



TERRY MOULTON



WISCONSIN STATE SENATOR

23RD SENATE DISTRICT

From: Senator Terry Moulton
To: Senate Committee on Ag, Small Business & Tourism
Re: Testimony on Senate Bill 727
Relating to: the creation of a local exposition district by the City of Superior or the City of Eau Claire
Date: January 30, 2018

Thank you Vice-Chairman Tiffany and members for allowing me to testify on Senate Bill 727 this afternoon. Thank you also to Senator Bewley for working with me on this important piece of legislation.

The goal of SB727 is to provide the City of Superior and the City of Eau Claire with new tools to help them spur economic development and tourism in their communities and to do this without any state assistance. Under the bill, an exposition district created by the City of Superior or the City of Eau Claire may impose and collect a food and beverage tax, and may impose and collect a room tax at a maximum rate of 2 percent.

In order for this tax to be imposed, it must be approved by local voters in a spring or fall general election referendum. Superior voters already voted overwhelmingly to support this concept in November 2016 after a local campaign explained the development that could occur and the additional taxes that would be necessary to support the district.

The City of Eau Claire must still decide whether to pursue their own exposition district. If that happens, local voters will then have the opportunity to approve or deny the proposal via a city-wide referendum.

SB727 is intended to help support economic development in Western and Northern Wisconsin. While I expect there will be concerns from some as to whether this is the best approach to that goal, I look forward to beginning that discussion through today's public hearing.

Serving the 23rd Senate District



SENATOR JANET BEWLEY

WISCONSIN STATE SENATE

**Senate Committee on Agriculture, Small Business and Tourism
Public Hearing on Senate Bill 727
January 30, 2018**

Senator Tiffany and Committee Members,

Thank you for this opportunity to speak to you about Senate Bill 727 which would allow two smaller cities to make use of an economic development tool currently available only to the City of Milwaukee. Overwhelmingly supported by Douglas County voters just over a year ago, this plan would allow both Superior and Eau Claire to establish Exposition Districts to spur economic growth, attract new businesses and tourism and add to the job opportunities for local residents.

We are all aware of the enormous commitment the state made to another development in Southeast Wisconsin last fall. Our proposal will allow the people of our communities to tap into the tremendous tourism and business potential of Northwestern Wisconsin to both spur and support economic development. Under the bill, a district created by the City of Superior or the City of Eau Claire may collect a .5 percent food and beverage tax, and may collect a room tax at a maximum rate of 2 percent.

Those resources would support development projects that increase visitors and spending in our cities. Importantly, the bill also gives voters the ultimate say because the exposition district can only be created if approved by a referendum on either the spring or fall general election ballot.

After the overwhelming support the BetterCity Superior Initiative received in 2016 (nearly 80% support in a high-turnout election) Rep. Nick Milroy and I pledged to reach across the aisle and craft separate legislation if the proposal was not included in the state budget. I am proud to be working with Senator Moulton on this and believe that the list of co-authors demonstrates that we can work in a bipartisan manner to bring resources and opportunities to Northwestern Wisconsin.

It is time to use the Exposition District model in ways that make sense for other parts of the state. Smaller cities should have access to the same economic tools as larger cities like Milwaukee. We can finish the 2017-18 session by rewarding the hard work of business leaders, economic development experts and citizens, many of who you will be hearing from today.

Thank you once again for giving me the opportunity to testify and I would be happy to answer any questions you may have.



25th Senate District

State Capitol: P.O. Box 7882, Madison, WI 53707-7882 ★ E-mail: sen.bewley@legis.wi.gov
Web: <http://bewley.senate.wi.gov> ★ (608) 266-3510 ★ Toll-free: (800) 469-6562



Testimony in Support of Senate Bill 727 **January 30, 2018**

Thank you Chairman Moulton and Committee Members,

I had every intention to appear before you today to testify in support of Senate Bill 727, but illness kept me from making the trek to Madison. Please accept this written testimony.

The Cities of Superior and Eau Claire are in a unique situation. Both cities are within a stone's throw of much larger metropolitan areas and are primed to capitalize on the massive and growing tourism industry that migrates from the Twin Cities metropolitan center. This migration often heads north to Duluth and along the north shore of Minnesota. The City of Duluth collects over 10 million dollars in tourism tax revenue annually with a food and beverage tax of nearly 11 percent from its over 3.5 million visitors. Restaurants are thriving in Duluth while they continue to struggle in Superior.

The exposition district authority that we are requesting would allow us to increase our food and beverage tax by half-a-percent, raising it to 6%, and increase the lodging tax by 2% (versus Duluth's 6.5%). Private investors have built two brand new high-end hotels in Duluth in recent years, the latest being an investment of \$32 million. Much of the exposition district consumption tax would be paid for by out-of-state visitors and would be reinvested locally.

The plan for the City of Superior is to revitalize a blighted area of our downtown and building an exposition center with a public/private partnership. Without the exposition district authority, we have no way of acquiring the property and investing in the infrastructure that will spur this massive private economic development.

Superior has seen millions of dollars of reinvestment in its downtown that was initially spurred by the redevelopment of our main street by the State of Wisconsin. The beautiful thing about the exposition authority is that we are not asking the state for a single dime. This effort was spearheaded by the local business community and has been in the works for more than 5 years. It has gained the support of business groups throughout the state and the voters of Superior have already overwhelmingly approved, by more than 75 percent, this concept through a city-wide referendum where voter turnout was over 80 percent.

Now is the time to capitalize on the many investments that have already spurred smaller scale redevelopment in the City of Superior. The enactment of exposition district enabling legislation represents the future for our communities. Please help us, help ourselves.

Thank you for taking the time to listen to the individuals that traveled from northern Wisconsin to testify on behalf of Senate Bill 727. Feel free to contact me if you have any questions.

1/26/2018

Bruce:

Has anyone considered the difference in terms of sales volume for current Superior Hotels after the proposed \$125,000,000 projects are completed and 400,000 additional visitors hit town? If comparing before and after Expo legislation, using an old money theory, "Volume times zero = isn't much". Why worry about future room tax when your volume "isn't much now". I am not suggesting the existing hotels don't have sales, etc., however, as an opportunist, I would rather like the prospect of 400,000 additional potential rooms nights coming to town due to a cooperative state, city and local business effort, or in other words, seeing the big picture of a "Better City Superior".

Having nearly 50 years into the hotel business and having had operated hotels in Superior, I understand why the Wis. Hotel association opposes such a tax. It seems one sided to make hotels and or restaurants carry all the water. However, in the case of Superior, it desperately is in need of a commitment by "many", including hotels and restaurants to improving its public perception, a rejuvenation, renaissance or whatever you want to call it. If the tax collected is utilized, as I understand it, to create more potential reasons for people to like and visit Superior, that is what F&B and Room tax are for. How that is accomplished can be in the form of Special Saturday canoe races or building a new attractive town center, as proposed. That will cause F&B and Rooms to improve as well. If this tax is used for funding daily governmental expenditures or for propping up lost causes, old ideas that don't cash flow, then it's a bad idea. A hotel owner wants to know this is going to cause more revenues for hotel and restaurants. If it does, the folks paying the tax will not complain, as its the destination they are concerned more about then the tax, "If", and this is important, the destination has to live up to the tax rate!

