



**MISSISSIPPI RIVER
REGIONAL PLANNING COMMISSION**

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*Eugene Savage, Black River Falls
Chairman*
*Margaret Baecker, Independence
Vice Chairman*
*Vicki Burke, Onalaska
Secretary & Treasurer*
*Greg Flogstad, Onalaska
Director*

MINUTES

**MISSISSIPPI RIVER REGIONAL PLANNING COMMISSION (MRRPC)
BIMONTHLY MEETING**

10:00 a.m., December 11, 2013

Seasons by the Lake, 910 2nd Avenue North, Onalaska, Wisconsin

Call to Order

Chairman Savage called the meeting to order at 10:00 a.m. and asked for the roll call. Greg Flogstad, Director took the roll and stated a quorum was present. The attendance roster is attached.

Minutes of October 9, 2013 Bimonthly Meeting

Chairman Savage asked for a motion to approve the October 9, 2013 bimonthly minutes. Chairman Savage said that on Page 2 of the minutes, paragraph 5, the last sentence in the paragraph, the word "inventors" should be changed to investors. He added that on Page 5, paragraph 4, the 4th sentence from the end of the paragraph should read "but right now the price of natural gas is low". The word "now" was omitted from the sentence. Commissioner Borreson made a motion to approve the minutes with the proposed changes; the motion was seconded by Commissioner Jaekel to accept the October 9, 2013 bimonthly meeting minutes and the motion was carried unanimously.

Treasurer's Report

Vicki Burke, MRRPC Secretary/Treasurer presented the treasurers reports. Ms. Burke said the September 30, 2013 balance in all MRRPC accounts was \$253,716.41 and the October 31, 2013 ending balance was \$244,000.27. Ms. Burke reported that the beginning balance in October 31, 2013 was \$244,000.27 and the balance as of November 30, 2013 was \$237,732.98.

Ms. Burke presented the financial report for the Business Capital Fund I indicating a September 30, 2013 balance of \$297,818.30. From October 2013 through November 2013 activity in this account included loan repayments of \$12,785.89, account interest of \$89.56, transfer of funds to BCF I Sequester account of \$69,731.89, annual BCF meeting expense of \$250, MRRPC admin fees of \$1,900 and a \$10 corporation fee filing to the State of Wisconsin leaving a November 30, 2013 ending balance of \$238,801.66. Ms. Burke reported a balance of \$231,809.39 in the BCF Sequester Account as of September 30, 2013. From October 2013 through November 2013 activity in this account included account interest of \$95.58, an interest payment of \$65.74 to the U.S. Treasury, and a deposit of \$69,731.89 from the Business Capital Fund I Account leaving a November 30, 2013 balance of \$301,571.12.

Ms. Burke said that as of September 30, 2013, the Business Capital Fund II RLF had a balance of \$92,387.00. Activity in this account for October 1, 2013 through November 30, 2013 included interest of \$25.32, loan repayments of \$953.62, a transfer of \$33,265.20 to the BCF II Sequester Account, and MRRPC admin fees of \$450 leaving a November 30, 2013 balance of \$59,650.74. The BCF 2 Sequester Account balance as of September 30, 2013 was \$119,359.48. During October and November the account interest totaled \$48.88, an interest payment to the U.S. Treasury of \$41.52, and a deposit of \$33,265.20 from the Business Capital Fund II Account leaving a November 30th balance of \$152,632.04.

