



**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., April 9, 2014

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. Guests: Paul Wydeven, WI-DOT SW Region; Dan Baumann, WI-DNR, West Central Region; Scott Bolstad representing Senator Ron Johnson. The attendance roster is attached.

Minutes of February 12, 2014 Bimonthly Meeting

Chairman Savage asked for a motion to approve the February 12, 2014 bimonthly minutes. Commissioner Ehrsam made a motion to approve the minutes; the motion was seconded by Commissioner Barr to accept the February 12, 2014 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 January 31, 2014 balance in all MRRPC accounts was \$261,237.24 and the February 28, 2014 ending balance was \$301,604.45. Ms. Burke reported that the beginning balance in February 28, 2014 was \$301,604.45 and the balance as of March 31, 2014 was \$290,072.29.

Ms. Burke referred everyone to the Mississippi River Regional Planning Commission Business Revolving Loan Fund report for the period of February 2014 through March 2014. She said the report shows all activity in the business revolving loan funds since the last bimonthly meeting. Ms. Burke said the Business Capital Fund began with a February 1, 2014 balance of \$249,478.04. Activity from February 1, 2014 through March 31, 2014 included loan repayments of \$13,279.36, interest earned of \$83.05 and administrative expenses of \$2,077 leaving a March 31, 2014 balance of \$260,763.55. Ms. Burke said the Business Capital Fund Sequester Account began with a February 1, 2014 balance of \$301,492.05. Activity from February 1, 2014 through March 31, 2014 included interest earned of \$111.55 leaving a March 31, 2014 balance of \$301,603.60.

Ms. Burke said the Business Capital Fund 2 began with a February 1, 2014 balance of \$60,624.74. Activity from February 1, 2014 through March 31, 2014 included loan repayments of \$953.62 and interest earned of \$19.73 leaving a March 31, 2014 balance of \$61,598.09. Ms. Burke said the Business Capital Fund 2 Sequester Account began with a February 1, 2014 balance of 151,582.72 and explained that activity from February 1, 2014 through March 31, 2014 included interest earned of \$56.45 leaving a March 31, 2014 balance of \$152,639.17.

Ms. Burke said the CMV Growth Development Fund began with a February 1, 2014 balance of \$38,140.88. Activity from February 1, 2014 through March 31, 2014 included loan repayments of \$528.50 and interest earned of \$5.88 leaving a March 31, 2014 balance of \$38,665.26. Ms. Burke said the CMV Growth Development Fund Sequester Account began with a February 1, 2014 balance of \$164,028.78 and said that activity from February 1, 2014 through March 31, 2014 included interest earned of \$25.17 and an interest payment of \$34.76 to the U.S. Treasury leaving a March 31, 2014 balance of \$164,019.19.

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*

The La Crosse County Economic Development Fund began with a February 1, 2014 balance of \$49,300.09 and activity from February 1, 2014 through March 31, 2014 included loan repayments of \$1,850 and interest earned of \$15.68 leaving a March 31, 2014 balance of \$51,165.77. Ms. Burke said the La Crosse County Economic Development Fund Sequester Account began with a February 1, 2014 balance of \$69,030.37. Activity in this account from February 1, 2014 through March 31, 2014 included interest earned of \$22.31 and an interest payment of \$28.90 to the U.S. Treasury leaving a March 31, 2014 balance of \$69,033.78.

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

Mr. Law reported there were no new RLF applications since the last bimonthly meeting. He stated he has had several inquiries typically for smaller amounts. He said this is a good sign of growing business activity. Commission Jaekel asked what the typical interest rate is. Mr. Law said the typically interest rate is about 4%. He explained the minimum interest rate guidelines set in the RLF administrative plans. Mr. Flogstad reported the La Crosse County Business Fund approved a \$20,000 loan at the February bimonthly meeting; he said the loan should be closed next month.

Decision on 2013 Mississippi River Regional Planning Commission Audit – Presentation by Mike Temp, CPA of Tostrud and Temp S.C.

Mr. Flogstad introduced Mike Temp of Tostrud and Temp S.C. Mr. Temp said referred to the 2013 Financial Statements and Independent Auditors report for the Mississippi River Regional Planning Commission (MRRPC). Mr. Temp said there were no significant findings found when preparing the audit and there were no disagreements with management. He referenced the opinion on page 5 of the audit that states "In our opinion, the financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the Mississippi River Regional Planning Commission as of December 31, 2013, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended, in conformance with accounting principles generally accepted in the United States of America". Mr. Temp said page 10 of the audit is the Financial Statement of Activities using full accrual basis taking into account all assets, all liabilities and change in net position. He said this statement shows a -\$17,327 change in net position for the MRRPC as of 12/31/13. He said page 13 "Statement of Revenues, Expenditures, and Changes in Fund Balance – Government Funds" of the audit, a different accounting method, shows a loss of \$15,629 for 2013. Mr. Temp explained the differences and referred to page 14 where the differences were accounted for.