It is like the lion asking for a heart from OZ. Were knocking, will anyone answer the door? The good people want to compete in the world for talented individuals and future business. They have the right to do so. Those opposed to this bold initiative to help Superior become a better city can go fight against expo in other towns, like Green Bay, Madison or any number of other Wisconsin towns that have it made in comparison to Superior. Superior should not be made to suffer and kept away from what much of Wisconsin enjoys, a prosperous economy and upgrading living standards.

I would ask that everyone consider the possibilities, see the big picture for Superior. A no vote keeps Superior hoping and praying for a better city. A yes vote puts money, people, and business into action. The benefit being, the old "soup town" perception will begin to change to "A better City".

Rockie Kavajecz

January 28, 2018

My name is Allen M. Raffetto. My wife and I have resided in Douglas County for the past 15 years. I was born and raised in San Francisco, (back then *the* anchor city for the northern half of the state's reputation) and moved to Wisconsin from California in 1969, almost 50 years ago. For our first 35 in Wisconsin we lived and worked in Rock and Dane counties. So, we've seen and know a few things about the lifestyle and attitudes at both ends of the state. So, what!

Here's what! It is amazingly easy to let stereotypes, fixed mindsets, biases and *unproductive* attitudes prevent progress that would benefit the entire state. And it will take the **entire** state to grow into the new-and-improved reputation that Wisconsin rightfully deserves. Any way you cut its size, the state is not large enough to thrive based on less than half the state's "image". For the state to thrive on reputation in the 21st century it will need more salient destinations than Madison, Milwaukee and Green Bay. There are many features to Superior and Douglas County that can make this area the fourth anchor point for distinguishing what Wisconsin is now and can be in the future. The Better City Superior Initiative (SB 727) will further enable that result.

I would ask you to consider the following questions:

- Without Superior as a strong, attractive anchor point on Wisconsin's "North Coast" how will this state go about making the case for Wisconsin's scenic "coastal" waters on Lake Superior as well as Lake Michigan?
- Because I'm keenly aware of the example of Oakland, CA, and how it still doesn't add to the positive attributes of California, I ask this question: If Superior is left to its own "devices" to struggle ahead on the power of depletable natural resources, then how successfully will Superior do in establishing a "destination city" reputation, a waypoint that benefits the entire state of Wisconsin?
- And finally: A powerful concept is that a state's most valuable resource is its people. Yet in many instances a state's population is sustained with the minimal energy deemed enough to "enable but not empower its human resource". If the legislature votes down SB 727, take another look at Wisconsin's population demographics and psychographics. Given those data, what will be the implications for the health and wellbeing of those of us who choose to live "Up North"?

With all due respect I urge you to pass SB 727. It will be an excellent investment with a fine return to the state.



July 27, 2017

Governor Scott Walker
Office of the Governor
Capitol
Room 115 E
Madison, WI 53702

Re: Superior Exposition District

Dear Governor Walker:

The City of Superior and Douglas County Wisconsin have been chosen as the ideal site for our partnership to build a state of the art 525-550 megawatt natural gas generation facility. This center will use flexible and efficient natural gas to enable the addition of more renewable energy resources such as wind and solar, and to deliver affordable and reliable power to consumers in our region. This project represents a \$700MM investment in Wisconsin, many hundreds of construction jobs and many good full time jobs. While our joint endeavor provides a huge lift we believe there is one additional tool that can further revitalize the Superior and Douglas County region and set in concert with a natural gas plant investment of this type is a need for a vibrant and growing community with a quality of life attractive to a long term quality workforce. The Superior Exposition District concept is an ideal mechanism to create an effective public/private partnership and a resulting new and attractive future for our citizens and businesses to thrive and grow for generations. Through growth we will broaden the tax base, reduce the disturbing high and rising per capita fixed taxation, create modern, desirable and affordable housing and close the cost of living disadvantage and quality of life gap relative to our border neighbor, Duluth, Minnesota.

The BetterCity Superior organization downtown plan and Exposition District public finance component has garnered broad support. It is supported by the private business community, government, local associations and foundations. Most importantly, residents in Superior supported it with a resounding 75.5% bi-partisan referendum question vote including, an 80% voter turnout last November.

We appreciate your willingness to work beyond your legislative district borders to provide the City of Superior with an economic development tool our voters, both Democrats and Republicans, overwhelmingly support. A sizable investment in a new state of the art natural gas facility plus securing Exposition District status would be a powerful one-two punch to lift Superior and Northwestern Wisconsin. We strongly support authorization of a Superior Exposition District in the current biannual state budget. Thank you for your strong leadership in making Wisconsin an attractive place to do business and on this strategic and community development matter.

Sincerely,
Dairyland Power Cooperative

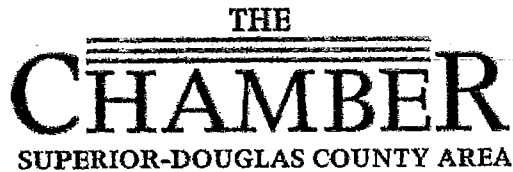
Barbara A. Nick
President & CEO

Superior Water, Light & Power

Deborah A. Amberg
President

ALLETE, Inc.

Alan R. Hodnik
Chairman, President & CEO



August 31, 2017

Senator Thomas Tiffany
Wisconsin State Senate
12th District, Room 409 South
P.O. Box 7882
Madison, WI 53707

Re: Superior Exposition District

Dear Senator Tiffany,

The undersigned organizations, representing two of the largest chambers of commerce in Northern Wisconsin, strongly urge you to support passage of the Superior Exposition District. When passed, we believe this district will broaden the tax base for the region, greatly increase the probability to attract desirable affordable housing development, allow Northwest Wisconsin to be more competitive in workforce attraction through quality of life, and at the end of the day strengthen Wisconsin overall.

Not only is Better City Superior and the creation of this Exposition District part of a very strategic plan lined up for success, but it is a shining example of a successful public/private partnership. With over seventy five percent community support in a fall 2016 election, dozens of organizations supporting it not only verbally but financially, and support from all industries of commerce, it is clear that this initiative is extremely well supported across the region. The leadership involved is exceptional and experienced. The project has been carefully thought through to the smallest detail, and has been well received across all demographics.

The Better City Superior Project and Exposition District is undoubtedly one of the most significant economic development projects to be proposed in recent decades and is instrumental for the success of Northwest Wisconsin. Rarely do we have the opportunity to spark the creation of new jobs, the improvement of a gateway community to Wisconsin, improving the quality of life for thousands of citizens and revitalizing a region. Better City and the Exposition District offer this spark. We respectfully ask that you vote to support this important legislation, as the creation of the Superior Exposition District is the crucial key in the future success of our region.

Sincerely,

A handwritten signature in black ink that reads "Taylor L. Pedersen".

Taylor L. Pedersen
Interim President & CEO
Superior Douglas County Area
Chamber of Commerce

A handwritten signature in black ink that reads "David W. Minor".