The CMV Growth Development Fund began with a September 11, 2013 balance of \$37,090.92. Ms. Burke said from the period of September 12, 2013 through November 13, 2013 activity in this account included \$6.43 in interest and loan payments of \$518.50 leaving a November 13, 2013 balance of \$37,615.85. Ms. Burke said the balance in the CMV-EDA Sequester Fund as of

A Nine County Economic Development District Providing Assistance to Local Governments

- *Land Use Planning* ▪ *Zoning and Subdivision Ordinances* ▪ *Transportation Planning* ▪ *Economic Development Planning*
- *GIS Mapping* ▪ *Recreation Planning* ▪ *Revolving Loan Fund Administration* ▪ *Grant Writing* ▪ *Socioeconomic Data Dissemination*
- *Assist Local Interests in Responding to State and Federal Programs* ▪ *Advisory Service on Local Planning Issues*
- *Coordinating Agency for Programs and Activities* ▪ *Public Advocacy on Issues Affecting Our Region*

September 11, 2013 was \$164,006.93. During the period of September 11, 2013 through November 13, 2013 activity in this account consisted of interest earned of \$28.31 leaving a November 13, 2013 balance of \$165,035.24.

The La Crosse County Business Fund began with a September 15, 2013 balance of \$50,930.33. From September 16, 2013 through November 13, 2013 account activity included \$3,140 in loan payments, account interest of \$15.28, MRRPC Admin fees of \$860, and a transfer of \$5,357.76 to the La Crosse County Business Fund Sequester RLF leaving a November 13, 2013 account balance of \$47,867.85. The LCEDF Sequester Account began with a September 30, 2013 account balance of \$63,664.22. From October 1, 2013 through November 30, 2013 activity in this account included account interest of \$22.28, an interest payment of \$27.34 to the U.S. Treasury, and deposit of \$5,357.76 from the La Crosse County Business Fund Account leaving a balance of \$69,016.92.

Chairman Savage asked for a motion of approval on the treasurers reports presented. Commissioner Schlesselman made a motion to approve the treasurer's reports as presented. The motion was seconded by Commissioner Murray and approved unanimously.

Chairman Savage asked about the high fund balance in the CMV sequester account. Mr. Law explained one reason for this is the CMV RLF has only one active loan. He said the current balance available cannot exceed 25% of the base capital. Mr. Law said staff has to go through a calculation semiannually to determine if funds should be sequestered. Mr. Law said the loan application he reported on last bimonthly meeting was ineligible for a loan; the BCF had to turn the loan application down. Mr. Law said he continues to market the RLFs and needs to make loans to businesses that need gap financing. He asked that if anyone was aware of a business that needed gap financing to please contact him. Mr. Flogstad reported the La Crosse County Business Fund recently had an application but the application was incomplete so it was not forwarded on to the loan board to review.

Presentation on Analysis of Region's Electrical Demand and Supply from Fossil and Renewable Energy Sources for Regional Comprehensive Plan

Mr. Flogstad said as part of the Regional Comprehensive Plan we need to analyze community and public facilities capacity in the region. He said because of this an analysis of the region's electrical demand and supply from fossil and renewable energy sources was undertaken. He said some of the statistics being presented still had to be verified by talking with utility representatives. He presented some statistics on kilowatt hours from 2012 utility sales reports in the region. He said Wisconsin consumes 68,752,000,000 kilowatt hours (KWH) per year (Source: Energy Information Administration) and that equates to 12,089 KWH per person and 30,157 KWH per household. He said as of now a regional electricity consumption estimate is between 11,000-13,000 KWH. Mr. Flogstad said using the 12,089 KWH per person estimate and multiplying that by the regions 2010 population of 317,068 he estimates annual Kilowatt hour consumption in the region is 3.8 billion KWH. Mr. Flogstad showed rankings of states comparing residential electricity rates. Wisconsin's 2011 residential electricity rate of 13.01 cents per KWH was higher than neighboring states of Iowa (10.46) and Minnesota (10.96). He said the states with the lowest electricity rates were Washington (8.28), North Dakota (8.58) and Idaho (7.87), and the states with the highest rates were Connecticut (16.02), New York (18.26) and Hawaii (37.02). He also reviewed commercial electricity rates; Wisconsin had a rate of 9.57 cents per KWH as compared to Iowa (7.55) and Minnesota (7.92).