Mr. Temp then reviewed the Combined Statement of Revenues, Expenditures, and Changes in Net Position for the Revolving Loan the MRRPC administers. He discussed the Custodial Credit Risk for the MRRPC explaining the MRRPC currently has some deposits with financial institutions in excess of federal depository insurance limits. He said if a bank folds, this money is potentially at risk. Mr. Temp mentioned some solutions to alleviate this risk. Commissioner Jaekel asked if MRRPC funds were spread among several banks. Mr. Flogstad said they were. Commissioner Twidt said some banks offer collateralizations. Mr. Flogstad said he has checked on that but the bank was not able offer collateralization; however, the bank would provide access to their financial statements etc. showing the bank's status. Mr. Temp said there is a State Guarantee Fund that can cover up to \$400,000 if a bank fails but the fund is limited. Mr. Flogstad said the MRRPC account balances fluctuate throughout the year.

Mr. Temp said page 31 of the audit provides a comparison of what was budgeted and what actually occurred. Pages 33-36 provide the audit show revenues and expenditures for various grants. Mr. Temp said page 38 of the audit is a statement of indirect costs. He explained that indirect costs are audited annually at the end of the year and adjustments are made to reflect what actually occurred. He said pages 39-46 provide additional information on the revolving loan funds administered by the MRRPC. Mr. Temp said no issues were found with MRRPC internal controls or compliance with grants. Commissioner Borreson questioned the different accounting methods. Mr. Temp explained the differences. Commissioner Borreson asked about the differences between the accounting methods. Mr. Temp said full accrual is where income is included as revenue when the work is completed even if the revenue hasn't been collected. Commissioner Barr questioned the difference in the budgeted indirect rate and the actual rate. Mr. Temp said each year the indirect rate has to be adjusted to what the indirect charges actually reflected. Commissioner Barr asked if this happens every year. Mr. Temp responded that it occurs each year and its part of the process. There was some more discussion on the indirect rate. Chairman Savage asked for a motion to approve the audit. Commissioner Burke made a motion to approve the 2013 MRRPC Financial Statements and

Independent Auditor's Report as presented, and Commissioner Nickelatti seconded the motion. Chairman Savage asked if there was any further discussion and the motion as approved unanimously.

Decision on Executive and Administration Committee's Recommendations on 2014 Staff Salary Adjustments and 2015 County Contributions

Secretary-Treasurer Burke said the Executive and Administration Committee met in Alma on March 27th. She said she would be presenting two recommendations that came out of that meeting. The first recommendation from the Executive and Administration Committee was that effective July 1, 2014 all staff receive a 2% salary increase. The second recommendation was to freeze the 2015 county contribution rate at the 2014 level. Chairman Savage asked if there was any discussion on the recommendations made. Hearing none, he asked for a motion to approve the recommendations presented by the Executive and Administration Committee. Commission Purdy made a motion that all MRRPC staff receive a 2% increase effective July 1, 2014. The motion was seconded by Commission Borreson and approved unanimously. Commissioner Barr then made a motion that the 2015 County Contribution rate be frozen at the 2014 rate. Commissioner Borreson seconded the motion and it was approved unanimously.

Decision on Contract Between Trempealeau County and the MRRPC to Update the County's Farmland Preservation Plan

Mr. Fletcher said the MRRPC assisted Trempealeau County with a grant application to the Wisconsin Department of Agriculture, Trade and Consumer Protection for funding to update the county's farmland preservation plan. He said the farmland preservation program is one component of the Working Lands Initiative signed into law in 2009. He presented a contract whereby Trempealeau County secures the planning services of the MRRPC for the purpose of updating Trempealeau County's Farmland Preservation Plan. He said the County applied for an extension to prepare the plan and the extension was approved. Chairman Savage asked for a motion to approve the contract. Commissioner Borreson made a motion to approve the contract between Trempealeau County and the MRRPC for the purpose of updating Trempealeau County's Farmland Preservation Program. The motion was seconded by Commissioner Baecker and approved unanimously. There was some discussion on how many farmers actually participate in the farmland preservation program and the established ag zones in the County. Commissioner Schroeder said the Land Use Value Law has changed things.