David W. Minor
President & CEO
Eau Claire Area
Chamber of Commerce



August 28, 2017

Speaker Robin Vos
State Capitol Room 211 West
Madison, WI 53708

Senator Alberta Darling
Joint Finance Committee Co-Chair
State Capitol Room 317 East
Madison, WI 53707-7882

Senator Luther Olsen
State Capitol Room 313 South
Madison, WI 53707-7882

Senator Sheila Harsdorf
State Capitol Room 122 South
Madison, WI 53707-7882

Senator Leah Vukmir
State Capitol Room 131 South
Madison, WI 53707-7882

Senator Thomas Tiffany
State Capitol Room 409 South
Madison, WI 53707-7882

Representative Amy Loudenbeck
State Capitol Room 306 East
Madison, WI 53708

Representative Dean Knudson
State Capitol Room 304 East
Madison, WI 53708

Representative Michael Schraa
State Capitol Room 320 East
Madison, WI 53708

Senate Majority Leader Scott Fitzgerald
State Capitol Room 211 South
Madison, WI 53707-7882

Representative John Nygren
Joint Finance Committee Co-Chair
State Capitol Room 309 East
Madison, WI 53708

Senator Howard Marklein
State Capitol Room 8 South
Madison, WI 53707

Senator Lena Taylor
State Capitol Room 19 South
Madison, WI 53707-7882

Senator Jon Erpenbach
State Capitol Room 104 South State
Madison, WI 53707-7882

Representative Mary Czaja
State Capitol Room 321 East
Madison, WI 53708

Representative Dale Kooyenga
State Capitol Room 324 East
Madison, WI 53708

Representative Chris Taylor
State Capitol Room 306
Madison, WI 53708

Representative Gordon Hintz
State Capitol Room 109 North
Madison, WI 53708

Legislative Leaders and Members of the Joint Finance Committee,

The Wisconsin Bankers Association, the state's largest financial industry trade association which represents nearly 250 commercial banks and savings institutions, their nearly 2,300 branch offices and 23,000 employees, strongly supports modification to the existing Exposition District statute, in the current biannual state budget, to allow smaller communities, such as Superior, to establish an Exposition District to facilitate large-scale developments.

In the case of Superior, this is critical to improving the area's future from a quality and workforce development standpoint. The Superior Exposition District idea is a perfect tool for creating an effective public/private partnership environment which will help fund the effort of improving local and state economic conditions.

Superior has lost approximately 16 percent of its population between 1960 and 2010. This tool will turn that trend around and help the Superior area attract new business and visitors which in turn increases the tax base boosting the local and state economy. It will create jobs and reduce unemployment. All of which is needed to return economic vibrancy to the area.

The BetterCity Superior organization downtown plan and Exposition District component has wide support. They have 20 unanimous resolutions of support from their local units of government and business and labor organizations. They also

ran a successful advisory referendum last November capturing 75.5% of an 82% voter turnout clearly evidence of bi-partisan citizen support.

Six market feasibility studies have been conducted in the area. Similar communities and their redevelopment projects have been analyzed and eight project strategies have been developed. This area is poised to actively pursue improving their businesses, communities, and local economies. Modifying the existing Exposition District legislation to allow smaller communities, such as Superior, to establish an Exposition District to facilitate large-scale developments is exactly the tool they need to get started.

If you have any questions or need additional information, please don't hesitate to contact me at ropoels@wisbank.com or 608-441-1205.

Sincerely,

Rose Oswald Poels
President/CEO

CC: Bruce Thompson
National Bank of Commerce
Superior, WI

TO: Members, Joint Committee on Finance
Assembly Speaker Robin Vos
Senate Majority Leader Scott Fitzgerald

FROM: Scott Manley, Senior Vice President of Government Relations

DATE: August 28, 2017

RE: Superior Exposition District

Wisconsin Manufacturers & Commerce (WMC) supports inclusion of language in the 2017-2019 biennial budget to allow the City of Superior to create an Exposition District. We respectfully request that you support this proposal.

Since 1960, Superior has lost nearly 16 percent of its population while its neighbor Duluth, Minnesota continues to grow and prosper. The Exposition District would allow Superior the opportunity to generate revenue from tourists and others who utilize the hospitality industry to fund local development projects that would increase tourism and business activity.

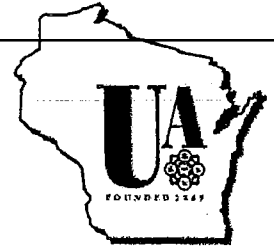
During November 2016 election, 82 percent of eligible voters in Superior casting voted – it was an extremely high turnout. Of those who voted, 75.5 percent voted in favor of a local exposition district tax on food, beverages, lodging and rental cars.

Although WMC generally opposes the imposition of higher taxes and adding to what is already an unacceptably high tax burden on Wisconsinites, the taxpayers of Superior have sent a strong and clear message at the ballot box that they support imposing this tax upon themselves. In addition, the Superior Exposition District is supported by the local business community, public entities, government, local foundations and associations in the area.

For these reasons, WMC respectfully asks that you support the authorization of a Superior Exposition District in the current biennial state budget.

WISCONSIN PIPE TRADES ASSOCIATION

11175 West Parkland Avenue • Milwaukee, WI 53224-3135 • OFC: (414) 359-1310 • FAX (414) 359-1323



UA Affiliated
Unions:

Fox Valley
No. 400

Milwaukee-Madison
No. 75
No. 601

Milwaukee
No. 183

Northwest
No. 434

Racine-Kenosha
No. 118

Superior-Duluth
No. 11

Local 669
District 15
District 31

Toll Free
888-248-3392

Website
www.wipipetrades.org

Terry J Hayden
Wisconsin Pipe Trades Association
11175 West Parkland Avenue
Milwaukee, WI 53224

August 31, 2017

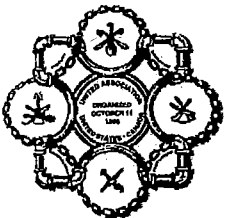
The Wisconsin Pipe Trades Association is supportive of initiatives which encourage development and grow Wisconsin's economy. The Better City Superior Exposition District is one of those initiatives.

Creating an exposition district allows an area to collect its own taxes on tourism-related spending such as food and beverage sales, lodging and rental cars. That money can then be used to fund tourism and entertainment related development projects such as stadiums, convention centers and movie theatres. The Superior Exposition District is a public/private initiative whose purpose is to redevelop downtown Superior. Its creation will result in additional construction jobs by encouraging investment and increasing tourism in the city.

The delegates at our 2016 WPTA State Convention unanimously passed a resolution in support of this exposition district. We hope that you will join us in supporting this initiative by including the Better City Superior Exposition District in the 2017-2019 Wisconsin State Budget.

Thank you,

Terry Hayden, President
Wisconsin Pipe Trades Association





Sheet Metal Workers' International Association Local Union #10

1681 East Cope Avenue Suite A
Maplewood, Minnesota 55109
Phone: 651-770-2388 | Fax: 651-770-8539
Website: www.smw10.org

August 30, 2017

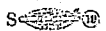
Sheet Metal Workers' Local #10 supports the Better City Superior Exposition District and asks you to support this as well. This initiative will help move business forward, grow our community and fuel our local and regional economy. The Exposition District is our chance to make a positive change in our community. We need your help.

Please include the Exposition District in the 2017-2019 budget. It is what our community wants and needs to grow and prosper.

Sincerely,

Jim Bowman, President
Sheet Metal Workers' Local #10

opeiu #12.



5238 Miller Trunk Highway • Duluth, MN 55811



Phone: 218.724.6576 • Fax: 218.724.8536

**North Central States Regional Council of Carpenters
Supports
Superior Exposition District**

North Central States Regional Council of Carpenters fully supports the mission for Superior, Wisconsin to grow and prosper by creating an Exposition District. Better City Superiors well thought out plan and with the continuing growth in tourism in the neighboring City of Duluth, Minnesota, we will be able draw in many more tourists. Exposition District will create new tourist attractions in City of Superior, Wisconsin, capture new tourist's dollars, keep current tourist dollars, create jobs, boost our economy, and stimulate pride in our community.

