing to consider the allegations of liquor law violations at Burns Bar & Grill, Inc. (Rice Lake Township).

BACKGROUND:

Pursuant to St. Louis County Ordinance No. 28, Section 13.01, Any liquor license issued pursuant to this Ordinance may be suspended or revoked for up to sixty (60) days, a civil penalty of up to \$2,000 imposed for each violation, or a combination of any of these sanctions may be imposed by the County Board upon cause shown after a hearing. A hearing shall be held pursuant to the provisions of these subdivisions and any other uniform rules for hearings promulgated by the County Board. Cause for revocation or suspension or civil penalty or any combination of these sanctions includes, but is not limited to, the filing of false information on a license application, violation of any liquor laws, regulations or provisions of the Ordinance, or failure to maintain any licenses issued by the Minnesota Department of Health as may be required.

RECOMMENDATION:

It is recommended that a public hearing on the matter be scheduled for July 12, 2011 at 9:45 a.m. in the St. Louis County Courthouse, Duluth, Minnesota.

**Establish Public Hearing to Consider Allegations of Liquor Law
Violations – Burns Bar & Grill, Inc. (Rice Lake Township)**

BY COMMISSIONER _____

RESOLVED, that a public hearing will be held at 9:45 a.m. on Tuesday, July 12, 2011, in the St. Louis County Courthouse, Duluth, Minnesota, for the consideration of the allegations and, if proven, the suspension or revocation of the intoxicating liquor licenses issued to Burns Bar & Grill, Inc. d/b/a Burns Bar & Grill Inc., Rice Lake Township, and/or the imposition of civil penalties for the violations.

BOARD LETTER NO. 11 - 231

FINANCE & BUDGET COMMITTEE CONSENT NO. 5

BOARD AGENDA NO.

DATE: June 14, 2011

RE: Establish Public Hearing to
Consider Allegations of Liquor
Law Violations – Fredenberg
Minnoette (Fredenberg
Township)

FROM: Kevin Z. Gray
County Administrator

Donald Dicklich
County Auditor

Mark Rubin
County Attorney

RELATED DEPARTMENT GOAL:

Provide mandated and discretionary licensing services in a timely manner.

ACTION REQUESTED:

The St Louis County Board is requested to establish a public hearing to consider the allegations of liquor law violations at Fredenberg Minnoette (Fredenberg Township).

BACKGROUND:

Pursuant to St. Louis County Ordinance No. 28, Section 13.01, Any liquor license issued pursuant to this Ordinance may be suspended or revoked for up to sixty (60) days, a civil penalty of up to \$2,000 imposed for each violation, or a combination of any of these sanctions may be imposed by the County Board upon cause shown after a hearing. A hearing shall be held pursuant to the provisions of these subdivisions and any other uniform rules for hearings promulgated by the County Board. Cause for revocation or suspension or civil penalty or any combination of these sanctions includes, but is not limited to, the filing of false information on a license application, violation of any liquor laws, regulations or provisions of the Ordinance, or failure to maintain any licenses issued by the Minnesota Department of Health as may be required.

RECOMMENDATION:

It is recommended that a public hearing on the matter be scheduled for July 12, 2011 at 9:50 a.m. in the St. Louis County Courthouse, Duluth, Minnesota.

**Establish Public Hearing to Consider Allegations of Liquor Law
Violations – Fredenberg Minnoette (Fredenber Township)**

BY COMMISSIONER _____

RESOLVED, that a public hearing will be held at 9:45 a.m. on Tuesday, July 12, 2011, in the St. Louis County Courthouse, Duluth, Minnesota, for the consideration of the allegations and, if proven, the suspension or revocation of the intoxicating liquor licenses issued to Misty Inc., d/b/a Fredenberg Minnoette, Fredenberg Township, and/or the imposition of civil penalties for the violations.

BOARD LETTER NO. 11 - 232

FINANCE & BUDGET COMMITTEE CONSENT NO. 6

BOARD AGENDA NO.

DATE: June 14, 2011

RE: Establish Public Hearing to Consider Allegations of Liquor Law Violations – Grumpy’s Gas & Bait (Unorganized Township 63-19)

FROM: Kevin Z. Gray
County Administrator

Donald Dicklich
County Auditor

Mark Rubin
County Attorney

RELATED DEPARTMENT GOAL:

Provide mandated and discretionary licensing services in a timely manner.

ACTION REQUESTED:

The St Louis County Board is requested to establish a public hearing to consider the allegations of liquor law violations at Grumpy’s Gas & Bait (Unorganized Township 63-19).

BACKGROUND:

Pursuant to St. Louis County Ordinance No. 28, Section 13.01, Any liquor license issued pursuant to this Ordinance may be suspended or revoked for up to sixty (60) days, a civil penalty of up to \$2,000 imposed for each violation, or a combination of any of these sanctions may be imposed by the County Board upon cause shown after a hearing. A hearing shall be held pursuant to the provisions of these subdivisions and any other uniform rules for hearings promulgated by the County Board. Cause for revocation or suspension or civil penalty or any combination of these sanctions includes, but is not limited to, the filing of false information on a license application, violation of any liquor laws, regulations or provisions of the Ordinance, or failure to maintain any licenses issued by the Minnesota Department of Health as may be required.

RECOMMENDATION:

It is recommended that a public hearing on the matter be scheduled for July 12, 2011 at 9:55 a.m. in the St. Louis County Courthouse, Duluth, Minnesota.

**Establish Public Hearing to Consider Allegations of Liquor Law
Violations – Grumpy’s Gas & Bait (Unorganized Township 63-19)**

BY COMMISSIONER _____

RESOLVED, that a public hearing will be held at 9:55 a.m. on Tuesday, July 12, 2011, in the St. Louis County Courthouse, Duluth, Minnesota, for the consideration of the allegations and, if proven, the suspension or revocation of the intoxicating liquor licenses issued to Grumpy’s Gas & Bait, LLC d/b/a Grumpy’s Gas & Bait LLC, Unorganized Township 63-19, and/or the imposition of civil penalties for the violations.

BOARD LETTER NO. 11 - 233

FINANCE & BUDGET COMMITTEE CONSENT NO. 7

BOARD AGENDA NO.