Decision on Contract with Village of Cashton (Monroe County) to Develop a Downtown revitalization and Highway 33 Corridor Plan

Mr. Fletcher presented a contract between the Village of Cashton in Monroe County and the MRRPC to secure the planning services of the MRRPC to develop a Downtown Revitalization and Highway Corridor 33 Plan. He said staff will be working under the direction of the Village and will be meeting with village businesses as part of the process. He said the plan will assist in revitalization of the village and should be completed in one year. Commissioner Ross said the Wisconsin Department of Tourism has some free tools that may be worth tapping in to. Chairman Savage asked for a motion on the contract. Commissioner Kuehn made a motion to approve the contract between the Village of Cashton and the MRRPC for the purpose of developing a Downtown Revitalization and Highway 33 Corridor Plan. Commissioner Neubauer seconded the motion and it was approved unanimously.

State of Region Report – Presentation on 2014 Update to Mississippi River Region's Comprehensive Economic Development Strategy (CEDS)

Mr. Law said annually the MRRPC is required to update their Comprehensive Economic Development Strategy Report (CEDS). He said the MRRPC has been an Economic Development District by the Economic Development Administration (EDA), since 1977. He explained this designation makes the Region eligible for grant funds from EDA. Examples of EDA funded projects in the region include construction of the La Crosse Convention Center and parking garage, and many industrial parks throughout the region.

Mr. Law presented highlights of the updated 2014 CEDS. He said since 2000 the region's population has grown faster than the state but slower than nation with the greatest growth occurring in Pierce County. Housing growth has slowed since the early 2000's but from 2008 to 2013 the region has added housing at a rate faster than nation, but lower than the state. Pepin County has the highest rate of growth from 2008-2013, and Crawford County lost housing units during this period. Mr. Law said the Great Recession that began in December of 2007 and ended in July 2009 had a major impact on the growth of new housing.

Mr. Law said the Region, state, and nation have been growing in per capita income since 2009, but the Region's rate of growth (12.6%) is higher than the state's (9.8%) or the nation's (11.1%). When adjusted for inflation, the Region's per capita income grew at

a rate of 6.1% from 2008 to 2012 higher than the state (2.0%) and the nation (0.3%). Despite the gap between the Region's income and the state's, the Region's income has proven more stable during the Great Recession. Commissioner Borreson asked if per capita income included benefits. Mr. Law said he wasn't sure. Commissioner Schroeder commented that if farmers were included the last couple of years that could skew income numbers.

Mr. Law said another way to get a picture of how the Region is faring is to look at median household income. He said because it's a median, it reduces the skewing effect of high and low outliers eliminating the downward pressure on per capita income created by households with many non-earners. Since 2000, median household income in the Region has grown at a rate of (26.9%), higher than the state (20.2%) and the nation (26.3%), however, when adjusted for inflation median household income declined in the Region, state, and nation from 2000 to 2012. During this period the Region's median household income declined at a rate of (-4.8%), state (-9.9%) and the nation (-5.3%). Mr. Law said some studies have pointed out that declining incomes extend as far back as the early 1970s. Commissioner Leys mentioned retirees and questioned how they affected things. More discussion occurred on the region's income in comparison to the state and nation. Commissioner Leys commented people are just used to making less money in our region. Mr. Law said were 870 fewer unemployed people in the Region in 2012 than in 2011 and 476 fewer people in the workforce.

Mr. Law said the manufacturing sector is second-highest employment sector in the Region, and is 1st or 2nd in four of the Region's counties. From 2009 to 2012, the region's manufacturing employment grew by 8.4%, compared to 4.4% in the state and 0.9% in the nation. Mr. Law said this is cautiously positive data but it is too early to tell yet if American manufacturing is seeing a resurgence; two years of positive numbers does not make a trend. Mr. Law said the top employment sectors in the region are Manufacturing, Government, and Health Care and Social Assistance. He said there are 4 employment sectors in the Region that overlap with the highest-paying sectors and manufacturing is highest of those overlapping sectors.

Mr. Law said the Region has lost 0.1% of equalized value from 2008 to 2013, compared to a loss of 11.4% for the state during that period. Mr. Law said most counties saw an increase in sales tax from 2008-2013; Trempealeau Co. had an increase of 17.8%. Mr. Law said from 2008 to 2013, the Region gained tax revenue of \$1,547,000, an increase of 7.6% and the state gained 6.5%. He said regional trends are that population, housing, and per capita income, manufacturing employment, and sales tax revenues have been increasing, and median household income and unemployment have been decreasing.