As a Representative of close to 700 local Carpenters, we would ask for your support on creating the Superior Exposition District.

Thank You,

Jeremy Browen
Business Representative
North Central States Regional Council of Carpenters

RESOLUTION # R15-13265

RESOLUTION INTRODUCED BY MAYOR BRUCE HAGEN ENDORSING BETTER CITIES—SUPERIOR’S LEGISLATIVE EFFORTS FOR THE CITY CENTER DISTRICT

WHEREAS, City of Superior desires to further economic development in the City by providing job opportunities for residents, reducing unemployment, preserving and stabilizing business activities within the City/County, expanding the tax base, encouraging tourism, and bringing needed capital into the City for the benefit and welfare of residents; and

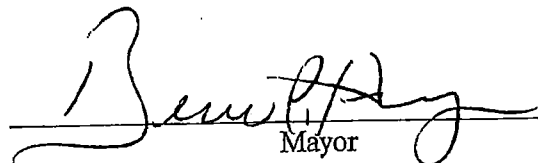
WHEREAS, the City of Superior has been actively involved in economic development in order to improve the economic well-being of its citizens; and

WHEREAS, the formation of a City Center District would provide a much needed economic development tool that will provide significant economic benefits to the community.

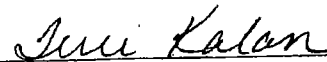
NOW, THEREFORE BE IT RESOLVED that the City of Superior endorses Better Cities---Superior’s State of Wisconsin legislative efforts to establish City Center District statutes.

Passed and adopted this 20th day of October, 2015.

Attest:



Mayor



City Clerk

**RESOLUTION #78-15
RESOLUTION BY THE DOUGLAS COUNTY BOARD OF
SUPERVISORS**

**Subject: Legislation Authorizing Formation of City Center
Districts Supported**

WHEREAS, Douglas County (the "County") desires to further economic development in Douglas County by providing job opportunities for residents, reducing unemployment, preserving and stabilizing business activities within the County, expanding the tax base, encouraging tourism, and bringing needed capital into the County for the benefit and welfare of residents, and

WHEREAS, the County has been actively involved in economic development in order to improve the economic well-being of its citizens, and

WHEREAS, the formation of a City Center District would provide a much needed economic development tool that will provide significant economic benefits to the County and its citizens.

NOW, THEREFORE, BE IT RESOLVED that the Douglas County Board of Supervisors approves the recommendation of the Land and Development Committee and adopts the following:

Douglas County shall:

1. Work with Better City Superior and other entities to secure State legislator support for legislation authorizing the formation of City Center Districts in downtown cores; and
2. Promote and support the formation of a City Center District in the downtown core of the City of Superior.

Dated this 15th day of October, 2015.

(Committee Action: Unanimous)
(Fiscal Note: None)

Roll Call		
District Number	Yes	No
1. Pomush		
2. White		
3. Finn		
4. Clark		
5. Baker		
6. Paine		
7. Glazman		
8. Robinson		
9. Jaques		
10. Quam		
11. Finendale		
12. Lear		
13. Allen		
14. Ryan		
15. Hendrickson		
16. Johnson		
17. Liebaert		
18. Anderson		
19. Mock		
20. Conley		
21. Bergman		
Roll: Ayes _____ Noes _____ Absent _____ Abstain _____ Passed _____ X _____ Lost _____ Refer _____ Amend _____ X _____ Other _____		
Rev. 01/15/2015		

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Roll: Ayes _____ Noes _____ Absent _____ Abstain _____ Passed _____ Lost _____ Refer _____ Amend _____ Other _____		
Rev. 01/15/2015		

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RESOLUTION BY THE LAND AND DEVELOPMENT
COMMITTEE**

**Subject: Legislation Authorizing Formation of City Center
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WHEREAS, the County has been actively involved in economic development in order to improve the economic well-being of its citizens, and

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(Fiscal Note: None)

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18. Anderson		
19. Mock		
20. Conley		
21. Bergman		

Roll:
 Ayes _____
 Noes _____
 Absent _____
 Abstain _____

Passed X
 Lost _____
 Refer _____
 Amend X
 Other _____

Rev. 01/15/2015

ACTION: Motion by Allen, second Jaques, to adopt. Bruce Thompson, City Center District representative, spoke on potential development. Revitalization of downtown Superior as a small market exposition district, development without public liability, a possibility. Motion by Allen, second Hendrickson, to amend and sponsor by County Board. Motion carried. Motion to adopt resolution as amended, carried.

STATE OF WISCONSIN)
)SS:
 COUNTY OF DOUGLAS)

I hereby certify that this resolution is a true and correct copy of a resolution adopted by the Douglas County Board of Supervisors on 10-15-15.

Susan T. Sandvick
 Susan T. Sandvick, County Clerk

RESOLUTION # R15-13265

RESOLUTION INTRODUCED BY MAYOR BRUCE HAGEN ENDORSING BETTER CITIES—SUPERIOR'S LEGISLATIVE EFFORTS FOR THE CITY CENTER DISTRICT

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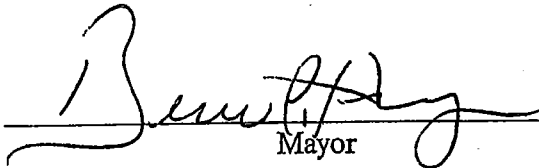
WHEREAS, the City of Superior has been actively involved in economic development in order to improve the economic well-being of its citizens; and

WHEREAS, the formation of a City Center District would provide a much needed economic development tool that will provide significant economic benefits to the community.

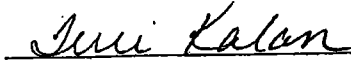
NOW, THEREFORE BE IT RESOLVED that the City of Superior endorses Better Cities---Superior's State of Wisconsin legislative efforts to establish City Center District statutes.

Passed and adopted this 20th day of October, 2015.

Attest:



Mayor



City Clerk



International Association of Bridge, Structural, Ornamental and Reinforcing Iron Workers

L O C A L U N I O N N O . 5 1 2 • A F L - C I O

Barry R. Davies
Business Manager-Financial Secretary
612-865-3101

Darrell Godbout
Business Agent
218-391-2295

Norm Voorhees
Vice President-Organizer
218-391-2296

December 18, 2015

LETTER OF SUPPORT BY
Ironworkers Local 512

SUBJECT: CITY CENTER DISTRICT

Ironworkers Local 512, supports further economic development in the City of Superior, Douglas County, providing job opportunities for residents, reducing unemployment, preserving and stabilizing business activities within the City of Superior, Douglas County, expanding the tax base, encouraging tourism and bringing needed capital into the City of Superior, Douglas County for the benefit and welfare of residents; and

As a member of the Northern Wisconsin Building and Construction Trades Council, Local 512 has been actively involved in such economic development, in order to improve the economic well-being not only of its members, and all members of the Northern Wisconsin Building and Construction Trades Council, but of all citizens of the region.

We believe the formation of a City Center District would provide a much needed economic development tool that will provide significant economic benefits to the City of Superior, Douglas County, the citizens and members of the NWBTC. Ironworkers Local 512 will work with the NWBTC, Better City of Superior and other entities to secure State legislator support for legislation authorizing the formation of City Center Districts in the downtown cores and promote and support the formation of a City Center District in the downtown core of the City of Superior.

