

ST. CLOUD HOUSING AND REDEVELOPMENT AUTHORITY

STUDY SESSION

Wednesday, June 17, 2009

St. Cloud HRA Boardroom
1225 W. St. Germain Street, St. Cloud, MN

Chair Nancy Gohman called the study session to order at 12:02 p.m. Roll call was taken and all Commissioners were present: Nancy Gohman, George Hontos, Joan Jaye, Bob Johnson, Mike Landy, John Pederson and Peter Ruth. Present as legal counsel, Jerry Von Korff. Staff present: Executive Director Bruce Thielman; Finance Director Karen Rizer; Development Director Cliff Knettel; Housing Director Louise Reis; Community Development Manager Les Henson; and as record keeper, Administrative Services Manager Sandy Hunter.

The meeting was scheduled at the request of the Board to continue discussion from the Board meeting of May 27, 2009 regarding the movement of economic development from the HRA to the City. Bruce Thielman, Executive Director, said a meeting had been held Tuesday, June 16, 2009 with City staff, Mike Williams, Matt Glaesman and John Norman and HRA staff, Karen Rizer, Cliff Knettel and himself. He said at this meeting they were given a preview of the City's vision of what functions would transfer to the City and what would remain with the HRA. Mr. Thielman said the handout given to Board members at this meeting gives HRA staff reaction to this proposal, as well as, the suggested changes from the City Administration.

Chair Gohman questioned if the financial impact for both entities had been reviewed yet. Mr. Thielman responded it has not. Finance Director Karen Rizer added one impact would be an approximate \$300,000 change to the budget (City or HRA) for the addition/subtraction of three staff positions; she said this has not been figured in or out of either budget yet.

Commissioner Landy said the only way he could visualize comparing the current structure to a structure without the economic development would be to start with a zero budget. He said by doing this it would show the contrast of what each program is and how viable each program is to the community, as well as, the cost of each program. Commissioner Landy said a model would show the tasks removed as proposed by the City, what it would take to accomplish the remaining programs and then assign dollar amounts to each. Commissioner Pederson asked if the committee assigned to studying the projected new plan was still to be completed with their assignment by July 31, 2009. Mr. Thielman responded the date still holds. He said the committee has held two meetings and have three more scheduled prior to the City budget meeting in August. Ms. Rizer responded to Commissioner Landy's approach stating she had primarily done what he was requesting, but reversed it by coming in from the back end, showing the assets and liabilities and notes of what would stay or go. She said the model the Board is reviewing at this meeting still includes the CDBG program because she had just found out from the City this program would also be moved.

Commissioner Jaye questioned how the City envisions matching the expertise of the current HRA staff and how they feel they could do better with the 3 positions they anticipate adding to their staff to do so. Commissioner Landy said he did not have the answer for this, but at this time is only suggesting plugging in the numbers, not staff members, showing the most efficient and effective way to keep the agency viable.

Commissioner Hontos said his opinion that the current status quo of development should not continue. He said this topic has been brought up since he first came on the Board and it needs to change. Commissioner Hontos agreed with Commissioner Landy to present a zero budget and not look at the employees involved. He said he felt the plan proposed by City Administrator Mike Williams should be followed in presenting a new budget showing what the HRA would look like without the economic development. Commissioner Hontos said in this budget it should break down the priorities of each program; it should include details of how many staff would remain, the square footage needed for office space and cost, and the amount of the levy that would still be needed or if it would be needed. He said the needs and what is best for the community is what has to be addressed and the economic development has to become more effective to meet these needs.

Commissioner Johnson said he did not disagree with Commissioner Hontos; however, the original motion made back in February was to consider how the HRA could be doing better and to identify the problems. He said removing the development program from the HRA and taking it to the City is a huge leap from the original motion and was not what some Board members felt they were voting on at the time. Commissioner Johnson said he felt the process should step back, look at the core elements of the Agency, and what needed to change; what obstacles were preventing these changes, could it be done better by the HRA, or would it do better with the City. He said there is no analysis of the problems with it at the HRA.

Commissioner Jaye agreed with Commissioner Johnson and said she would like to see a new model for the Agency with a strategy for follow through. Commissioner Johnson responded he was not saying define a strategy for economic development, but rather, to define what the problem is that is trying to be solved. Commissioner Landy responded economic development is not proactive enough. Commissioner Jaye agreed and added there is always the question of who is leading the charge and who is promoting the economic development for the City.

Commissioner Hontos said he feels the change needs to start somewhere and the Mayor's task force should be allowed to run the charge they have been given and see what improvements they determine can do this. He said he, as well as others at the table, did not feel the economic development program should be placed under Planning at the City, however, at this time he felt it was up to the task force to make these recommendations.

Commissioner Pederson agreed with Commissioner Hontos. He said the Mayor is trusted in the community as a leader and community members will follow his decisions. Commissioner Pederson went back to the proposed zero budget of Commissioner Landy. He said a budget should be created showing what the Agency will look like without the development program.

Commissioner Landy said the CVB makes 100's of calls and provides names, dates and results of these calls. He said it was only recently The Partnership began doing this. Commissioner Ruth responded The Partnership meetings are open to everyone and have been if anyone is interested in what they are doing and wants to attend. Ms. Rizer said in speaking with City staff, they do not plan on making calls to prospects when the program is moved. Commissioner Johnson said this is why a new model is needed, along with structure and the leadership to make these changes and a way to measure their effectiveness. Commissioner Landy added that one thing everyone is looking at is how much money is being spent or could be saved. He said maybe not enough is being spent to make economic development successful and should also be considered.

Chair Gohman said the timing of this proposal is short; the recommendation of the task force to the Mayor is in 42 days from this date. She said since this Board has not been asked to participate in the decision, did members want to continue meeting to discuss it or wait for the outcome. Commissioner Hontos said as a Board they could come out with a public opinion of what they felt would be the best

move for the good of the City and the community. Mr. Von Korff responded the Board did have the right to state their position, but only City Council members would be allowed to vote on the final decision. Commissioner Hontos said as a City Council member he would expect to see a model of what the HRA would look like as a housing agency without economic development, and, what the City is going to do to convince the Council they will be able to do a better job with economic development than what is currently being done by the HRA.

Mr. Thielman asked for staff direction from the Board. Commissioner Hontos replied he would like the numbers refined and what to expect if the City takes the economic development and CDBG. He said with these numbers it should show how much levy will still be needed if any for the Agency to survive. Commissioner Landy added a new model should be created showing what would change in the Agency, including staffing, building space and other needs. Commissioner Pederson asked if there were any other housing agencies budgets that could be requested as a guide. Ms. Rizer responded they are all very different with many different programs so it would be difficult.

Mr. Thielman asked if the Board wanted another meeting scheduled for further discussion. Commissioner Jaye suggested for now, whoever could attend the task force meetings should do so, and everyone should keep up on the minutes from those meetings as they are published on the City website. She said if anyone strongly opposes any of the decisions being made they should make these objections known to the task force. Chair Gohman said since the regular Board meeting is June 24 another meeting could wait.

There being no other questions or comments, the meeting closed 1:50 p.m.

ATTEST:

Chair, Nancy Gohman

Secretary, George Hontos