

AGENDA

REGULAR MEETING OF THE BOARD OF COMMISSIONERS OF ST. LOUIS COUNTY, MINNESOTA



Tuesday, June 28, 2011, 9:30 A.M.

Semer's Park Pavilion, Ely, Minnesota

As you enter Ely from Hwy. 169 turn left at the first set of stop lights (Central Avenue). Pass Wilderness Outfitters and turn left at the second street on your left hand side - Shagawa Road. Stay on Shagawa Road as it circles around Semer's Park. The Pavilion is on the road overlooking the beach area.

STEVE O'NEIL, Chair
Second District

FRANK JEWELL
First District

CHRIS DAHLBERG
Third District

MIKE FORSMAN
Fourth District

PEG SWEENEY
Fifth District

KEITH NELSON, Vice-Chair
Sixth District

STEVE RAUKAR
Seventh District

County Auditor
Don Dicklich

County Administrator
Kevin Gray

County Attorney
Mark Rubin

Clerk of the Board
Patricia Stolee

The St. Louis County Board of Commissioners welcomes you to this meeting. This agenda contains a brief description of each item to be considered. The Board encourages your participation. If you wish to speak on an item contained in the agenda, you will be allowed to address the Board when a motion is on the floor. If you wish to speak on a matter which does not appear on the agenda, you may do so during the public comment period at the beginning of the meeting. Except as otherwise provided by the Standing Rules of the County Board, no action shall be taken on any item not appearing in the agenda.

When addressing the Board, please sign in at the podium and state your name and address for the record. Please address the Board as a whole through the Chair. Comments to individual Commissioners or staff are not permitted. The St. Louis County Board promotes adherence to civility in conducting the business of the County. Civility will provide increased opportunities for civil discourse in order to find positive resolutions to the issue before the Board. Tools of civility include: pay attention, listen, be inclusive, do not gossip, show respect, be agreeable, apologize, give constructive criticism and take responsibility [County Board Resolution No. 560, adopted on September 9, 2003]. Speakers will be limited to five (5) minutes.

****In compliance with the Americans with Disabilities Act, those requiring accommodation for this meeting should notify Property Management 72 hours prior to the meeting at (218)725-5085.****

All supporting documentation is available for public review in the County Auditor's Office, 100 North 5th Avenue West - Room No. 214, St. Louis County Courthouse, Duluth, MN, during regular business hours 8:00 A.M. - 4:30 P.M., Monday through Friday. Agenda is also available on our website at <http://www.stlouiscountymn.gov/GOVERNMENT/BoardofCommissioners.aspx>

AGENDA
St. Louis County Board
June 28, 2011
Page 2

9:30 A.M. Pledge of Allegiance
Roll Call

AT THIS TIME CITIZENS WILL BE ALLOWED TO ADDRESS THE BOARD ON ITEMS NOT ON THE AGENDA. [Speakers will be limited to 5 minutes each.]

ADDRESS THE BOARD AT THE TIME A MOTION IS ON THE FLOOR.

CONSENT AGENDA: Approval of business submitted on the Consent Agenda.

REPORTS OF BOARDS AND COMMITTEES

Public Works & Transportation Committee – Commissioner Forsman, Chair

1. Highway project bid awarded to **Hoover Construction Co.**, Virginia, MN, on their low bid of **\$5,599,994.89** for SP 69-604-060, CP 9282 - Grading, Aggregate Base, Curb & Gutter, and Bituminous Surfacing on County State Aid Highway 4 near Markham, MN. [Tabled from the April 12, April 26, May 3, May 10, May 24, June 7 & June 14, 2011 meetings.] {11-124R}
2. Highway project bid awarded to **Northland Constructors**, Duluth, MN, on their low bid of **\$2,750,095.71** for SP 69-613-032, CP 61938 – Mill Bituminous Surface, Bituminous Surface and Shoulders, and Aggregate Shoulders on County State Aid Highway 13 (Midway Rd.) in Hermantown, MN. [Tabled from the June 14, 2011 meeting.] {11-226}

Finance & Budget Committee – Commissioner Nelson, Chair

3. Amend JOBZ Subzone Boundaries – City of Duluth. [Without recommendation.] {11-235R}
4. Jail Energy Efficiency Upgrades – Water and Hot Water Consumption Reduction. [Rules must be suspended. Has not been to Committee.] {11-237}
5. Continued Health Coverage for County-Benefitted Court Employees. [Rules must be suspended. Has not been to Committee.] {11-254}