Respectfully,

Barry R. Davies
Business Manager-Financial Secretary
Ironworkers Local 512

RESOLUTION

RESOLUTION BY THE SUPERIOR AREA ASSOCIATION OF REALTORS®,
INC

Subject: City Center District

WHEREAS, Superior Area Association of REALTORS, Inc. (the SAAR) desires to further economic development in Douglas County by providing job opportunities for residents, reducing unemployment, preserving and stabilizing business activities within Douglas County, expanding the tax base, encouraging tourism, and bringing needed capital into Douglas County for the benefit and welfare of residents; and

WHEREAS, the SAAR has been actively involved in economic development in order to improve the economic well-being of its members; and

WHEREAS, the formation of a City Center District would provide a much needed economic development tool that will provide significant economic benefits to the citizens;

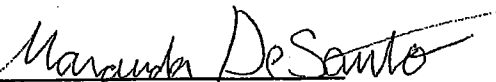
NOW, THEREFORE, BE IT RESOLVED that the SAAR shall: 1) work with Better City Superior and other entities to secure State legislator support for legislation authorizing the formation of City Center Districts in downtown cores; and 2) promote and support the formation of a City Center District in the downtown core of the City of Superior.

Passed and adopted this 16th day of December, 2015.

Approved this 16th day of December, 2015.



Maria Letsos, President
Superior Area Association of REALTORS®, Inc.

Attest: 

Maranda DeSanto, CEO
Superior Area Association of REALTORS®, Inc.

**NORTHERN WISCONSIN BUILDING &
CONSTRUCTION TRADES COUNCIL**

**P. O. BOX 577
SUPERIOR, WISCONSIN 54880-0577**

**NORM VOORHEES
PRESIDENT
(218) 391-2296**

**JEFF DAVEAU
VICE PRESIDENT
(218) 727-2199**

**JEREMY BROWEN
SECRETARY-TREASURER
(218) 349-4609**

RESOLUTION BY THE

Northern Wisconsin Building & Construction Trades Council

SUBJECT: City Center District


WHEREAS, the Northern Wisconsin Building & Construction Trades Council (the NWBTC) desires to further economic development in the City of Superior, Douglas County by providing job opportunities for residents, reducing unemployment, preserving and stabilizing business activities within the City of Superior, Douglas County, expanding the tax base, encouraging tourism, and bringing needed capital into the City of Superior, Douglas County for the benefit and welfare of residents; and

WHEREAS, the Northern Wisconsin Building and Construction Trades Council has been actively involved in economic development in order to improve the economic well-being of its citizens and members of the Northern Wisconsin Building and Construction Trades Council; and

WHEREAS, the formation of a City Center District would provide a much needed economic development tool that will provide significant economic benefits to the City of Superior, Douglas County, and the citizens and members of the NWBTC.

NOW, THEREFORE, BE IT RESOLVED that the NWBTC shall: 1) work with Better City Superior and other entities to secure State legislator support for legislation authorizing the formation of City Center Districts in the downtown cores; and 2) promote and support the formation of a City Center District in the downtown core of the City of Superior.

Passed and adopted this 16th day of December, 2015.



Authorized Signature

RESOLUTION BY THE UNIVERSITY OF WISCONSIN-SUPERIOR

Subject: City Center District

WHEREAS, the University of Wisconsin – Superior desires to further economic development in Superior by providing job opportunities for residents, reducing unemployment, preserving and stabilizing business activities within Superior, expanding the tax base, encouraging tourism, and bringing needed capital into Superior for the benefit and welfare of residents; and

WHEREAS, the University of Wisconsin - Superior has been actively involved in economic development in order to improve the economic well-being of its citizens; and

WHEREAS, the formation of a City Center District would provide a much needed economic development tool that will provide significant economic benefits to Superior and its citizens/members;

NOW, THEREFORE, BE IT RESOLVED that the University of Wisconsin – Superior shall: 1) work with Better City Superior and other entities to secure State legislator support for legislation authorizing the formation of City Center Districts in downtown cores; and 2) promote and support the formation of a City Center District in the downtown core of the City of Superior.

Passed and adopted this 21 day of October, 2015.

Approved this 21 day of October, 2015.


Authorized Signature

RESOLUTION NO. 16-04

RESOLUTION BY THE

Wisconsin Indianhead Technical College

Subject: City Center District

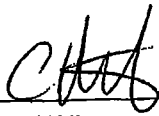
WHEREAS, The Wisconsin Indianhead Technical College, WITC, desires to further economic development in Superior & Douglas County by providing job opportunities for residents, reducing unemployment, preserving and stabilizing business activities within the Superior & Douglas County, expanding the tax base, encouraging tourism, and bringing needed capital into Superior & Douglas County for the benefit and welfare of residents; and

WHEREAS, WITC has been actively involved in economic development in order to improve the economic well-being of the regions served; and

WHEREAS, the formation of a City Center District would provide a much needed economic development tool that will provide significant economic benefits to the Superior & Douglas County Area;


NOW, THEREFORE, BE IT RESOLVED that WITC shall: 1) work with Better City Superior and other entities to secure State legislator support for legislation authorizing the formation of City Center Districts in downtown cores; and 2) promote and support the formation of a City Center District in the downtown core of the City of Superior.

Adopted and approved this 26th day of October 2015.

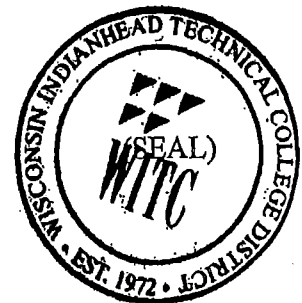


Chairperson

ATTEST:



Secretary



RESOLUTION #1

RESOLUTION BY THE SUPERIOR AMATEUR HOCKEY ASSOCIATION

Subject: City Center District


WHEREAS, the Superior Amateur Hockey Association ("SAHA") desires to further economic development in the City of Superior/County of Douglas by providing job opportunities for residents, reducing unemployment, preserving and stabilizing business activities within the City of Superior/County of Douglas, expanding the tax base, encouraging tourism, and bringing needed capital into the City of Superior/County of Douglas for the benefit and welfare of residents; and

WHEREAS, the formation of a City Center District would provide a much needed economic development tool that will provide significant economic benefits to the City of Superior/County of Douglas and its citizens;

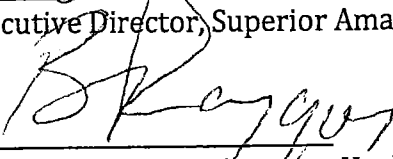
NOW, THEREFORE, BE IT RESOLVED that SAHA shall: 1) work with Better City Superior and other entities to secure State legislator support for legislation authorizing the formation of City Center Districts in downtown cores; and 2) promote and support the formation of a City Center District in the downtown core of the City of Superior.

Passed and adopted this 16 day of September, 2015.

Approved this 16 day of September, 2015.