DATE: June 14, 2011

RE: Establish Public Hearing to
Consider Allegations of Liquor
Law Violations – Pequaywan, Inn
(Unorganized Township 54-13)

FROM: Kevin Z. Gray
County Administrator

Donald Dicklich
County Auditor

Mark Rubin
County Attorney

RELATED DEPARTMENT GOAL:

Provide mandated and discretionary licensing services in a timely manner.

ACTION REQUESTED:

The St Louis County Board is requested to establish a public hearing to consider the allegations of liquor law violations at Pequaywan Inn (Unorganized Township 54-13).

BACKGROUND:

Pursuant to St. Louis County Ordinance No. 28, Section 13.01, Any liquor license issued pursuant to this Ordinance may be suspended or revoked for up to sixty (60) days, a civil penalty of up to \$2,000 imposed for each violation, or a combination of any of these sanctions may be imposed by the County Board upon cause shown after a hearing. A hearing shall be held pursuant to the provisions of these subdivisions and any other uniform rules for hearings promulgated by the County Board. Cause for revocation or suspension or civil penalty or any combination of these sanctions includes, but is not limited to, the filing of false information on a license application, violation of any liquor laws, regulations or provisions of the Ordinance, or failure to maintain any licenses issued by the Minnesota Department of Health as may be required.

RECOMMENDATION:

It is recommended that a public hearing on the matter be scheduled for July 12, 2011 at 10:00 a.m. in the St. Louis County Courthouse, Duluth, Minnesota.

**Establish Public Hearing to Consider Allegations of Liquor Law
Violations – Pequaywan Inn (Unorganized Township 54-13)**

BY COMMISSIONER _____

RESOLVED, that a public hearing will be held at 10:00 a.m. on Tuesday, July 12, 2011, in the St. Louis County Courthouse, Duluth, Minnesota, for the consideration of the allegations and, if proven, the suspension or revocation of the intoxicating liquor licenses issued to Smith Dam Company, LLC d/b/a Pequaywan Inn, Unorganized Township 54-13, and/or the imposition of civil penalties for the violations.

BOARD LETTER NO. 11 - 234

FINANCE & BUDGET COMMITTEE CONSENT NO. 8

BOARD AGENDA NO.

DATE: June 14, 2011

RE: Establish Public Hearing to
Consider Allegations of Liquor
Law Violations – Saginaw
Grand Lake Station (Solway
Township)

FROM: Kevin Z. Gray
County Administrator

Donald Dicklich
County Auditor

Mark Rubin
County Attorney

RELATED DEPARTMENT GOAL:

Provide mandated and discretionary licensing services in a timely manner.

ACTION REQUESTED:

The St Louis County Board is requested to establish a public hearing to consider the allegations of liquor law violations at Saginaw Grand Lake Station (Solway Township).

BACKGROUND:

Pursuant to St. Louis County Ordinance No. 28, Section 13.01, Any liquor license issued pursuant to this Ordinance may be suspended or revoked for up to sixty (60) days, a civil penalty of up to \$2,000 imposed for each violation, or a combination of any of these sanctions may be imposed by the County Board upon cause shown after a hearing. A hearing shall be held pursuant to the provisions of these subdivisions and any other uniform rules for hearings promulgated by the County Board. Cause for revocation or suspension or civil penalty or any combination of these sanctions includes, but is not limited to, the filing of false information on a license application, violation of any liquor laws, regulations or provisions of the Ordinance, or failure to maintain any licenses issued by the Minnesota Department of Health as may be required.

RECOMMENDATION:

It is recommended that a public hearing on the matter be scheduled for July 12, 2011 at 10:05 a.m. in the St. Louis County Courthouse, Duluth, Minnesota.

**Establish Public Hearing to Consider Allegations of Liquor Law
Violations – Saginaw Grand Lake Station (Solway Township)**

BY COMMISSIONER _____

RESOLVED, that a public hearing will be held at 10:05 a.m. on Tuesday, July 12, 2011, in the St. Louis County Courthouse, Duluth, Minnesota, for the consideration of the allegations and, if proven, the suspension or revocation of the intoxicating liquor licenses issued to Erceg Enterprises, Inc., d/b/a Saginaw Grand Lake Station, Solway Township, and/or the imposition of civil penalties for the violations.

BOARD LETTER NO. 11 - 235

FINANCE & BUDGET COMMITTEE
11:00 A.M. TIME SPECIFIC PRESENTATION

BOARD AGENDA NO.

DATE: June 14, 2011 **RE:** Amend JOBZ Subzone
Boundaries – City of Duluth

FROM: Kevin Z. Gray
County Administrator

Barbara Hayden, Director
Planning and Community Development

RELATED DEPARTMENT GOAL:

Assist communities in achieving housing, economic development and community development objectives.

ACTION REQUESTED:

The St. Louis County Board is requested to amend the Job Opportunity Building Zone (JOBZ) subzone boundaries in Duluth.

BACKGROUND:

In October 2003, the St. Louis County Board adopted Resolution No. 03-610, which supported the Northeast Minnesota Regional JOBZ Application to the Minnesota Department of Employment and Economic Development (DEED) for subzones throughout St. Louis County. The board agreed to provide all of the local tax exemptions and credits required and provided for under the JOBZ Legislation. In December of 2003, Minnesota DEED approved the Northeast Minnesota Regional JOBZ Application for 4,031 acres within 46 subzones. The City of Duluth was approved for 351.12 acres within 11 subzones.

In May 2008, the County Board approved Resolution No. 08-255. This was in response to the City of Duluth's request to amend its JOBZ subzones by eliminating 12.35 acres in Atlas Cement and Canadian National Railroad Subzone #100 and creating a new Duluth Technology Park, Subzone #100-1 of 12.35 acres, contingent upon the city's decertification of Tax Increment Finance (TIF) District # 20, Northwest Corridor. The city's request was to accommodate a proposed data center by VISI, Incorporated. The VISI project was never developed and the JOBZ amendment was not submitted to Minnesota DEED for final approval.