Central Management & Intergovernmental Committee – Commissioner Raukar, Chair

6. Minnesota State Auditor Performance Measurement Program. [Without recommendation.] {11-236}

BOARD LETTER NO. 11 – 124 REPLACEMENT

PUBLIC WORKS & TRANSPORTATION COMMITTEE NO. 1

JUNE 28, 2011
~~JUNE 14, 2011~~ BOARD AGENDA NO. 1

DATE: June 7, 2011 **RE:** Award of Bids for Project on
CSAH 4 near Markham

FROM: Kevin Z. Gray
County Administrator

James T. Foldesi
Public Works Director/Highway Engineer

RELATED DEPARTMENT GOAL:

To provide a safe, well maintained road and bridge system.

ACTION REQUESTED:

The St. Louis County Board is requested to award bids for a public works project north of Duluth and near Markham, MN.

BACKGROUND INFORMATION:

As authorized by the St. Louis County Board, bids were taken on Monday, April 4, 2011 at 10:00 a.m. for a reconstruction project on CSAH 4 near Markham, MN. The project, along with its financing, is show own below. The project has been tabled since April 12, 2011 to accommodate the Minnesota Department of Transportation Disadvantaged Business Enterprise (DBE) clearance process.

Project: SP 69-604-060, CP 9282
Location: CSAH 4 from CSAH 108 to 0.7 miles north of CR 340 in Markham, MN, length 4.17 mi
Traffic: 884
PQI: 2.5
Construction: Grading, Aggregate Base, Curb & Gutter, Bituminous Surfacing
Funding: Fund 220, Agency 220173, Object 652700
Anticipated Start Date: April 25, 2011
Anticipated Completion Date: October 28, 2011
Engineer's Estimate: \$5,530,899.20

BIDS:

Hoover Construction Co. Virginia, MN	\$5,599,994.89 (+\$69,095.69, +1.25%)
KGM Contractors, Inc. Angora, MN	\$5,647,442.18
Ulland Brothers, Inc. Cloquet, MN	\$5,912,000.00
Hoffman Construction Co. Black River Falls, WI	\$7,632,232.12

RECOMMENDATION:

It is recommended that the St. Louis County Board authorize the award of bid to Hoover Construction Co., Virginia, MN in the amount of \$5,599,994.89 payable from Fund 220, Agency 220173, Object 625700, after the Minnesota Department of Transportation has notified the county that the project has received Disadvantaged Business Enterprise clearance.

BY COMMISSIONER _____

WHEREAS, bids have been received by the County Auditor for the following project:

SP 69-604-060, CP 9282 located on CSAH 4 from CSAH 108 to 0.7 miles north of CR 340 in Markham, MN.

WHEREAS, bids were opened in the County Board Room at 10:00 a.m., April 4, 2011, and the low responsible bidder determined.

NOW, THEREFORE, BE IT RESOLVED, that the St. Louis County Board approves the award on the above project to the low bidder:

<u>LOW BIDDER</u>	<u>ADDRESS</u>	<u>AMOUNT</u>
Hoover Construction Co.	P.O. Box 1007 302 South Hoover Rd. Virginia, MN 55792	\$5,599,994.89

RESOLVED FURTHER, that the appropriate county officials are authorized to approve the Contractor's Performance Bonds and to execute the bonds and contract for the above listed project payable from Fund 220, Agency 220173, Object 652700.

BOARD LETTER NO. 11 – 226

PUBLIC WORKS & TRANSPORTATION COMMITTEE

JUNE 28, 2011 BOARD AGENDA NO. 2

DATE: June 14, 2011 **RE:** Award of Bid for a Resurfacing Project in Hermantown

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 authorize an award of bid for a pavement resurfacing project in Hermantown.

BACKGROUND:

County staff is authorized under Resolution No. 88-381, dated May 24, 1988, to call for bids on projects which are already included in the budget document. Bids were requested for a pavement resurfacing project in Hermantown, MN. The project was moved without recommendation on June 7, 2011, pending Disadvantaged Business Enterprise (DBE) clearance from the State of Minnesota Department of Transportation.