He said there are generating stations to supply electricity to the region because of western coal and the Mississippi River. He said the river serves as a key resource for producing steam and cooling for the two large coal burning power stations in the region. There are seven electric generating stations in Wisconsin, Minnesota, and Iowa all on the Mississippi River. Mr. Flogstad explained the nation's electrical grid also allows for the purchase of electricity from other generators. Mr. Flogstad listed some of the region's electrical producers and ranked them by electricity production. Coal ranked on top followed by refuse/biomass, diesel, wind, biomass and solar. He asked "is there enough electrical generating capacity in the Region to meet the region's 3.8 billion of KWHs of electrical need?" He said two coal plants (Alma, WI and Genoa, WI) produce enough electricity alone for the region if they operate 75% of the time during the year, but it's unclear where the region's electricity is coming from due to buying and selling of power on the electric grid.

Mr. Flogstad then discussed renewable energy production. He said Wisconsin produces fewer kilowatt hours (3.7 billion) from renewable sources than Iowa (8.6 billion) and Minnesota (7.5 billion). States with the highest renewable energy production were Washington (77.9 billion), California (53.4 billion) and Oregon (37.3 billion) and states with the lowest renewable energy production were Hawaii (.8 billion), Rhode Island (.15 billion) and Delaware (.13 billion). Mr. Flogstad said that for the region's 125,069 households to become 100% users of renewable energy sources for electricity the region would need any one or a lesser combination of these: 4.5 wood waste burning stations the size of the one in Cassville; 12.5 wood waste and solid waste stations the size of French Island in La Crosse; 208 anaerobic digesters like the one near LaFarge; 3,125 acres of solar panels or 4.9 sq. miles;

250 wind turbines x 20 acres a piece. Mr. Flogstad said these are rough numbers but despite that a key question from an energy security, economic development and environmental perspective is what form of energy makes the most sense to generate electricity from over the next 20 years – coal, nuclear, natural gas, biomass, wind, or solar. He said the top renewable energy sources in Wisconsin by millions of kilowatt hours are hydroelectric (1.4 billion), wind (1 billion), wood (.77 billion), and biomass (.52 billion). Mr. Flogstad said the next step is developing recommendations for the region's energy supply over the next 20 years. He opened the floor for discussion. Commissioner Schlesselman stated they are decommissioning one of the stations in Alma. Mr. Flogstad stated he just included the KW capacity of the remaining station. Commissioner Borreson questioned if coal generating facilities were in jeopardy. Commissioner Schlesselman said that as far as solar energy, is the assumption the sun shines 24 hours a day, and if so he was questioning production. Mr. Flogstad said the estimates for solar were assuming a 10% efficiency rate. Commissioner Leys said there is tremendous pressure from the federal government and also the State of Minnesota to lessen amount of coal. He added that the electricity rate figures are interesting in that the U.S. has very cheap energy and European companies are looking to locate to the U.S. because of that. Commissioner Schlesselman asked if there was enough wood waste or biomass to have 45 wood waste burning stations. Mr. Flogstad stated the Kickapoo Biofuel Feasibility Study would tell us that soon. Commissioner Leys asked what happens to the creosote from railroad ties. Commissioner Schroeder said when you burn hot enough there's not much left. He explained a process he uses at his business. Mr. Flogstad said the French Island facility burns railroad ties and must meet EPA emission standards. Mr. Flogstad said the renewables are only meeting about 5% of the State's energy needs right now. He said Iowa and Minnesota produce a lot more electricity from wind. Commissioner Barr said comparing the difference in electric rates; Wisconsin's Kilowatt rates are higher than Minnesota. The question was raised, was it because Wisconsin has more heavy industry than Minnesota and Minnesota having a higher technology economy? He commented it doesn't look like renewable energy is going to complete the job in anyone's lifetime.