Duluth is now requesting that the County Board rescind Resolution No. 08-255 and approve a new amendment to the City of Duluth's JOBZ subzones by eliminating 14.4

acres in Atlas Cement and Canadian National Railroad Subzone #100 and creating a new Duluth Technology Park, Subzone #100-1 of 14.4 acres. Attached is a staff report from Duluth on the proposed data center development, the proposed JOBZ amendment and subzone maps, and the City Council resolution approving creation of the new subzone.

Duluth, in partnership with St. Louis County, Minnesota Power and APEX is proposing to assist in the development of a new data center by Involta. The City of Duluth is offering a financing package for the development, consisting of a JOBZ subsidy for four (4) years and a site specific TIF subsidy limited to six (6) years. A new TIF District #25, Technology Drive is proposed to be established.

Involta will initially invest in a \$10.5 million facility with the potential for future expansion phases. The data center will employ eight (8) people within a year with an average salary of \$72,000. In addition, the data center will serve and strengthen existing St. Louis County businesses and will provide expansion opportunities for businesses wishing to locate near the data center.

The proposed new subzone is located within the City of Duluth TIF District #20, Northwest Corridor. The City has indicated it will decertify TIF District # 20 prior to the receipt of any new increment from the proposed new TIF District #25, Technology Drive. The current tax increment being generated in TIF District #20, Northwest Corridor is \$206,000 per year and the District runs until 2020. The estimated annual increment to be generated in proposed TIF District #25, Technology Drive is \$111,483. TIF District #25 will be established as a ten year district.

The City of Duluth has steadily reduced the net tax capacity located within its TIF districts. According to St. Louis County Auditor records, currently 3.04% of Duluth's taxable net tax capacity is located within TIF districts. This compares with over 16% of the City's tax capacity that was included in TIF districts in 2000.

RECOMMENDATION:

It is recommended that the St. Louis County Board rescind Resolution No. 08-255 and authorize the amendment of the boundaries of the Duluth JOBZ subzones, contingent upon decertification of the City of Duluth Tax Increment Finance District #20, Northwest Corridor prior to the receipt of any new increment from proposed new Tax Increment Finance District #25, Technology Drive. All tax exemptions and credits authorized under the state of Minnesota JOBZ legislation will apply to the new subzone.

Amend JOBZ Subzone Boundaries – City of Duluth

BY COMMISSIONER _____

WHEREAS, the St. Louis County Board of Commissioners approved the submittal of the Northeast Minnesota Regional Job Opportunity Building Zone (JOBZ) application for subzones throughout St. Louis County on October 7, 2003, Resolution No. 2003-610; and

WHEREAS, the Minnesota Department of Employment and Economic Development approved the Northeast Minnesota Regional JOBZ application for 4,031 acres, including 351.12 acres in Duluth; and

WHEREAS, the City of Duluth wishes to amend the boundaries of its approved subzones by reallocating acreage to a new subzone; and

WHEREAS, the JOBZ Program created in Minnesota Session Laws 2003, allows for the formation of tax free zones and for subzone boundaries to be amended with the approval of all taxing authorities.

NOW, THEREFORE, BE IT RESOLVED, that St. Louis County Board agrees to the proposed amendment to subzones within the city of Duluth as follows:

- Atlas Cement and Canadian National Railroad subzone #100 - remove 14.4 acres
- Duluth Technology Park subzone #100-1 – add 14.4 acres

FURTHER RESOLVED, that the St. Louis County Board rescinds Resolution No. 08-255 amending Duluth JOBZ subzones because the proposed development did not occur and the amendment was not approved by the State of Minnesota.

FURTHER RESOLVED, that the amendment to the subzones is contingent on the decertification of Duluth Tax Increment Finance District #20, Northwest corridor prior to the receipt of any new increment from the proposed new TIF District #25, Technology Drive.



Resolution
of the
Board of County Commissioners
St. Louis County, Minnesota

Adopted on: May 13, 2008

Resolution No. 255

Offered by Commissioner: Nelson

WHEREAS, the St. Louis County Board of Commissioners approved the submittal of the Northeast Minnesota Regional Job Opportunity Building Zone (JOBZ) application for subzones throughout St. Louis County on October 7, 2003, by Resolution No. 610; and

WHEREAS, the Minnesota Department of Employment and Economic Development approved the Northeast Minnesota Regional JOBZ application for 4,031 acres, including 351.12 acres in Duluth; and

WHEREAS, the City of Duluth wishes to amend the boundaries of its approved subzones by reallocating acreage to a new subzone; and

WHEREAS, the JOBZ Program created in Minnesota Session Laws 2003, 1st Special Session, Chapter 21, Article 1, allows for the formation of tax free zones and for subzone boundaries to be amended with the approval of all taxing authorities; and

WHEREAS, the new subzone is located within City of Duluth Tax Increment Finance District #20, Northwest Corridor, which will be decertified if the amendment is implemented.

NOW, THEREFORE, BE IT RESOLVED, that the St. Louis County Board agrees to the proposed amendment to subzones within the City of Duluth as follows:

- Atlas Cement and Canadian National Railroad subzone #100 - remove 12.35 acres
- Duluth Technology Park subzone #100-1 - add 12.35 acres

FURTHER RESOLVED, that the amendment to the subzones is contingent on the decertification of Tax Increment Finance District #20, Northwest Corridor.

Commissioner Nelson moved the adoption of the Resolution and it was declared adopted upon the following vote:
Yeas - Commissioners Fink, O'Neil, Kron, Sweeney, Nelson, Raukar and Chair Forsman - 7
Nays - None

STATE OF MINNESOTA
Office of County Auditor, ss.
County of St. Louis

I, DONALD DICKLICH, Auditor of the County of St. Louis, do hereby certify that I have compared the foregoing with the original resolution filed in my office on the 13th day of May, A.D. 2008, and that this is a true and correct copy.

WITNESS MY HAND AND SEAL OF OFFICE at Duluth, Minnesota, this 13th day of May, A.D., 2008

DONALD DICKLICH, COUNTY AUDITOR

By

Deputy Auditor/Clerk of County Board

Duluth Staff Report to Duluth City Council

DATA CENTER OPPORTUNITY FOR DULUTH

Updated Memorandum 6/6/2011

Enclosed you will find a proposal including the property purchase, construction project and JOBZ/Tax Increment Financing request from Involta. This proposal encompasses one new data center structure to be built on Technology Drive and a redevelopment project at a satellite location in Duluth. This memo is provided to briefly summarize the project information.