A call for bids was received by the Public Works Department on June 6, 2011, for the following project in accordance with the plans and specifications on file in the Office of the County Highway Engineer:

Project: SP 69-613-032, CP 61938
Location: CSAH 13 from T.H. 2 to T.H. 194 Hermantown, MN, length 4.17 mi.
Traffic: 8,816 **PQI:** N.A.
Construction: Mill Bituminous Surface, Bituminous Surface and Shoulders, and Aggregate Shoulders
Funding: Fund 220, Agency 220262, Object 652700
Anticipated Start Date: July 5, 2011
Anticipated Completion Date: September 16, 2011
Engineer's Estimate: \$3,388,336.35

BIDS:

Northland Constructors, Duluth, MN	\$2,750,095.71 (-\$638,240.64, -18.84%)
KGM Contractors, Inc., Angora, MN	2,753,637.35
Hardrives, Inc., Rogers, MN	2,807,835.86
Ulland Brothers, Inc., Carlton, MN	3,077,922.77
Knife River Corp. North Central, Sauk Rapids, MN	3,188,941.41

RECOMMENDATION:

It is recommended that the St. Louis County Board authorize the award of bid for County Project 61938 (SP 69-613-032) to Northland Constructors of Duluth, MN in the amount of \$2,750,095.71, payable from Fund 220 Agency 220262, Object 652700

**Award of Bid for a Resurfacing Project
in Hermantown**

BY COMMISSIONER _____

WHEREAS, bids have been received by the County Auditor for the following project:

SP 69-613-032, CP 61938 located on CSAH 13 from T.H. 2 to T.H. 194 in Hermantown, MN.

WHEREAS, bids were opened in the County Board Room at 10:00 a.m., June 6, 2011, and the low responsible bidder determined.

NOW, THEREFORE, BE IT RESOLVED, that the St. Louis County Board approves the award on the above project to the low bidder:

<u>LOW BIDDER</u>	<u>ADDRESS</u>	<u>AMOUNT</u>
Northland Constructors	4843 Rice Lake Rd Duluth, MN 55803	\$2,750,095.71

RESOLVED FURTHER, that the Chairman of the County Board, the County Auditor, and the County Attorney are authorized to approve the Contractor's Performance Bonds and to execute the bonds and contract for the above listed project payable from Fund 220, Agency 220262, Object 652700.

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 Duluth 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 funding under the Duluth Economic Development Authority's (DEDA) BID 2011 Program.

The BID 2011 Program is a temporary economic development program designed to stimulate private construction and create jobs. In 2011, Minnesota statutes allowed excess tax increment financing to be used to stimulate the economy provided it created long-term employment and construction jobs. DEDA used the statutory flexibility to establish the BID 2011 Program.

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 JOBZ subzone is located within Duluth TIF District #20, Northwest Corridor. The city has indicated it will decertify TIF District #20 by December 31, 2016. The current tax increment being generated in TIF District #20, Northwest Corridor, is \$206,000 per year and the district runs until 2027.

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 Tax Increment Finance District #20, Northwest Corridor, by December 31, 2016. 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 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 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, by December 31, 2016.



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.

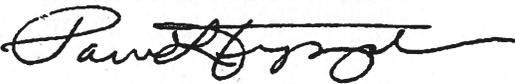
Commissioner Nelson moved the adoption of the Resolution and it was declared adopted upon the following vote:
Yeas - Commissioners Fink, O'Neil, Kron, Sweeney, Nelson, Raukar and Chair Forsman - 7
Nays - None

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 6/20/2011

Enclosed you will find a proposal including the property purchase, construction project and JOBZ/BID 2011 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 and Rendering, **Exhibits 1 and 2 attached**. To make this project feasible, Involta is requesting JOBZ and BID 2011 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	\$6,475,000	62%
SBA 504	1,090,000	10%
City of Duluth BID 2011	350,000	3%
Gap Funding Partners	750,000	7%
<u>Equity</u>	<u>1,835,000</u>	18%
Subtotal	\$ 10,500,000	

Proposed Source of Funds (Satellite)

Bank	\$2,325,000	75%
<u>Equity</u>	<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
<u>Furniture and Fixtures</u>	<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
<u>Furniture and Fixtures</u>	<u>15,000</u>
Subtotal	\$3,100,000
TOTAL	\$13,600,000

JOBZ / BID 2011 Request

Involta is requesting \$350,000 in BID 2011 funding as well as JOBZ. This request is being made 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.

