

EDA Workshop

July 17, 2018

City of Shakopee | (952) 233-9300 | www.ShakopeeMN.gov

Shakopee
Minnesota



What is the EDA

- Has all the powers of an HRA and powers of a city
- Establish redevelopment projects
- To undertake, prepare carry out and operate projects and to provide for the construction, reconstruction, improvement, extension, alteration or repair of any project
- To give sell, transfer, convey, or otherwise dispose of real or personal property
- To acquire real or personal property or interest therein by gift, grants purchase exchange lease transfer bequest or otherwise and by exercise of the power of eminent domain
- To borrow money or other property, accept contributions, grants gifts services or other assistance from the federal government, state bodies or from any other public or private source



What is the EDA

- Issue bonds for any corporate purposes and to secure the bonds by mortgages upon property held or by pledge of revenues
- To lease or rent dwellings, accommodations, land, buildings, structures or facilities included in any project
- To own, hold or improve real or personal property and to sell, lease, exchange transfer, assign or dispose of property
- Make loans to a business, a for profit or nonprofit organization or any individual for any purpose that is authorized.
- Establish tax increment financing districts



General Overview

- The EDA's focus has been on projects that make Shakopee a better place to live, work, and do business.
- EDA works to establish a higher tax base and additional job opportunities for the citizens of Shakopee.
- The EDA provides resources and tools, including loans and grants, to support this kind of development.



February 13,
1968

The Housing and Redevelopment Authority (HRA) was established (Res. No. 242)

April 4, 1995

The Economic Development Authority (EDA) was created (Res. No. 4206) and the powers of the HRA were transferred to the EDA (Res. No. 4207).

February 6,
1996

The EDA originally consisted of two citizens from the Community Development Commission plus the City Council. In 1996, the board was modified (Res. No. 4381) to consist of seven commissioners, at least two of the commissioners shall be members of the City Council and all other commissioners shall be appointed by the Mayor with the approval of the city council.

February 25,

In 1997, the EDA was modified again (Res. No. 4610) to and the City Council of the City of Shakopee will now serve as the board of Commissioners of the EDA.



April 4, 1996

The EDA Board passed a resolution (Res. No. 97-4) ratifying certain actions taken by the EDA prior to February 25, 1997.

October 19,
1999

The Economic Development Advisory Committee (EDAC) was established in 1999 (Res. No. 99-2). As stated in the resolution, "the EDA would like to be more actively involved in identification of economic development issues and development and implementation of economic development strategies".

February 3,
2009

In 2008, the EDAC was placed on hiatus. On February 3, 2009, as part of the consent agenda for that meeting, the council decided that the EDAC "...remain on hiatus through 2009, or until such time as the level of activity and projects increases, and that the existing vacancies on the EDAC not be filled at this time."

March 29,
2010

The EDAC had been on hiatus for the past two years and the EDA has now filled all 7 open positions. The EDAC was given the following charges: To create a sound economic development policy in the following areas: Business retention and Expansion, Business Attraction/Target marketing, Prospect Response, New Business/Entrepreneurial Development, Redevelopment, Tourism Development, and Data Collection/Research (Res. No 2010-1).

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Current Economic Development Focus

- Business retention and expansion
- Business attraction and target industries
- New business/entrepreneurial development
- Redevelopment
- Tourism development
- Data collection and research



Business Retention and Expansion

- Workforce programs with CDA
- Visits with local businesses underway
 - Shutterfly, Cameron's Coffee completed
- Three minute videos about local businesses
 - Shutterfly, Cameron's Coffee, Bayer underway



Business Attraction and Target Industries

- Targeting companies in high wage areas
 - Technology/Engineering, Medical Device, High Tech Manufacturing
- Looking at our current clusters for strengths
 - Technology oriented, pharma, growing German presence



Business Attraction and Target Industries

- Current Clusters by employment
 - Distribution and Electronic Commerce
 - Printing Services
 - Information Technology and Analytical Instruments
 - Logistical Services
 - Hospitality Services



New business/entrepreneurial development

- Reinforced by Envision Shakopee
- Downtown possibility for facility?
 - Partnership with Community College, CDA, SCORE, Open to Business
 - Co-working Space
 - Business Training
 - Entrepreneurship Center/Business Incubator/Accelerator
 - EDA grant for feasibility 50/50 match



Tech's Hot New Talent Incubator: Community College

Two-year institutions emerge as a pipeline for companies like Amazon, Google and IBM



Long stigmatized as "junior," community colleges might seem like an unlikely source of talent for major tech companies. Yet, increasingly, tech giants are turning to these two-year schools to find the skilled workers they desperately need.