Executive Director, Superior Amateur Hockey Association



President, Superior Amateur Hockey Association

RESOLUTION #1

RESOLUTION BY THE SUPERIOR BUSINESS IMPROVEMENT DISTRICT

Subject: City Center District

WHEREAS, Superior Business Improvement District (the "Superior BID") desires to further economic development in the City of Superior/Douglas County by providing job opportunities for residents, reducing unemployment, preserving and stabilizing business activities within the City of Superior/Douglas County, expanding the tax base, encouraging tourism, and bringing needed capital into the City of Superior/Douglas County for the benefit and welfare of residents; and

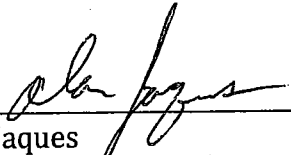
WHEREAS, the Superior Business Improvement District has been actively involved in economic development in order to improve the economic well-being of its citizens/members; and

WHEREAS, the formation of a City Center District would provide a much needed economic development tool that will provide significant economic benefits to the City of Superior/Douglas County and its citizens/members;

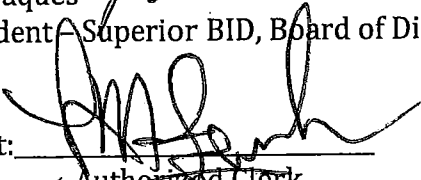
NOW, THEREFORE, BE IT RESOLVED that the Superior BID shall: 1) work with Better City Superior and other entities to secure State legislator support for legislation authorizing the formation of City Center Districts in downtown cores; and 2) promote and support the formation of a City Center District in the downtown core of the City of Superior.

Passed and adopted this 27 day of August, 2015.

Approved this 27 day of August, 2015.



Alan Jaques
President Superior BID, Board of Directors

Attest: 

Authorized Clerk
EXECUTIVE DIRECTOR

RESOLUTION #91515

RESOLUTION BY THE BOARD OF DIRECTORS

Subject: City Center District

WHEREAS, The Development Association of Superior and Douglas County, Wisconsin (the Development Association) desires to further economic development in the City of Superior, Douglas County by providing job opportunities for residents, reducing unemployment, preserving and stabilizing business activities within the City of Superior, Douglas County, expanding the tax base, encouraging tourism, and bringing needed capital into the City of Superior, Douglas County for the benefit and welfare of residents; and

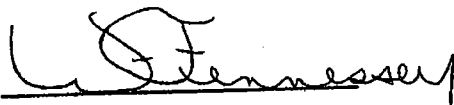
WHEREAS, the , The Development Association of Superior and Douglas County, Wisconsin has been actively involved in economic development in order to improve the economic well-being of its citizens and members; and

WHEREAS, the formation of a City Center District would provide a much needed economic development tool that will provide significant economic benefits to the City of Superior, Douglas County and its citizens and members;

NOW, THEREFORE, BE IT RESOLVED that the Development Association shall: 1) work with Better City Superior and other entities to secure State legislator support for legislation authorizing the formation of City Center Districts in downtown cores; and 2) promote and support the formation of a City Center District in the downtown core of the City of Superior.

Passed and adopted this 14th day of September, 2015.

Approved this 14th day of September, 2015.


President

Attest: 
Interim Executive Director

RESOLUTION #15-02

RESOLUTION BY THE SCHOOL DISTRICT OF SUPERIOR

Subject: City Center District

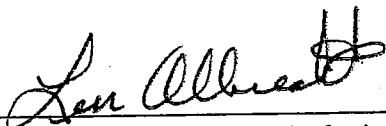
WHEREAS, School District of Superior (the School District) desires to further economic development in the City of Superior/Douglas County by providing job opportunities for residents, reducing unemployment, preserving and stabilizing business activities within the City of Superior/Douglas County, expanding the tax base, encouraging tourism, and bringing needed capital into the City of Superior/Douglas County for the benefit and welfare of residents; and

WHEREAS, the School District of Superior supports economic development in order to improve the economic well-being of its community, parents, staff and students; and

WHEREAS, the formation of a City Center District would provide a much needed economic development tool that will provide significant economic benefits to the City of Superior/Douglas County and the residents therein;

NOW, THEREFORE, BE IT RESOLVED that the School District shall: 1) work with Better City Superior and other entities to secure State legislator support for legislation authorizing the formation of City Center Districts in downtown cores; and 2) promote and support the formation of a City Center District in the downtown core of the City of Superior.

Approved this 13th day of October, 2015.



Len Albrecht, President, Board of Education

Steven Stupak by *Jean M. Ponen*

Steven Stupak, Clerk, Board of Education Deputy Clerk

RESOLUTION

RESOLUTION BY THE

Superior Douglas County Chamber of Commerce

Subject: City Center District

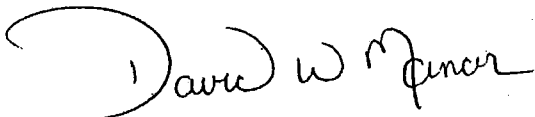
WHEREAS, The Superior Douglas County Chamber of Commerce, The Chamber, desires to further economic development in Superior & Douglas County by providing job opportunities for residents, reducing unemployment, preserving and stabilizing business activities within the Superior & Douglas County, expanding the tax base, encouraging tourism, and bringing needed capital into Superior & Douglas County for the benefit and welfare of residents; and

WHEREAS, The Chamber has been actively involved in economic development in order to improve the economic well-being of its members; and

WHEREAS, the formation of a City Center District would provide a much needed economic development tool that will provide significant economic benefits to the Superior & Douglas County Area;

NOW, THEREFORE, BE IT RESOLVED that The Chamber shall: 1) work with Better City Superior and other entities to secure State legislator support for legislation authorizing the formation of City Center Districts in downtown cores; and 2) promote and support the formation of a City Center District in the downtown core of the City of Superior.

Passed and adopted this 13th day of October, 2015.



President/CEO
The Chamber

Resolution of Support for Exposition District

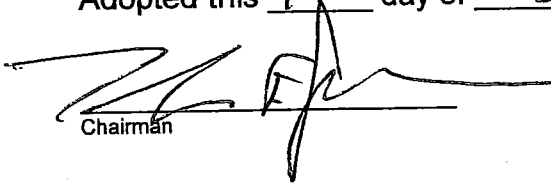
WHEREAS, Douglas County and the City of Superior do not have adequate facilities for conventions; and,

WHEREAS, further economic development in Douglas County and the City of Superior of a convention center would increase job opportunities for residents, improve business opportunities, bring needed capital for the benefit and welfare of residents, reduce unemployment; and,


WHEREAS, the formation of an Exposition District in Douglas County, the City of Superior, would provide a much needed economic development tool that will provide significant economic benefits to Douglas County and the City of Superior and residents:

NOW THEREFORE BE IT RESOLVED, that the Douglas County Unit of the Wisconsin Towns Association, at its July 19, 2016 meeting, does hereby support the formation of an Exposition District in Douglas County, the City of Superior, and will be included in and work with Better City Superior to secure legislative support authorizing such.

Adopted this 19th day of JULY, 2016.


Chairman

MOTION TO APPROVE RESOLUTION;
- TOWN OF ANNICKON
AND - TOWN OF LAKESIDE

MOTION CARRIED
7-19-16




**Superior Young
Professionals**

November 24th, 2015

Better City Superior Initiative

Attention: Bruce Thompson

Regarding: Letter of Support – Superior Young Professionals

Dear Bruce:

We appreciate the opportunity to work with you regarding the Better City Superior Initiative. While Superior Young Professionals does not have an official resolution process, however the Board has voted to approve our support of the Better City Superior Initiative. We feel that this initiative is an important opportunity to not only maintain, but attract Young Professionals to Superior, which is one of our primary goals within our organization. Please take this letter as our support, and commitment to assisting Better City Superior in the future. Do not hesitate to contact me if you should have any questions.