Proposed Timeline

1. June 22, 2011 – DEDA holds Public Hearing and is requested to approve BID 2011 conditional grant agreement with Involta.
2. June 28, 2011 – St. Louis County passes JOBZ Subzone Modification Resolution.
3. July 14, 2011 – Duluth City Council Agenda Session.
4. July 18, 2011 – Duluth City Council holds Public Hearing and is requested to pass resolutions on the following:
 - a. JOBZ Business Subsidy Agreement.
 - b. BID 2011 Conditional Grant Agreement.
5. August 1, 2011 – Commence construction.

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. Duluth Involta Site Plan
2. Duluth Involta Rendering



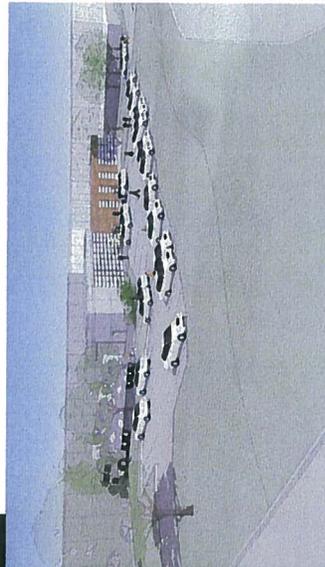
SITE VIEW



SITE VIEW



SITE VIEW



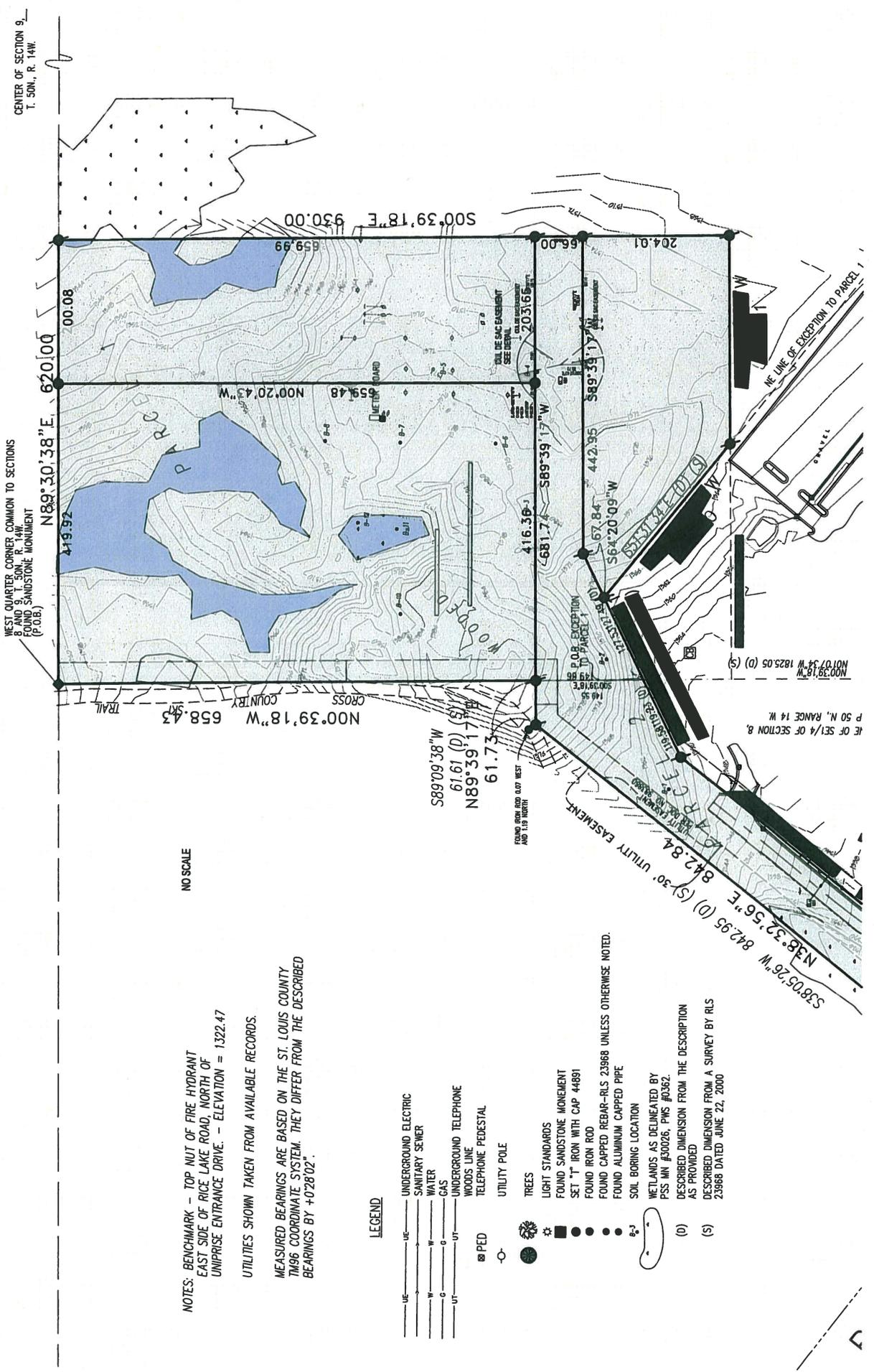
BUILDING VIEW



INVOLTA CRITICAL INFRASTRUCTURE DULUTH, MINNESOTA

JUNE 14, 2010





CENTER OF SECTION 9,
T. 50N., R. 14W.

WEST QUARTER CORNER COMMON TO SECTIONS
8 AND 9, T. 50N., R. 14W.,
FOUND SANDSTONE MONUMENT
(P.O.B.)

NO SCALE

NOTES: BENCHMARK - TOP NUT OF FIRE HYDRANT
EAST SIDE OF RICE LAKE ROAD, NORTH OF
UNPRISE ENTRANCE DRIVE. - ELEVATION = 1322.47
UTILITIES SHOWN TAKEN FROM AVAILABLE RECORDS.

MEASURED BEARINGS ARE BASED ON THE ST. LOUIS COUNTY
TNG96 COORDINATE SYSTEM. THEY DIFFER FROM THE DESCRIBED
BEARINGS BY +0'28\"/>

LEGEND

- UE — UNDERGROUND ELECTRIC
- WS — SANITARY SENER
- W — WATER
- G — GAS
- UT — UNDERGROUND TELEPHONE
- WL — WOODS LINE
- TP — TELEPHONE PEDESTAL
- UP — UTILITY POLE
- — TREES
- ★ — LIGHT STANDARDS
- ☆ — FOUND SANDSTONE MONUMENT
- — SET "T" IRON WITH CAP 44891
- — FOUND IRON ROD