"Community colleges are just absolutely key" in companies' search for new tech talent, says Edward Alden, a senior fellow at the Council on Foreign Relations and author of a recent report on the future of work. Tech companies like Amazon, Google and IBM have all caught on, he adds, and the trend of using community colleges to establish talent pipelines fits "taking off across the country."

Americans are burdened with about \$1.4 trillion in student loan debt. One in four has a low-wage job. Meanwhile, there are hundreds of thousands of open positions in the U.S. in fields like cybersecurity, cloud computing, computer programming, data science, tech support and skilled manufacturing. In many of these fields, the "skills gap" between available candidates and open positions is only projected to grow.

Tuition costs at community colleges are typically less than half those of an in-state four-year institution. As a result, they tend to attract low-income students and members of racial minorities, another reason tech giants—which are lately being held accountable for their poor diversity numbers—are interested in them.

There's promise in this strategy: Because of a growing difference between wages for different kinds of jobs, 30% of those with an associate's degree now out-earn the average holder of a bachelor's degree. Yet since many of



Google training in Columbia, S.C., above. Tech firms are creating apprenticeships and degrees to get workers.

these programs are so new, it's too early to say whether or not they are successful.

Sam Edwards, a 20-year-old student at Wake Tech Community College in Raleigh, N.C., embodies both the opportunity and the challenges facing students who choose this route. Wake Tech offers internships with companies that have local offices, including IBM, Lenovo and Cisco, and also does continuing education for employees of companies such as Infosys and Credit Suisse. Five years ago, Wake Tech had fewer than 20 students doing internships at companies like these; today it's in excess of 400, says college President Stephen Scott.

Overall, the college serves 74,000 students, 90% of whom are

part-time. Mr. Edwards, for one, has three part-time gigs, primarily in tech support. This allows him to work remotely and balance them with his studies. He was eligible for Wake Tech's Fostering Bright Futures program, which was established to help address the challenges faced by young people who were once in foster care.

The program provides Mr. Edwards with living expenses, mentors and a faculty contact he can call anytime, to help with nearly any issue, from finding a place to live to buying a car.

Amazon recently launched, in partnership with Northern Virginia Community College, both an associate's degree in cloud computing and an apprenticeship program in which Amazon pays students to

get a degree, in preparation for a full-time job at Amazon.

One reason tech companies turn to community colleges is that they may have need for candidates they can't get elsewhere.

For example, all of the 130 apprentices in the Northern Virginia program are military veterans. One reason Amazon pursues veterans is that so many have already have government security clearances, says Chad Knights, dean of math, science and engineering at Northern Virginia. Security clearances, which can take years to get, are a necessity for Amazon employees who will work on data centers that handle sensitive government data. Amazon also says it wants to address high rates of veteran unemployment by

hiring 25,000 veterans by 2021.

Tesla has announced partnerships with two community colleges to train people to assemble and service electric vehicles, and is in talks with at least one more, Miami Dade College, to expand the program, says the dean of MDC's engineering and technology department, Antonio Delgado.

The Amazon apprenticeship and Tesla's 12-week training program are unusual in that they lead directly to jobs at those companies.

Google recently announced it partnering with 25 community colleges in seven states, as well as more than a dozen companies including Walmart, Hulu, Sprint, GE and Bank of America, to launch an IT-support professional certificate that students can earn in eight months.

Certification programs tend to be more about training students to go to smaller firms where they can use the technology of the companies sponsoring the programs, such as Amazon's cloud services and Google's web apps, not about recruiting for these companies, says Debbie Hughes, vice president at the Business-Higher Education Forum, a not-for-profit sponsored by government grants and Fortune 500 companies in need of talent.