Sincerely,

Sean Tenerelli
Vice President
Superior Young Professionals

RESOLUTION # _____

RESOLUTION BY THE Kiwanis Club of Superior

Subject: City Center District

WHEREAS, Kiwanis Club of Superior desires to further economic development in the City of Superior and Douglas County by providing job opportunities for residents, reducing unemployment, preserving and stabilizing business activities within the City of Superior and Douglas County, expanding the tax base, encouraging tourism, and bringing needed capital into the City of Superior and Douglas County for the benefit and welfare of residents; and

WHEREAS, the Kiwanis Club of Superior has been actively involved in economic development in order to improve the economic well-being of its members; and

WHEREAS, the formation of a City Center District would provide a much needed economic development tool that will provide significant economic benefits to the City of Superior, Douglas County and our members;

NOW, THEREFORE, BE IT RESOLVED that the Kiwanis Club of Superior shall: 1) work with Better City Superior and other entities to secure State legislator support for legislation authorizing the formation of City Center Districts in downtown cores; and 2) promote and support the formation of a City Center District in the downtown core of the City of Superior.

Passed and adopted this 19th day of November, 2015.

Approved this 19th day of November, 2015.



Kiwanis Club Present

RESOLUTION # _____

RESOLUTION BY THE SUPERIOR NOON OPTIMIST CLUB

Subject: City Center District

WHEREAS, the Superior Noon Optimist Club (the "Optimist Club") desires to further economic development in the City of Superior by providing job opportunities for residents, reducing unemployment, preserving and stabilizing business activities within the City of Superior, expanding the tax base, encouraging tourism, and bringing needed capital into the City of Superior for the benefit and welfare of residents; and

WHEREAS, the Superior Noon Optimist Club has been actively involved in economic development in order to improve the economic well-being of its members and youth in the community; and

WHEREAS, the formation of a City Center District would provide a much needed economic development tool that will provide significant economic benefits to the City of Superior and its citizens;

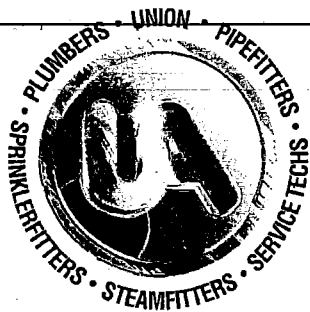
NOW, THEREFORE, BE IT RESOLVED that the Optimist Club shall:
1) work with Better City Superior and other entities to secure State legislator support for legislation authorizing the formation of City Center Districts in downtown cores; and 2) promote and support the formation of a City Center District in the downtown core of the City of Superior.

Passed and adopted this 5th day of October, 2016.

Approved this 11th day of May, 2016.



Kimberly D. Pearson
President, Superior Noon Optimist Club



Plumbers & Steamfitters Local #11

Zone 1	4402 Airpark Blvd	Duluth, MN 55811	Phone 218-727-2199	Fax: 218-727-2298
Zone 2	Heille Ridge Lane	Detroit Lakes MN 56501	Phone 218-847-3222	Fax 218-847-3020

To Whom It May Concern:

Local 11 has reviewed and fully endorsed the Better City Exposition District Referendum. Local 11 has brought a similar resolution of support of the needed legislative change to the Wisconsin State Pipe Trades and the Wisconsin State AFL-CIO conventions and both have endorsed the legislative change and both will be submitting it to the State Legislatures for them to act on.

This change will allow municipalities the ability to raise funds through bonding that does not raise the taxes of the local resident's properties and will basically self fund paying back through a use tax on hotels, car rentals and restaurants.

This would create jobs in the community, expand the draw of tourists to the area and bring in much needed revenue for all facets of the community.

Plumbers and Steamfitters Local 11 encourages everyone to vote yes on November 8th, 2016.

Local 11 represent 740 + members throughout Wisconsin and Minnesota.

In Solidarity

Jeff Daveau Sr.
Business Manager
Plumbers and Steamfitters Local 11
4402 Airpark Blvd
Duluth Minnesota 55811



SUPERIOR FEDERATION OF LABOR

A.F.L. - C.I.O.

P.O. BOX 1246
SUPERIOR, WI 54880

RESOLUTION FROM THE SUPERIOR FEDERATION OF LABOR IN SUPPORT OF AN EXPOSITION DISTRICT

WHEREAS, Superior is a small market community in Northwest Wisconsin that would benefit from an Exposition District in its effort to develop modern quality of life; attract and retain Millennials, Gen Xers, Baby Boomers and all generations; and, maintain and grow a workforce for current and future business needs. AARP magazines calls this concept an "Age-Friendly Community"; and,

WHEREAS, an Exposition District will contribute to attracting visitors, enhancing quality of life this community, and add vibrant activities in a concentrated area; and,

WHEREAS, Superior competes against Duluth, MN that has a variety of economic development tools, which includes tools like Exposition districts. This does place Superior at an economic disadvantage as it attempts to modernize and provide modern amenities that citizens and visitors both expect in a 21st Century community; and,

WHEREAS, an Exposition District created by the Wisconsin Legislature will create a locally funded economic development vehicle that will create exponential growth; and,

WHEREAS, Better City Superior has proposed a development of \$125 million public/private sector development that is leveraged by .05% Exposition District/County Wide food and beverage tax and an additional 3.5% hotel/motel tax; and,

WHEREAS, this legislation would enable Superior to leverage optional expenditures, generated through those taxes to provide foundational funding for a significant economic development project beneficial to local citizens and tourists; and,

WHEREAS, mixed use proposals like this Exposition District often include a variety of projects that meet the needs and desires of various age groups. Northwest Wisconsin and all of Wisconsin are concerned about brain drain when generations move to area that is seen as more desirable; and,

WHEREAS, Superior has taken three big hits recently: the closing of Target Store; the closing of the movie theatre; and, the impending closure of Kmart Store; and the community does need a competitive edge to attract new businesses to growth the area and compensate for those losses.

THEREFORE, Be It Resolved that the Superior Federation of Labor is strongly in favor of an Exposition District for Superior/Douglas County.

UNION YES 

RESOLUTION

Resolution by: The Joint Boards of Housing Board of Directors

Subject: **City Center District**

WHEREAS, the Joint Boards of Housing Board of Directors (the "Joint Boards of Housing") desires to further economic development in the City of Superior, Douglas County, State of Wisconsin by providing job opportunities for residents, reducing unemployment, preserving and stabilizing business activities within the City of Superior and Douglas County, expanding the tax base, encouraging tourism, and bringing needed capital into the City of Superior and Douglas County for the benefit and welfare of residents; and

WHEREAS, the Joint Boards of Housing has been involved in economic development in general -- and affordable housing in particular -- in order to help ensure the financial sustainability and the social well-being of the residents of its housing communities, their families, care givers and advocates; and

WHEREAS, the formation of a City Center District would provide a much needed economic development tool that will provide significant economic benefits to the City of Superior and Douglas County and their citizens;

NOW, THEREFORE, BE IT RESOLVED that the Joint Boards of Housing shall: 1) work with Better City Superior and other entities to secure State legislator support for legislation authorizing the formation of City Center Districts in downtown cores; and 2) promote and support the formation of a City Center District in the downtown core of the City of Superior.

Passed, adopted and approved this 11th day of October, 2016.