- — FOUND CAPPED REBAR-RLS 23968 UNLESS OTHERWISE NOTED.
- — FOUND ALUMINUM CAPPED PIPE
- — SOIL BORING LOCATION
- — WETLANDS AS DELINEATED BY
PSS MN #30026, PMS #0362.
- (D) — DESCRIBED DIMENSION FROM THE DESCRIPTION
AS PROVIDED
- (S) — DESCRIBED DIMENSION FROM A SURVEY BY RLS
23968 DATED JUNE 22, 2000

IE OF SE1/4 OF SECTION 8,
N07°34'W 1825.05 (D) (S)

P.O.B. EXCEPTION
TO PARCEL 1

NE LINE OF EXCEPTION TO PARCEL 1

7

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 with in 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.

RESOLUTION 11D-36

**RESOLUTION APPROVING THE DECERTIFICATION OF
TAX INCREMENT FINANCING DISTRICT NO. 20
a/k/a COUNTY DISTRICT NO. 083
EFFECTIVE DECEMBER 31, 2016**

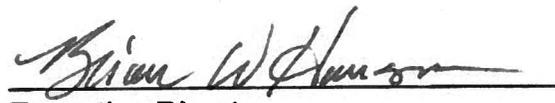
WHEREAS, on June 14, 2000, the Duluth Economic Development Authority ("DEDA") created Tax Increment Financing District No. 20 a/k/a County District No. 083 ("TIF District 20"); and

WHEREAS, in order to facilitate St. Louis County's approval of an amendment of JOBZ Subzone boundaries removing 14.4 acres from Subzone 100 (Atlas Cement and Canadian National Railroad) and adding 14.4 acres to Subzone 100-1 (Duluth Technology Park).

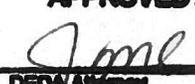
NOW, THEREFORE, BE IT RESOLVED, by DEDA that TIF District 20 be decertified effective on December 31, 2016, and that DEDA staff shall take such action as is necessary to cause the St. Louis County Auditor to decertify TIF District 20 as a tax increment financing district effective December 31, 2016.

Approved by the Duluth Economic Development Authority this 22nd day of June, 2011.