Presentation on Capitalizing on Existing Business Strengths and Opportunities thru Import Substitution

Bryan Law said he would be making a presentation on capitalizing on existing business strengths and opportunities thru import substitution. He said there are business opportunities in the region that could occur thru import substitution with new or existing industries. He said this research was done using EMSI software. Law went over some key terms he would be using in his presentation. He said "Total Regional Demand: is what companies in the Region buy to operate their businesses; "Satisfied by Region's Industries" is what companies in the Region buy within the Region; and "Satisfied by Industries Outside Region" is what companies in the Region buy from outside the Region. Mr. Law said "Location Quotient (LQ)" is a measurement of an industry's concentration in the Region; is there a higher or lower percentage of that industry in this Region than in the State or US as a whole? A location quotient of 1.0 means the region is the same on a percentage basis as the Nation and a specialization may occur; the higher the LQ the more specialized the region is in that industry. He explained the "Jobs Multiplier" is the number of jobs created throughout the Region's economy for every one job created in a particular industry and "Earnings Multiplier" is the number of additional dollars earned throughout the Region's economy for every one additional dollar earned in a particular industry.

Mr. Law presented his research on three major economic sectors of the region's economy: Food and Beverage Product Manufacturing, Wood Product Manufacturing, and Equipment and Metal Manufacturing. He outlined the top 3 North American Industry Classification System (NAICS) codes in percentage of demand Satisfied by Region's Industries, top 3 NAICS codes in percentage of demand satisfied by industries outside region for each of the sectors, top 3 NAICS codes by state location quotient, and the top 3 NAICS codes by national location quotient for these economic sectors.

Mr. Law said the Region's Food and Beverage Products sector has 20 NAICS codes with a State Location Quotient of 3.7 and National Location Quotient of 6.2. He said 32.2% of Total Regional Demand is satisfied by region's industries and 67.7% is satisfied by industries outside the region. This Food and Beverage Product sector has an average jobs multiplier of 1.8 and earnings multiplier of 1.6. He said the top 3 NAICS Codes in this sector satisfied outside region also have lower jobs and earnings multipliers; these NAICS Codes could grow naturally. Mr. Law said the NAICS, Other Snack Food Manufacturing, currently has LQ of 0 in Region. This NAICS has high jobs (2.0) and earnings (1.5) multipliers. Mr. Law said this could be connected to the top-3 NAICS Codes for the State LQ (Breakfast Cereal Manufacturing; Dried and Dehydrated Food Mfg.; Roasted Nuts and Peanut Butter Mfg). Mr. Law said currently 99.9% of demand for this NAICS is satisfied outside the Region. He said another opportunity is Fluid Milk Manufacturing. This NAICS has a strong state (2.6) and national (2.2) LQ and good jobs (1.8) and earnings (1.6) multipliers and currently 88.3% of demand is satisfied outside the Region. There was some discussion on fluid milk manufacturing in the region. Commissioner Schroeder mentioned a Creamery in Pierce County that imports a lot of milk. Discussion occurred on several other fluid milk producers in the region that export their products outside the region. Those exported products import capital back into the region. It was mentioned that while the region may not export high amounts of fluid milk but fluid milk producers very near the region are likely supplying the region's milk demand.

Mr. Law said the Region's Wood Products Manufacturing sector has 16 NAICS codes with a State Location Quotient of 4.2 and National Location Quotient of 9.1. He said 28% of Total Regional Demand is satisfied by region's industries and 72% is satisfied by industries outside the region. This Wood Product sector has an average jobs multiplier of 1.4 and earnings multiplier of 1.3. He said an opportunity in this sector is Wood Kitchen Cabinet and Countertop Manufacturing that currently has state LQ of 2.8 and national LQ of 3.1. This NAICS has moderate jobs (1.4) and earnings (1.3) multipliers. It could be an upgraded line of business companies in the lower-earning Wood Container and Pallet Manufacturing NAICS. He said currently 80.0% of demand for this NAICS is satisfied outside Region. Other opportunities include Wood Preservation with a strong state (2.7) LQ and national (2.4) LQ; and good jobs (1.8) and earnings (1.5) multipliers. Currently 71.4% of demand for this NAICS is satisfied outside Region. He said Sawmills have good state (3.0) and national (3.4) LQ's, and good jobs (1.6) and earnings (1.5) multipliers. Currently 80.0% of demand for Sawmills is satisfied outside Region.