Company History

In 2007, Involta was formed through a merger of Technology Resources Company (TRC) and CoVault Technology, LLC. The combination of CoVault, the only co-location data center company in the Cedar Rapids/Iowa City corridor, with the data management expertise of TRC created a company that can both house and provide support for customers' increasingly critical data infrastructure. Involta was formed as a limited liability company and is owned by members of the management team and personnel as well as outside investors.

At inception, Involta had 27 employees and substantially all of the company's clients were from the local market. Today, Involta employs 48 and the company's sales have doubled, due to the growth of national clients. Involta provides both the physical facilities and technical expertise necessary to secure data and provide disaster recovery services for businesses. Involta was recently named to Inc.'s 500 List of Fastest Growing Companies at #40 and the company and its CEO, Bruce Lehrman were acknowledged as Technology Company and CEO of the Year by the Iowa Technology Association.

Involta Philosophy

A data center in Duluth, MN would place a Tier III data center within 150 miles of the 16th largest Metropolitan Statistical Area, Minneapolis/St. Paul, which Involta believes is underserved with respect to data center facilities. Involta believes it can establish robust and competitive electrical supply as Duluth is served by diverse sources of generation supply, redundant transmission supply and the distribution supply is shared with the local utility control center. Involta also believes it can partner with customers and carriers to establish access to nearby fiber. This new construction anticipates at least a 10% energy efficiency savings over similar existing data centers as well as similar savings from the energy consumption of its customers. Duluth is a natural selection for a world-class data center. As the cooling process is a significant component in the data center, approximately 40% of the total power consumption, the Duluth facility will be able to utilize air exchange to make the cooling process more efficient.

Provided the success of the initial build, the potential expansion of Involta's facility in Duluth up to approximately \$40 million over four phases builds upon competitive electrical supply, established fiber connectivity and continued interest from new customers. This level of investment would result in not only temporary construction jobs, but full-time permanent jobs in the data centers and associated businesses which results in other economic advantages to the region.

Project Summary

Involta plans to build a new data center facility on Technology Drive. Phase 1 would be approximately 24,000 square feet which includes about 4,000 square feet of high end office space. The company has plans for up to 3 more phases on this property as seen in the Site Plan, **Exhibit 2**. To make this project feasible, Involta is requesting JOBZ and Tax Increment Financing from the City of Duluth and has put together a financing package with regional gap financiers.

Job Creation and Economic Impact

Data centers are very valuable assets to communities both in providing important IT and telecom infrastructure and as economic drivers for employment. Data centers typically do not employ a lot of people directly. Involta has 48 employees currently employed in the Midwest. In Duluth, Involta will employ 8 area residents within one year with an average salary of \$72,000 a year or total wages of about \$576,000. Involta's employee benefits include health care insurance and retirement contributions.

Here's what's important, or as we like to say... the prize. For every data center job created, it is estimated that an additional 5 to 10 more high-paying jobs are created as a result of having a data center in a community. Some of these additional jobs may be created by customers who can now focus on their core business, some may be through the highly skilled vendors who support the technical needs for the data center's systems and as evidenced in Involta's case, some are brought into the area by customers who want to locate complimentary lines of business next to the data center. In many cases, these are jobs that pay between \$50,000 and \$70,000 a year. According to the Labovitz School of Business and Economics, at the University of Minnesota Duluth, these employees will pay 12.9% of their wages in state and local taxes. Assuming an average wage of \$60,000 a year, that's the potential for an additional 40 to 80 jobs and incremental state and local tax revenues of \$310,000 to \$620,000 per year, year after year.

Data centers, like Involta, are economic expansion engines. In Cedar Rapids where Involta has a colocation data center, a Chicago business is considering a move of its entire data storage and processing management operation to Cedar Rapids so it could be close to Involta's data center. As a result about 50 new jobs would be created in Cedar Rapids with an estimated \$3.5 million payroll. Plus this company would also rent space and buy other services in that community.

Gap Financing Request

Below you will see the proposed financing structure to complete Phase 1 on Technology Drive and the satellite facility project and fiber connection. Collateral will be determined by the financing agencies. Involta's total financing package to complete the building project and secure working capital is as follows:

Source and Use of Funds

Proposed Source of Funds (Technology Drive)

Bank	\$6,825,000	65%
SBA 504	1,090,000	10%
Gap Funding Partners	750,000	7%
Equity	<u>1,835,000</u>	18%
Subtotal	\$ 10,500,000	

Proposed Source of Funds (Satellite)

Bank	\$2,325,000	75%
Equity	<u>775,000</u>	25%
Subtotal	\$3,100,000	
TOTAL	\$13,600,000	

Use of Funds (Technology Drive)

Construction	\$ 9,400,000
(Approx. 24,000 SF)	
Land Purchase & Site Work	650,000
Machinery & Equipment	400,000
Furniture and Fixtures	<u>50,000</u>
Subtotal	\$10,500,000

Use of Funds (Satellite)

Remodeling and Build-Out	\$2,100,000
(Approx. 20,000 SF)	
Fiber Build Out	800,000
Machinery & Equipment	185,000
Furniture and Fixtures	<u>15,000</u>
Subtotal	\$3,100,000
TOTAL	\$13,600,000

JOBZ / TIF Request

Involta is requesting JOBZ coupled with a net present value of approximately \$434,000 in tax increment financing (TIF) assistance. The tax increment is approximately \$111,000 per year for 6 years following JOBZ. In this proposal the company would benefit from JOBZ 2012 – 2015 and TIF which would end in 2022. The method of TIF is proposed to be on a “pay-as-you-go” basis. Involta is requesting JOBZ and TIF to improve cash flow and return on investment over time. More specifically, the cost of constructing a data center is high in comparison to other buildings of this size due to major mechanical, electrical, security, and networking needs. Currently the site is not shovel ready and fiber is not available requiring major infrastructure improvements to the site. To meet the needs of its customers the Duluth’s project requires investments in two properties in Duluth while also undergoing a project in Akron, Ohio.