ATTEST:



Executive Director

<p>APPROVED AS TO FORM</p> <p></p> <p>DEDA Attorney</p> <p>APPROVED FOR PRESENTATION</p> <p></p> <p>Executive Director</p>
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STATEMENT OF PURPOSE: The purpose of this resolution is to document DEDA's commitment to St. Louis County to decertify TIF District #20 effective December 31, 2016. This district was originally created as part of an incentive package for a health insurance processing center. Subsequent to the creation of the district, the insurance company decided to discontinue participation in the incentive benefits and requirements of the TIF district. Uncommitted increment from the district has been used for other DEDA-funded projects and under BID 2011. It is anticipated that increment generated in 2011 and 2012 will be used for additional BID 2011 projects. BID 2011 is set to end on December 31, 2012. Increment received after that date can be used for infrastructure in the district, among other approved uses.

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. _____.

BOARD LETTER NO. 11 - 237

FINANCE & BUDGET COMMITTEE

JUNE 28, 2011 BOARD AGENDA NO. 4

DATE: June 28, 2011 **RE:** Jail Energy Efficiency
Upgrades – Water and Hot
Water Consumption Reduction

FROM: Kevin Z. Gray
County Administrator

Tony Mancuso
Property Management Director

RELATED DEPARTMENT GOAL:

Provide efficient, safe, secure, and code compliant facility operations.

ACTION REQUESTED:

The St. Louis County Board is requested to authorize the purchase of equipment for the energy efficiency and water consumption reduction upgrade project for the County Jail in Duluth.

BACKGROUND:

The jail domestic water system (showers and fixtures) and domestic hot water heating system are 15 years old. The original water system design was inefficient in that the large, high maintenance building heating boilers are used to heat domestic hot water and must be operated 24/7, 365 days per year. In addition, the showers are controlled by the inmates and do not automatically shut off, resulting in showers being left on for hours, and in some areas, days. Utility rates have increased by double digits in the past three years and the equipment/fixtures have reached their life cycle in this hyper-use application. The timing is appropriate for this project with the present availability of a \$75,000 stimulus grant for the purchase of energy efficient upgrades (County Board Resolution No. 10-482 – October 5, 2010). The entire project's payback is approximately four years per engineer's calculations at 2010 utility rates.

This phase of the project will include the purchase of high efficiency domestic hot water heaters and a small condensing boiler for re-heating fresh supply in the HVAC system. It is planned to purchase only the equipment at this point to satisfy the Stimulus expenditure time line. The next bid will be for installation of this equipment. The ancillary portion of this phase of the project is solar water heating and preheating equipment

installation. The county has already purchased solar water heating equipment, in anticipation of this project, which will add to the payback reduction.

The next phase of the jail energy efficiency upgrades will be the replacement of shower valves and other fixtures with low flow and automatic shut off features. Once all the efficient water systems are completed, the existing black roof will be replaced with a white roof, designed to save more energy in cooling costs. The next step will be to upgrade the HVAC controllers and automated energy management systems, including pin point space environmental controls and variable frequency electric motor controllers. The decision has been made to aggressively address the jail's energy consumption issues, currently at \$276,944 in annual utility expenses.

County Purchasing solicited for and opened bids on May 25, 2011 (bid #4959) and one bid was received as follows:

Ryan Company Incorporated - St. Louis Park, MN

\$148,500

RECOMMENDATION:

It is recommended that the St. Louis County Board authorize the purchase of high efficiency domestic hot water heaters and a small condensing boiler from Ryan Company Incorporated, St. Louis Park, MN for the low bid price of \$148,500 for energy upgrades at the St. Louis County Jail in Duluth, payable from Fund 400, Agency 400032 and Stimulus Grant funds.

**Jail Energy Efficiency Upgrades – Water and Hot Water
Consumption Reduction**

BY COMMISSIONER _____

WHEREAS, the jail domestic water systems are 15 years old, inefficient and in need of replacement; and

WHEREAS, utility rates have increased by double digits in the past three years and the jail's water equipment/fixtures have reached their life cycle; and

WHEREAS, there is presently a \$75,000 stimulus grant available for the purchase of energy efficient upgrades; and

WHEREAS, Ryan Company Incorporated, St. Louis Park, Minnesota provided the low bid proposal (bid #4959) for replacement of the jail's water system in the total amount of \$148,500.

NOW, THEREFORE, BE IT RESOLVED, the St. Louis County Board authorizes the purchase of high efficiency domestic hot water heaters and a high efficiency condensing boiler for the County Jail in Duluth from Ryan Company Incorporated, St. Louis Park, Minnesota in the amount of \$148,500, payable from Fund 400, Agency 400032 and Stimulus Grant Funds (County Board Resolution No. 10-482).