Mr. Law said the Region's Equipment and Metal Manufacturing sector has 45 NAICS codes with a State Location Quotient of 2.2 and National Location Quotient of 3.8. He said 18.4% of Total Regional Demand is satisfied by region's industries and 81.6% is satisfied by industries outside the region. This Equipment and Metal Manufacturing Product sector has an average jobs multiplier of 1.5 and earnings multiplier of 1.3. He said the top 3 NAICS Codes satisfied outside Region have only moderate jobs and earnings multipliers and very low LQs; these NAICS Codes could grow naturally. An opportunity in this sector is All Other Motor Vehicle Parts Manufacturing that has a strong state (2.1) and moderate national (1.4) LQ, and moderate jobs (1.5) and earnings (1.3) multipliers. Currently 95.8% of demand for this NAICS is satisfied outside Region. He said Audio and Video Equipment Manufacturing is another opportunity with its strong state (2.8) and moderate national (1.6) LQ and good jobs (1.7) and moderate earnings (1.2) multipliers. Currently 93.7% of demand for this NAICS is satisfied outside Region.

Decision on Town of Holland Planning Contract

Mr. Fletcher said the Town of Holland in La Crosse County has requested assistance in implementing recommendations included in their comprehensive plan. He said the Town is located along USH 53 and the Town is looking to address development issues in the future. Mr. Fletcher presented a contract between the Town of Holland and the MRRPC. The contract period is from November 2013 through May 2014. Mr. Fletcher provided a brief explanation of work activities and asked for approval of the contract. Commissioner Schlesselman made a motion to approve the contract between the Town of Holland and the MRRPC, and Commissioner Ehram seconded the motion. The motion was unanimously approved.

Decision on Wisconsin DOT Contract and 2014 Work Program

Peter Fletcher explained the MRRPC has an annual work program with the Wisconsin Department of Transportation (DOT) to carry out transportation planning activities. He said the MRRPC receives funding annually to carry out those planning activities from DOT. Mr. Fletcher reviewed the work program and asked for a motion to approve it. Commissioner Ehram made a motion to approve the Mississippi River Regional Planning Commission Transportation Planning Annual Work Program 2014; the motion was seconded by Commissioner Ross and approved unanimously. Commissioner Borreson mentioned sand mines and life cycle analysis and asked if this would play a significant role in the work program. Mr. Fletcher said we look at those issues as they evolve and he wasn't sure what our involvement would be.

Decision on Wisconsin Economic Development Corporation EMSI Contract

Mr. Law presented an agreement between the Wisconsin Economic Development Corporation (WEDC) and the MRRPC where the WEDC engages the services of the MRRPC to provide services related to Economic Modeling Specialists, International EMSI program to the RPC's service area on behalf of WEDC. Mr. Law said the WEDC will pay for the license for the EMSI software through June 2014 and a moderate amount for staff time. He said EMSI software was used to research and prepare the presentation he made earlier on capitalizing on existing business strengths and opportunities thru import substitution. Mr. Law said there are several EMSI reports available on the MRRPC's website, www.mrrpc.com. The MRRPC's website is also a portal for requesting EMSI reports. Mr. Law said the EMSI software will also be invaluable when the MRRPC prepares its annual Comprehensive Economic Development Strategy update in 2014. Commissioner Schlesselman asked if staff was satisfied with quality and quantity of information from EMSI software use. Mr. Law said "yes" and added that EMSI makes getting information a lot smoother and quicker. Commissioner Schlesselman made a motion to approve the contract between WEDC and the MRRPC, Commissioner Murray seconded the motion and it was unanimously approved.