Terms and Conditions of the JOBZ / TIF Request

Based on preliminary projections, approximately \$111,000 in tax increment would be generated annually. If the City chooses to proceed with this project, legal and financial consultants will prepare documents and conduct a full financial review to determine the appropriate terms and conditions of this project.

Costs Incurred by City

It is the City’s policy to require applicants to escrow funds to cover all costs incurred by the City with processing a JOBZ/TIF request. A deposit of \$10,000 is required upon conceptual approval. If this deposit is inadequate additional funds will be escrowed.

Administrative Expenses

The City may capture up to 10% of the annual increment to cover administrative expenses incurred by the City associated with the tax increment financing district. Assuming \$111,000 per year in increment, a maximum of \$11,100 may be used for administrative expenses annually. For this project and others in the past the City has generally captured 5% or less for administration expenses.

Proposed Timeline

Please review the attached **Exhibit 1**, Involta Timeline.

Closing Comments

In conclusion, data centers mean access to more technology, faster processing, more cost competitive capacity along with the opportunity to attract more high tech, IT and telecom companies. That means more high paying jobs in Minnesota and Duluth.

Exhibits

1. Involta Timeline
2. Site Plan

EXHIBIT 1

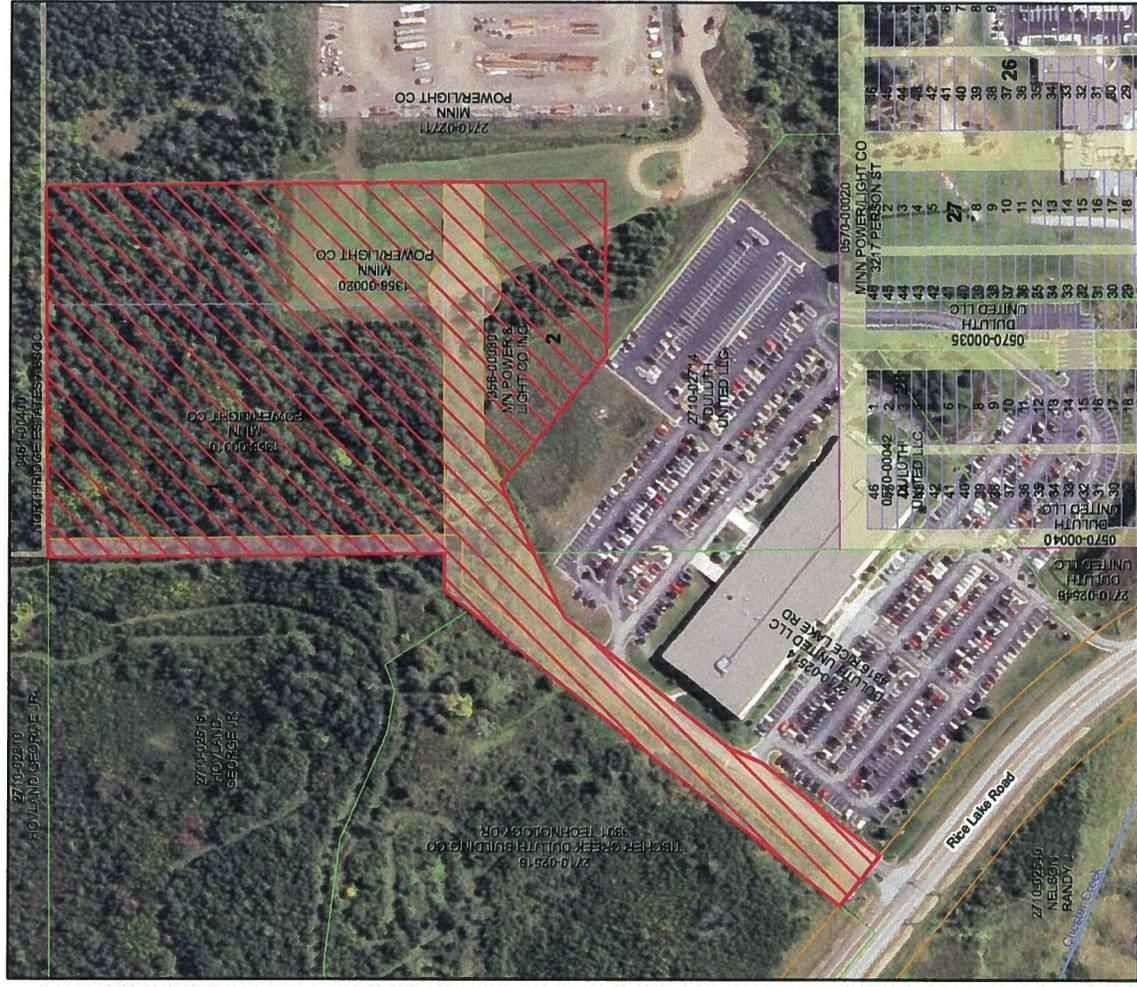
Involta Timeline

1. June 13, 2011 – Present project to Duluth City Council.
2. June 14, 2011 – St. Louis County is requested to pass the JOBZ Subzone Modification Resolution.
3. June 20, 2011 – Duluth ISD is requested to pass the JOBZ Subzone Modification Resolution.
4. June 22, 2011 DEDA holds Public Hearing and is requested to approve resolution modifying Tax Increment Financing (TIF) Plan for District No. 20 eliminating certain parcels and a TIF Plan for District No. 25.
5. Through July 18, 2011 – St. Louis County and Duluth ISD can make comments on the TIF Plan.
6. July 18, 2011 – Duluth City Council holds Public Hearings and is requested to pass resolutions on the following:
 - a. TIF Plan No. 25 and Development Agreement.
 - b. JOBZ Business Subsidy Agreement subject to DEED's approval and signature.
7. August 1, 2011 – Commence construction.



Remove 14.4 Acres From JobZ Program

The City of Duluth has been reviewing the environmental consequences of the proposed land swap. The City of Duluth makes no warranty or representation as to the accuracy of the information provided in this map. The City of Duluth is not responsible for any errors or omissions in this map. The City of Duluth is not responsible for any damages or losses resulting from the use of this map. The City of Duluth is not responsible for any actions taken by any party in reliance on this map. The City of Duluth is not responsible for any actions taken by any party in reliance on this map. The City of Duluth is not responsible for any actions taken by any party in reliance on this map.