BOARD LETTER NO. 11 - 254

FINANCE & BUDGET COMMITTEE

JUNE 28, 2011 BOARD AGENDA NO. 5

DATE: June 28, 2011 **RE:** **Continued Health Coverage for
County-Benefitted Court Employees**

FROM: **Kevin Z. Gray
County Administrator**

**Donald Dicklich
County Auditor**

**James R. Gottschald, Director
Employee Relations**

RELATED DEPARTMENT GOAL:

Efficient and effective government.

ACTION REQUESTED:

It is requested that the St. Louis County Board authorize the County Auditor to accept delayed payment for health, dental and life insurance premiums for county-benefitted court employees from the State of Minnesota Sixth District Court in the event of a state shutdown.

BACKGROUND:

By operation of Minn. Stat. § 480.181, former county employees working in the Court Administration Department became employees of the state of Minnesota Judicial Branch effective July 1, 2005. At that time, a Memorandum of Understanding, contained in Contract File No. 06-927, was negotiated regarding the benefits to be received by eligible state employees and the state's obligation to reimburse the county's actual payroll, benefit, and administrative costs for these employees. There are currently 47 county-benefitted court administration employees.

The State of Minnesota has notified Judicial Branch employees that as a result of an apparent budget impasse, employees will be placed in an involuntary unpaid leave of absence status effective July 1, 2011 unless the Minnesota legislature and governor can agree on and pass a budget for the fiscal period beginning July 1st.

The Judicial and Executive branches of the State of Minnesota have collective bargaining language and Human Resources rules providing for up to 6 months insurance coverage for employees with 3 or more years of service upon layoff. The 6th Judicial District court administrator is requesting that county-benefitted employees be allowed to continue similarly in their county insurances during a state shutdown in exchange for delayed premium reimbursements from the District Court.

For the 47 county-benefitted court employees, the total monthly amount of delayed reimbursements for medical, dental and life insurance premiums is as follows:

	<u>Employer Contribution</u>	<u>Employee Contribution</u>
Medical	\$41,279.86	\$5,269.19
Dental	\$ 1,702.46	\$ 0.00
Life	\$ 416.67	\$ 0.00

Employees would contribute their portion of the July insurance premiums via payroll deduction on the July 8, 2011 pay date and August (through December) premiums would be collected by payroll deduction after a budget deal is reached and court employees return to work. In the unusual circumstances that the state shut down lasts more than six months, employees will be required to pay the full COBRA premium to the county consistent with the county's current operating COBRA procedures.

RECOMMENDATION:

It is recommended that the St. Louis County Board authorize the County Auditor to accept delayed reimbursement for health, dental and life insurance premiums for county-benefitted court employees from the State of Minnesota District Court in the event of a state shutdown.

Continued Health Coverage for County-Benefitted Court Employees

BY COMMISSIONER _____

WHEREAS, by operation of Minn. Stat. § 480.181, former county employees working in Court Administration became employees of the State of Minnesota Judicial Branch effective July 1, 2005. These employees were eligible to retain certain employment benefits offered by St. Louis County; and

WHEREAS, a Memorandum of Understanding, contained in Contract File No. 06-927, was negotiated regarding the benefits to be received by eligible state employees and the state's obligation to reimburse the county's actual payroll, benefit, and administrative costs for these employees; and

WHEREAS, the county Employee Relations Department and the County Auditor are responsible for administering the benefits for the 47 remaining state court employees; and

WHEREAS, the State of Minnesota has notified these employees that as a result of an apparent budget impasse, they may be placed in an involuntary unpaid leave of absence status effective July 1, 2011; and

WHEREAS, the Judicial and Executive branches of the State of Minnesota will be providing up to 6 months insurance coverage for state employees with 3 or more years of service upon layoff due to a state shutdown.

NOW THEREFORE, BE IT RESOLVED, that the St. Louis County Board authorizes the County Auditor to accept delayed reimbursement for health, dental and life insurance premiums for county-benefitted court employees from the State of Minnesota District Court in the event of a state shutdown.

RESOLVED FURTHER, that benefit continuation for these eligible state employees is contingent on their completion of the county's COBRA continuation election form and submission of said form to the Employee Relations Department within 60 days of the qualifying event.