Update on Scenic Mississippi Regional Transit Bus Service Running in Crawford, Vernon, and La Crosse Counties

Mr. Fletcher said ridership numbers on the Scenic Mississippi Regional Transit (SMRT) bus service continue to grow. He provided ridership totals and said one key factor for growth is the ridership agreement with Western Technical College (WTC). He said the service is conducting a survey this week to find out why people are using the service, where they are riding too, etc. He said we hope to get some good information and see some travel patterns. Mr. Savage asked if the Universities had been contacted to work out agreements such as the one with WTC. Mr. Fletcher said he has reached out to both UW-L and Viterbo but no agreements have been made. There was some discussion on route modifications and Commissioner Nickelatti said the Highway 35 bus direct route from Prairie du Chien to La Crosse was a good thing.

Update on Buffalo, Crawford, Jackson, La Crosse, Monroe, Pepin, Pierce, Trempealeau and Vernon 5-Year Public Transit-Human Service Transportation Plans

Mr. Fletcher reported that every 5 years counties have to update their Public Transit-Human Service Transportation Plans in order to be eligible for federal 5310 funding. He said staff is in the process of updating those plans. He said the regional plan includes an assessment of available services and an assessment of transportation needs for transportation-disadvantaged populations. The plan will identify strategies, activities and/or projects to address the identified gaps between current services and needed services. Mr. Fletcher said a regional meeting was held on July 31, 2013. During that meeting service gaps and needs in the region were identified. There was also a discussion on what had been done well in the last five years and what could be done better. The meeting participants developed and approved transportation plan goals. Mr. Fletcher said the regional strategies, activities and/or projects in the plan are broad based, however each county will also have a work plan included in the plan that will be more focused. Mr. Fletcher continued by reviewing the regional strategies developed. Mr. Fletcher said the plans are due to the Wisconsin Department of Transportation by December 23rd and he would be submitting the plan within the week. He said the entire plan will be available on the MRRPC's website at www.mrrpc.com.

Decision on Request of Administrative Assistant to Reduce Work Week from 40 Hours to 32 Hours in 2014

Director Flogstad said the Administrative Assistant has requested to reduce her work week to 32 hours weekly/64 hours biweekly in 2014. This change should not significantly affect the day-to-day operations of the MRRPC and will save the MRRPC over \$7,000 annually. Chairman Savage asked for a motion on this request. Commissioner Leys made a motion to approve the MRRPC's Administrative Assistant's request and allow her to work 32 hours a week in 2014. Commissioner Nickelatti seconded the motion and it was approved unanimously.

2014 Bimonthly Meeting Location(s)

Mr. Flogstad said the MRRPC was recently contacted by staff of our former meeting location informing us they had a change in management and would no longer charge us for use of the meeting room. Mr. Flogstad said prices between the present and former locations are comparable. He said he wanted input from the Board on where we should hold commission meetings in 2014. Commissioner Barr mentioned the problem with electronic communication at the present location. After some discussion Commissioner Schroeder made a motion remain at the present location through the first half of 2014. The motion was seconded by Commissioner Ross and approved unanimously. The Board will revisit this issue after that time.

Commissioners Questions and Comments on Projects Listed in Written Staff Report

Chairman Savage asked about item 13a, the Regional Revolving Loan Fund Initiative with State HUD Community Development Block Grant Funds. Mr. Law said Wisconsin Department of Administration announced it would be taking over the regionalization from the Wisconsin Economic Development Corporation. DOA had some questions and concerns about the local control mechanism. He said HUD interpreted the regulations differently. Mr. Law said he hopes the process will move forward and they will be meeting in January to see if they can make the regional RLF work. Commissioner Jaekel asked what would be the earliest time period the regional RLF be implemented if everything goes well. Mr. Law said it would be months, because the fund would have to be incorporated, you would have to seat a board, and transfer all loan funds. Commissioner Schlesselman asked about the status of the regional comprehensive plan. Mr. Flogstad said the plan is about 45% done and needs to be completed in August.

Old Business and New Business

Chairman Savage asked if there was any old business, and then asked if there was any new business. Commissioner Ross said the Pierce County Economic Development Corporation would be meeting December 19th to talk about a new Director. Chairman Savage asked if there was any further discussion, hearing none, a motion was made to adjourn.