Add 14.4 Acres to JobZ Program

The City of Duluth has been reviewing the environmental consequences of the proposed land swap. The City of Duluth makes no warranty or representation as to the accuracy of the information provided in this map. The City of Duluth is not responsible for any errors or omissions in this map. The City of Duluth is not responsible for any damages or losses resulting from the use of this map. The City of Duluth is not responsible for any actions taken by any party in reliance on this map. The City of Duluth is not responsible for any actions taken by any party in reliance on this map. The City of Duluth is not responsible for any actions taken by any party in reliance on this map.

PLANNING AND ECONOMIC DEVELOPMENT COMMITTEE

11-0319R

RESOLUTION RESCINDING PRIOR MODIFICATION AND APPROVING A REVISED MODIFICATION TO THE CANADIAN NATIONAL (FORMERLY KNOWN AS DMIR) RAILROAD JOBZ SUBZONE #100 REALLOCATING CERTAIN ACRES IN SAID SUBZONE TO FORM A NEW JOBZ SUBZONE CALLED THE DULUTH TECHNOLOGY PARK SUBZONE #100.1

CITY PROPOSAL:

The city council of the city of Duluth hereby finds the following:

(a) The Duluth City Council adopted Resolution No. 03-0731 which authorized the Arrowhead Regional Development Commission to act as job opportunity building zone (JOBZ) zone sponsor and administrator and to make program commitments on behalf of the city of Duluth;

(b) The Minnesota department of employment and economic development (DEED) approved the northeast Minnesota regional JOBZ application for 4,031 acres including 351.12 acres within the city of Duluth;

(c) The Duluth City Council adopted Resolution No. 04-0236 designating those 351.12 acres within the city of Duluth into 11 subzones, including 40.0 acres in the Canadian National Subzone #100;

(d) The Duluth City Council adopted Resolution No. 08-0259R approving the modification of JOBZ subzone #100 and forming a new 12.35 acre JOBZ subzone #100.1 on April 14, 2008 on behalf of a data center project with VISI Incorporated;

(e) The VISI Incorporated project did not occur;

(f) The final modification of JOBZ subzone #100 and the formation of JOBZ #100.1 was never requested of DEED and therefore, never occurred;

(g) A new data center project has been identified which requires JOBZ subzone 100.1 to be larger than 12.35 acres;

(h) The city of Duluth wishes to reallocate 14.4 acres from Subzone #100 and form a new subzone of 14.4 acres which will be called the Duluth Technology Park Subzone #100.1 and further wishes to provide for the possibility of providing JOBZ benefits to businesses whose expansion or relocation may occur on

the 14.4 acre project site;

(i) The JOBZ program created in Minnesota Session Laws 2003, First Special Session, Chapter 21, Article 1, allows for the formation of tax free zones and for subzone boundaries to be amended with the approval of all taxing authorities.

NOW, THEREFORE, BE IT RESOLVED, that City Council Resolution No. 08-0259R adopted April 14, 2008 related to the VISI Incorporated project is hereby rescinded in its entirety.

BE IT FURTHER RESOLVED, that the city of Duluth approves a modification to the Canadian National Subzone #100 by removing a total of 14.4 acres from said subzone having the following parcel identification number: 010-2746-1330.

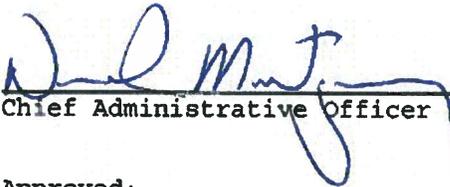
BE IT FURTHER RESOLVED, that the city of Duluth does hereby approve the creation of a new subzone of 14.4 acres called the Duluth Technology Park Subzone #100.1 (Parcel Identification #010-1356-00010, -00020 and -00030), approves the use of tax exemptions and tax credits within said subzone (subject to proper review and approval by the Minnesota department of employment and economic development (DEED) and other appropriate taxing authorities with the zones), and agrees to provide all of the local tax exemptions and credits required and

provided for under the JOBZ legislation and agrees to forgo the tax benefits resulting from the same.

Approved:


Department Director

Approved for presentation to council:


Chief Administrative Officer

Approved as to form:


Attorney

Approved:


Auditor

DEDA HTB:bel 06/07/2011

STATEMENT OF PURPOSE: The City of Duluth has 351.12 acres of dedicated JOBZ zones including 40.00 acres in the Canadian National Subzone #100. Redevelopment within Subzone #100 is unlikely to occur before the JOBZ program sunsets in 2015. The City wishes to swap 14.4 acres from Subzone #100 to form a new subzone of 14.4 acres which will be referred to as the Duluth Technology Park Subzone #100.1.

The designation of the Duluth technology park area as a JOBZ designation is a critical component of the ongoing efforts to establish a data center project with Involta, LLC. The JOBZ statute allows for subzone boundaries to be amended with the approval of all taxing authorities. This resolution provides the necessary approval of the City.

BOARD LETTER NO. 11 - 236

CENTRAL MANAGEMENT & INTERGOVERNMENTAL COMMITTEE NO. 1

BOARD AGENDA NO.

DATE: June 14, 2011

RE: Minnesota State Auditor
Performance Measurement
Program

FROM: Kevin Z. Gray
County Administrator

RELATED DEPARTMENT GOAL:

To exercise responsible stewardship of county resources, to manage the overall county budget; and make budget recommendations to the County Board.

ACTION REQUESTED:

The St. Louis County Board is requested to adopt a standard set of county government performance measures as proposed by the Minnesota State Auditor's Performance Measurement Program.

BACKGROUND:

In 2010, the Legislature created the Council on Local Results and. In February 2011, the Council released a standard set of ten performance measures for counties and ten performance measures for cities that will aid residents, taxpayers, and state and local officials in determining the efficacy of counties and cities in providing services, and measure residents' opinions of those services. By February of 2012, the Council must create a comprehensive performance measurement system for cities and counties to implement in 2012. Cities and counties that choose to participate in the new standards measure program may be eligible for a reimbursement in Local Government Aid, and exemption from levy limits.