The challenge for community colleges in particular is that companies may say they are more willing to hire based on skills rather than education, but analyses of their hiring patterns and job postings reveal they still favor workers with traditional four-year degrees, says Ms. Hughes.

Which means students like Mr. Edwards, who have already overcome considerable odds to get entry-level jobs in tech, may still be left behind by a system that talks about alternate paths to jobs yet acts in ways that run counter to these goals.

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Hook Local Startups, Not the Whale

City leaders will find that cultivating relationships with small homegrown companies is smarter—and cheaper—than trying to lure in an outside behemoth.

David Zipper

July 6, 2018

Readers of CityLab have likely seen numerous arguments condemning the competition among North American cities to land the second Amazon headquarters. Urban policy experts are nearly unanimous in their opprobrium for the HQ2 selection process and their skepticism that the “winning” city will reap the rewards of economic growth and job creation that Amazon has promised. (And even if it does, the price tag for accommodating HQ2 may negate or severely diminish any fiscal benefit.)

For cities eager to lay the groundwork for long-term economic growth, what are better options? Can any single development gambit generate such a windfall of new jobs?

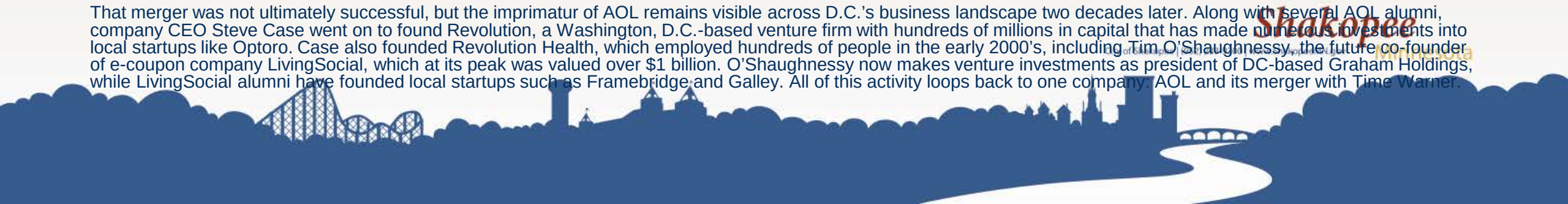
Yes, but it will not happen through a development strategy based on luring outside corporations with taxpayer incentives. Rather, this kind of big bang is far more likely to happen when a homegrown local startup gets acquired or goes public, transforming early employees and investors into millionaires.

These beneficiaries can become invaluable mentors and investors for a succeeding generation of local startups; many may use their earnings to become entrepreneurs themselves. A major business acquisition or IPO—not the HQ2 charade—is the kind of jackpot that economic developers should pursue.

I have seen how the effects of such a big bang rippled through the Washington, D.C., region, where I live. During the 1990's AmericaOnline (AOL), then based in Tysons Corner in Northern Virginia, dominated the dial-up consumer internet market. AOL was valued at \$125 billion when it merged with Time Warner in 2000, a transaction that made many executives and employees very wealthy.

City leaders are wise to stay close to startups that are starting to scale.

That merger was not ultimately successful, but the imprimatur of AOL remains visible across D.C.'s business landscape two decades later. Along with several AOL alumni, company CEO Steve Case went on to found Revolution, a Washington, D.C.-based venture firm with hundreds of millions in capital that has made numerous investments into local startups like Opro. Case also founded Revolution Health, which employed hundreds of people in the early 2000's, including Tim O'Shaughnessy, the future co-founder of e-coupon company LivingSocial, which at its peak was valued over \$1 billion. O'Shaughnessy now makes venture investments as president of DC-based Graham Holdings, while LivingSocial alumni have founded local startups such as Framebridge and Galley. All of this activity loops back to one company: AOL and its merger with Time Warner.



Redevelopment

- Downtown
 - City Hall site
 - River Bluff Redevelopment
 - Gas Station site
 - Downtown Improvements
 - Partnership with Downtown Shakopee (Main Street)
- Gateway West site
- Southbridge soil cleanup