Commissioner Murray commented that keeping students is a problem and brain drain is an issue. Commissioner Schlesselman said we are falling behind in education. Mr. Law said the type of manufacturing today is a field that requires educated workers and there has been a lot of emphasis on strengthening technical colleges and vocational training. Commissioner Leys said we need to look at what they are doing in Germany. Mr. Law briefly discussed the problem of attracting workers to the manufacturing sectors. He said one issue is in the last few decades there have been lots of layoffs in this sector. He said there is the same challenge in other employment sectors but manufacturing is typically thought of as an old industry. Mr. Schlesselman said job growth is a problem and is not sustainable without an educated workforce. Mr. Law said almost every technology is outdated in 18 months. Mr. Law said that Wisconsin, Minnesota, and Iowa are typically at the top as far as quality education. Mr. Savage questioned the growth in equalized value in the region and how much is due to change in market value versus actual building. Commissioner Murray commented that people are building 1.5 million dollar homes in Pepin County. Commissioner Kuhn said sales tax revenue has continually increased in Monroe County but this past year there was a downward trend. He said he thought one reason for this is declining car sales. Mr. Bonifas said people buying off the Internet may be another reason for the decline.

Presentation on Nine County Mississippi River Region Household Heating Savings and Economic Development Benefits if 20% of Households Switched from Propane, Heating Oil, or Electricity to Wood Pellets as a Heat Source

Mr. Flogstad said the Kickapoo Valley Solid Biofuel and Wood Product Feasibility Study is complete. He explained that SEH did some number crunching on heating fuel prices by fuel type. Mr. Flogstad said these numbers were recalculated for the MRRPC's nine counties and the impact of switching to wood pellets from fossil fuels was analyzed. Mr. Flogstad reviewed the calculations and results of potential household heat savings and economic development benefits from 20% of Households in the region switching to wood pellets. The results showed that if 20% of the region's households switched from propane, heating oil or electricity to using wood pellets there would be an estimated savings to consumers of \$8 million creating an induced pellet demand of 456,776 tons. Economic benefits could include an additional 82 jobs in the region and \$2,564,502 in additional earnings. There was some discussion on fuel prices and how the calculations were made. Commissioner Jaekel asked how long it would take to pay for the cost of a pellet stove through potential savings. Mr. Flogstad said it would take about 2 years based on October 2013 prices. Commissioner Carney mentioned geo-thermal heating. He said his home uses a geo-thermal system with pellets for back-up.

Commissioner Christenson said he thought the comparison to electricity may not be valid because of high efficiency geo-thermal heating systems. Commissioner Barr asked about recommendations from the plan. Mr. Flogstad commented that there are economic benefits from households switching to wood pellets from fossil fuels and at the same time using underutilized forest resources in the region. The study encourages pilot projects to promote the benefits of heating with biomass suggesting a smaller pellet plant is more feasible. Commissioner Barr said this has been a good winter to promote the idea of using pellets with the high costs of propane etc. Mr. Flogstad said pellets are an economic option for households to look at. Commissioner Schlesselman commented the bio-fuel study was an excellent report and he will be promoting the report. He said the report will be a useful tool. Dan Bauman, WI-DNR said this could help the timber industry by utilizing trees that don't have a market. It could open up more opportunities for undesirable wood products. There was some discussion on the permitting of a plant and environmental regulations. Commissioner Schlesselman commented pellet stoves burn with high efficiency.

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

Mr. Fletcher said the commuter bus has been running for 16 months. He said ridership numbers have been increasing. Mr. Fletcher said in 2014 federal funding for the bus service was reduced by 10%. Because of this reduction in funding we had to look at all routes and reduce service hours on underutilized routes. Mr. Fletcher explained service was reduced on underutilized routes and added to routes used the most. Commissioner Nickelatti commented that highway 35 bus route is very heavily used.

Mr. Fletcher said the Wisconsin Department of Transportation is holding meetings around the State. He said these meetings are part of the initiative "Transportation Moves Wisconsin", an effort to help provide a vision for transportation in the state. He said people have an opportunity to provide comments on how they use transportation. The website for Transportation Moves Wisconsin is <http://www.dot.wisconsin.gov/about/tmw/getinvolved.htm>.

Commissioners Questions and Comments on Projects Listed in Written Staff Report

Chairman Savage asked if anyone had any comments or questions on the projects listed in the staff report.

Old Business and New Business

Chairman Savage said at the June annual meeting there will be an election to fill the Chairman, Vice-Chairman, and Secretary-Treasurer offices for the Commission. He appointed a nominating Committee of Ron Carney, Mike Murray and Jim Ehram. Mr. Savage said if anyone has any nominations to contact the members of the nominating committee.

Commissioner Ross said he wanted to welcome Bill Schroeder back to the Pierce County Board. Chairman Savage asked if there was any further discussion, hearing none, a motion was made and seconded and unanimously approved to adjourn.

Vicki Burke, Secretary-Treasurer