One element of this Performance Measurement Program is obtaining citizen feedback on the efficacy and impact of county government. St. Louis County has invested in public opinion surveys over the past decade at variable intervals. In 2011, St. Louis County and a number of other Minnesota counties worked together to customize a survey that represents Minnesota counties' services and questions of interest. This survey has just been completed and can be immediately merged with the performance measures that make up this program.

Further, St. Louis County has been a leader in performance measurement and innovation over the past few years, and in 2007 the National Center for Civic Innovation

selected St. Louis County as one of a small number of governments across the nation to receive the Government Performance Reporting Trailblazer grant. This prestigious award is designed to help governments involve citizens in measuring their performance to improve efficiency and accountability and to produce more accessible and engaging reports to the public and media.

Participation in the Minnesota State Auditor's Performance Measures Program is voluntary; however, St. Louis County is well positioned to participate by virtue of its continued efforts in performance measurement and citizen surveys. Counties that choose to participate must officially adopt the corresponding 10 performance benchmarks developed by the Council, and implement them in 2011. Currently St. Louis County is actively tracking most, if not all, of the performance measurements outlined for this program.

A county that elects to participate in the standard measures program for 2011 is eligible for a reimbursement of \$0.14 per capita in local government aid, not to exceed \$25,000 and is also exempt from levy limits for taxes payable in 2012, if levy limits are in effect. In order to receive the per capita reimbursement in 2011, and levy limit exemption for calendar year 2012, counties must file a report with the Office of the State Auditor (OSA) by **July 1, 2011**. This report will consist of a declaration approval by the County Board stating that the county has adopted the corresponding 10 performance measures developed by the Council.

Annual reporting will be required by participating counties. By July 1, 2012, counties will be required to report to the OSA that they have adopted and implemented both the performance benchmarks, and the performance measure system released by the Council in February of 2012. A declaration will be required that the county has reported or will report the results of the 10 adopted measures for calendar year 2011 to its residents before the end of calendar year 2012.

RECOMMENDATION:

It is recommended that the St. Louis County Board adopt the "Model Performance Measures for Counties" identified in the Minnesota State Auditor's Performance Measure Program.

Minnesota State Auditor Performance Measurement Program

BY COMMISSIONER _____

WHEREAS, the Minnesota State Auditor has developed a Performance Measurement Program that is voluntary for counties and cities; and

WHEREAS, St. Louis County has been actively tracking similar performance data for a number of years; and

WHEREAS, there are direct financial impacts for participation in this program; and

WHEREAS, early participation in this program will position the county to be better prepared for enhanced or expanded performance measurement initiatives from the State; and

WHEREAS, transitioning to an outcomes-based system of program evaluation is in the best interest of every Minnesota citizen and local government that desires to maximize public resources and enhance the quality of life in their communities to the fullest extent possible.

NOW, THEREFORE, BE IT RESOLVED, that the St. Louis County Board adopts the Minnesota State Auditor's Performance Measurement Program "Model Performance Measures for Counties" found in County Board File No. _____.

The Council on Local Results and Innovation was established in 2011 to provide a forum for local government leaders to discuss and share best practices in the areas of performance measurement, innovation, and public service. The Council is a voluntary organization of local government leaders from across the state. The Council's mission is to promote the use of performance measurement and innovation to improve public service and the quality of life for citizens. The Council's work is focused on the following areas:

The Council on Local Results and Innovation 2011 Legislative Report

February 14, 2011

The Council on Local Results and Innovation was established in 2011 to provide a forum for local government leaders to discuss and share best practices in the areas of performance measurement, innovation, and public service. The Council is a voluntary organization of local government leaders from across the state. The Council's mission is to promote the use of performance measurement and innovation to improve public service and the quality of life for citizens. The Council's work is focused on the following areas:

The Council has been successful in its efforts to promote the use of performance measurement and innovation. It has held several public hearings and workshops, and has published a number of reports and publications. The Council has also been successful in building a strong network of local government leaders who are committed to the use of performance measurement and innovation. The Council's work is focused on the following areas:

The Council on Local Results and Innovation will continue to work to promote the use of performance measurement and innovation to improve public service and the quality of life for citizens. The Council's work is focused on the following areas:

February 14, 2011

To the Property and Local Sales Tax Division of the House of Representatives, Taxes Committee and the Taxes Division on Property Taxes of the Senate Tax Committee,

Per the requirements of 2010 Minnesota Laws Chapter 389, Article 2, Sections 1 and 2, the Council on Local Results and Innovation is submitting its recommended "... standard set of approximately ten performance measures for counties and ten performance measures for cities that will aid residents, taxpayers, and state and local elected officials in determining the efficacy of counties and cities in providing services, and measure residents' opinion of those services." The recommended model performance measures are attached. Local government and public feedback was solicited on the proposed benchmarks.

The members of the Council include:

- Patricia Coldwell, Association of Minnesota Counties
- John Gunyou, City of Minnetonka
- Mark Hintermeyer, City of Moorhead
- Jay Kiedrowski, Humphrey School, University of Minnesota
- Katie Nerem, Blue Earth County
- Rebecca Otto, Minnesota State Auditor
- Jay Stroebel, City of Minneapolis
- Matt Stemwedel, City of Woodbury
- Wendy Underwood, City of St. Paul
- Tim Walsh, Scott County
- Ben Woessner, City of Pelican Rapids

The Council received no funding to conduct their work. Meeting minutes were taken by volunteers, and the Office of the State Auditor posted all meeting materials and meeting dates on the Office of the State Auditor website. All meetings were open to the public.

The Council sees value in having all counties and cities in Minnesota develop performance measures that they use to manage their jurisdictions and having results of those performance measures shared with citizens and property tax payers. Our recommended performance measures should be considered examples to assist counties and cities in developing their own performance measures. The Council was concerned about the misuse of these performance measures by the legislature or others in the appropriation of funds or for comparisons among counties and cities. The general performance measures recommended are simply inadequate for those purposes.

The Council on Local Results and Innovation is proceeding to meet the additional requirements of the statute, which is to "develop recommended minimum standards for comprehensive

performance measurement systems by February 15, 2012.” We interpret “performance measurement system” to mean more broadly a performance management system that uses performance measures to manage counties and cities.

Representatives of the Council would welcome the opportunity to discuss the Council’s work, our recommended model performance measures, and our concerns about the use of these measures.

Sincerely,

Jay Kiedrowski, Chair

Minnesota Council on Local Results and Innovation

Cc: House Speaker, House Minority Leader, Senate Majority Leader, and Senate Minority Leader

Attached: Model Performance Measures for Counties, Model Performance Measures for Cities

Model Performance Measures for Counties

The following are the recommended model measures of performance outcomes for counties, with alternatives provided in some cases. Key output measures are also suggested for consideration by local county officials.

Public Safety:

1. Part I and II crime rates (*Submit data as reported by the Minnesota Bureau of Criminal Apprehension. Part I crimes include murder, rape, aggravated assault, burglary, larceny, motor vehicle theft, and arson. Part II crimes include other assaults, forgery/counterfeiting, embezzlement, stolen property, vandalism, weapons, prostitution, other sex offenses, narcotics, gambling, family/children crime, D.U.I., liquor laws, disorderly conduct, and other offenses.*)

OR

Citizen's rating of safety in their county. (*Citizen Survey: very safe, somewhat safe, neither safe nor unsafe, somewhat safe, very unsafe*)

Output Measure:

Deputy Response Time (*Time it takes on top-priority calls from dispatch to the first officer on scene.*)

Probation/Corrections:

2. Percent of adult offenders with a new felony conviction within 3 years of discharge

Public Works:

3. Hours to plow complete system during a snow event
4. Average county pavement condition rating

OR

Citizen's rating of the road conditions in their county. (*Citizen Survey: good condition, mostly good condition, many bad spots*)

(Under legislation passed in 2009 (Minn. Stat. § 402A.15), counties are engaged with the Department of Human Services and community organizations in a three-year process to develop comprehensive performance measures across all areas of human services, for which all counties will be held accountable. The following measures here are intended to serve as 'placeholders', not to replace the more comprehensive measures scheduled to be completed by December 2012.)

Public Health:

5. Life Expectancy generally and by sex and race

OR

Behavioral Risk Factor Surveillance system rating (Citizen Survey: excellent, very good, good, fair, or poor)

Social Services:

6. Workforce participation rate among MFIP and DWP recipients
7. Percentage of children where there is a recurrence of maltreatment within 12 months following an intervention

Taxation:

8. Level of assessment ratio *(If the median ratio falls between 90% and 105%, the level of assessment is determined to be acceptable.)*

Elections:

9. Accuracy of post-election audit *(Percentage of ballots counted accurately.)*

Veterans' Services:

Output Measure:

Percent of veterans surveyed who said their questions were answered when seeking benefit information from their County Veterans' Office

Parks:

10. Citizens' rating of the quality of county parks, recreational programs, and/or facilities. *(Citizen survey: excellent, good, fair, poor)*

Library:

11. Number of annual visits per 1,000 residents

Model Performance Measures for Cities

The following are the recommended model measures of performance outcomes for cities, with alternatives provided in some cases. Key output measures are also suggested for consideration by local city officials.

General:

1. Rating of the overall quality of services provided by your city (*Citizen Survey: excellent, good, fair, poor*)
2. Percent change in the taxable property market value
3. Citizens' rating of the overall appearance of the city (*Citizen Survey: excellent, good, fair, poor*)

Police Services:

4. Part I and II crime rates (*Submit data as reported by the Minnesota Bureau of Criminal Apprehension. Part I crimes include murder, rape, aggravated assault, burglary, larceny, motor vehicle theft, and arson. Part II crimes include other assaults, forgery/counterfeiting, embezzlement, stolen property, vandalism, weapons, prostitution, other sex offenses, narcotics, gambling, family/children crime, D.U.I., liquor laws, disorderly conduct, and other offenses.*)

OR

Citizens' rating of safety in their community (*Citizen Survey: very safe, somewhat safe, neither safe nor unsafe, somewhat unsafe, very unsafe*)

Output Measure:

Police response time (*Time it takes on top priority calls from dispatch to the first officer on scene.*)

Fire Services:

5. Insurance industry rating of fire services (*The Insurance Service Office (ISO) issues ratings to Fire Departments throughout the country for the effectiveness of their fire protection services and equipment to protect their community. The ISO rating is a numerical grading system and is one of the primary elements used by the insurance industry to develop premium rates for residential and commercial businesses. ISO analyzes data using a Fire Suppression Rating Schedule (FSRS) and then assigns a Public Protection Classification from 1 to 10. Class 1 generally represents superior property fire protection and Class 10 indicates that the area's fire suppression program does not meet ISO's minimum criteria.*)

OR

Citizens' rating of the quality of fire protection services (*Citizen Survey: excellent, good, fair, poor*)

Output Measure:

Fire response time (*Time it takes from dispatch to apparatus on scene for calls that are dispatched as a possible fire*).

Emergency Medical Services (EMS) response time (if applicable) (*Time it takes from dispatch to arrival of EMS*)

Streets:

6. Average city street pavement condition rating (*Provide average rating and the rating system program/type. Example: 70 rating on the Pavement Condition Index (PCI)*)

OR

Citizens' rating of the road condition in their city (*Citizen Survey: good condition, mostly good condition, many bad spots*)

7. Citizens' rating the quality of snowplowing on city streets (*Citizen Survey: excellent, good, fair, poor*)

Water:

8. Citizens' rating of the dependability and quality of city water supply (centrally-provided system) (*Citizen Survey: excellent, good, fair, poor*)

Output Measure:

Operating cost per 1,000,000 gallons of water pumped/produced (centrally-provided system) (*Actual operating expense for water utility / (total gallons pumped/1,000,000)*)

Sanitary Sewer:

9. Citizens' rating of the dependability and quality of city sanitary sewer service (centrally provided system) (*Citizen Survey: excellent, good, fair, poor*)

Output Measure:

Number of sewer blockages on city system per 100 connections (centrally provided system) (*Number of sewer blockages on city system reported by sewer utility / (population/100)*)

Parks and Recreation:

10. Citizens' rating of the quality of city recreational programs and facilities (parks, trails, park buildings) (*Citizen Survey: excellent, good, fair, poor*)