Rev. Barbara Certa-Werner
Authorized Signature - President, Rev. Barbara Certa-Werner

Attest: _____

Alissa Olson
Notary

**ALISSA OLSON
NOTARY PUBLIC
STATE OF WISCONSIN**

Seal

Resolution of Support for Exposition District

WHEREAS, Douglas County and the City of Superior do not have adequate facilities for conventions; and,

WHEREAS, further economic development in Douglas County and the City of Superior of a convention center would increase job opportunities for residents, improve business opportunities, bring needed capital for the benefit and welfare of residents, reduce unemployment; and,


WHEREAS, the formation of an Exposition District in Douglas County, the City of Superior, would provide a much needed economic development tool that will provide significant economic benefits to Douglas County and the City of Superior and residents:

NOW THEREFORE BE IT RESOLVED, that the Douglas County Unit of the Wisconsin Towns Association, at its July 19, 2016 meeting, does hereby support the formation of an Exposition District in Douglas County, the City of Superior, and will be included in and work with Better City Superior to secure legislative support authorizing such.

Adopted this 19th day of JULY, 2016.


Chairman

MOTION TO APPROVE RESOLUTION;
- TOWN OF AMNICKON
AND - TOWN OF LAKESIDE

MOTION CARRIED
7-19-16


To: Senate Hearing on SB 727 – Exposition District for Superior, WI and Eau Claire, WI

From: Daniel D. Corbin, Douglas County Board of Supervisors – District 18
Town Chairman – Town of Summit.

Subject: SB727 Public Hearing

As an elected official of the Douglas County Board of Supervisors – District 18, I would like to register as in support of Senate Bill 727 to establish an exposition District for the city of Superior. This bill would allow the residents of the City of Superior to hold a referendum to authorize the creation of an exposition District. This District would then be allowed to impose a 1/2% sales tax on Food and Beverage along with up to a 2% hotel room tax. These funds would be used to pay for investments used to leverage large-scale economic development such as a sports complex, convention center, indoor waterpark or movie theaters.

In November 2016, the residents of the City of Superior held a referendum ballot to see if there was an interest in this kind of investment and the ballot showed that 75% of the people that voted were in support of this idea.

Over the years as a member of various organizations throughout the State of Wisconsin, we could not hold a convention in our area because we do not have enough convention space under one roof without going to Duluth, MN. They wanted to their business in Wisconsin. This kind of investment would not only support the businesses of Superior/Douglas County, but would also compliment the Twin Ports area and all that it offers. We need to work together.

I believe that it is about time that our State Government, from the Legislature and the Governors Office, allow us the residents of the rest of the State of Wisconsin to control our own destiny. We are not talking about imposing sales taxes on those that do not want this to happen. We want to empower our own residents to tell us that this is the direction that they want us to go by approving the idea of an exposition district on a referendum ballot. If the State of Wisconsin can bind its residents to supporting FOXCON, which may or may not help us out economically in Northern WI, why can't the legislature allow our own residents to say that we need to invest in our own community and allow an exposition District to be formed.

Once again, I am in favor of Senate Bill 727 – forming an exposition District for Superior, WI

Dan Corbin
218-390-0748
dan.corbin@douglascountywi.org

To: Senate Hearing on SB 727 – Exposition District for Superior, WI and Eau Claire, WI

From: Alan Jaques
Belknap Liquor & Lounge
130 Belknap St.
Superior, WI 54880

Subject: SB727 Public Hearing

As the president of a local tavern and liquor store, I would like to register as being in support of Senate Bill 727 to establish an exposition District for the city of Superior. This bill would allow the residents of the City of Superior to hold a referendum to authorize the creation of an exposition District. This District would then be allowed to impose a 1/2% sales tax on Food and Beverage along with up to a 2% hotel room tax. These funds would be used to pay for investments used to leverage large-scale economic development such as a sports complex, convention center, indoor waterpark and possibly a movie theater.

In November 2016, the residents of the City of Superior held an advisory referendum to see if there was an interest in this kind of investment and the ballot showed that 75% of the people that voted were in support of this idea.

I am a member of the Douglas County Board of Supervisors for the past twelve years and recognize the need for this kind of partnership investment because it will benefit economically a large portion of northern Wisconsin. The alternative of doing nothing has been tried in Superior far too long and I believe this user tax is the best option to attract investment in our community.

In summary, I am in favor of Senate Bill 727 –allowing us to have a referendum vote to form an exposition District in Superior, WI

Alan Jaques
President
Dominic's Inc.
Dba Belknap Liquor & Lounge
130 Belknap St.
Superior, WI 54880
belknapiquor@chartermi.net
715-394-3616 x1





ONCE
a Troubled Rust-Belt City,

EXPLORING

THE

BY MARK ROSE

Before it changed course, the City of Duluth, Minnesota, suffered the same economic fate as other Rust Belt cities during the latter part of the 20th century. The region's economic woes, its aging population, and its antiquated infrastructure weighed heavily on the city's budget. But today, the city's finances have stabilized and the economy is strong. To handle the influx of new workers at one of several new and expanded businesses, a major focus of the city's current budget and staff resources is increasing the stock of new, moderately priced housing. Duluth's 2014 general fund budget highlights include no property tax levy increase, a net increase in staff, and no draws on reserves. Bond ratings are up — AA from Standard & Poor's and Aa2 from Moody's. Of course, the city made several tough choices to get to this point.

When the city's current mayor took office in 2008, he and the city council faced several seemingly insurmountable revenue and expenditure hurdles. Specifically, state aid and other intergovernmental revenues made up more than half of general fund revenues; property taxes, the main revenue source directly controlled by the city, contributed only 10 percent of the general fund budget, while sales taxes made up less than 20 percent of general fund receipts. These revenue ratios were similar for all the governmental funds. By 2010, annual state aid to Duluth decreased by \$5.2 million. Sales taxes and investment earnings fell as the Great Recession deepened. In 2008, the city faced a \$4.4 million budget deficit, and most revenues were flat or declining. General fund reserves fell rapidly from 2006 to 2008.

On the expenditure side of the budget, the city faced a major obstacle: post-employment benefits other than pensions, known as OPEB. Retiree medical costs were eating up almost 15 percent of the city's annual general fund budget in the mid-2000s and were projected to rise \$1 million per year. Moody's put the city's bond rating on a negative outlook in 2009, citing structural imbalances in its general fund. At the time, these themes were not uncommon for post-industrial urban centers.

This article explains how Duluth was able to overcome the economic stresses that other Rust Belt cities have not escaped, and the role the city took in nurturing the recovery.

FISCAL DISCIPLINE

Duluth's retiree medical liabilities were the proverbial elephant in the room. In a 1983 deal to keep wages down, the city agreed to cover all medical costs for employees and their spouses and dependents for life at the same level of coverage as active employees. It seemed like a good idea at the time, but 25 years later the city was administering more than 100 health plans for 1,500 retirees and their dependents. The complexity of medical coverage has increased significantly, and health-care costs have sky-rocketed. The city's projected OPEB liability was a dark cloud hanging over it, but there was no clear way to reduce the obligations, especially since unions have always been strong advocates for workers in Duluth. (See Exhibit 1.) Nevertheless, in 2008, the city did alter the historical interpretation of the 1983 agreement, streamlined the administration of health coverage, and standardized benefits for all workers. In 1998, retiree health benefits were less than \$2.9 million per year, but by 2009, the budget included more than \$10 million for retiree health

claims — with a general fund budget of \$80 million. The retirees viewed these changes as dramatic reductions in benefits and took the city to court.

The city prevailed at the State Supreme Court level three years later. One phrase was at the heart of the decision; as explained in the majority opinion of judges:

At issue in this case is the interpretation of approximately 60 collective bargaining agreements (CBAs) between the City of Duluth and its employees. Subject to certain conditions and exceptions, the CBAs guarantee retired city employees health insurance benefits 'to the same extent as active employees.' The dispute centers on the meaning of that phrase — specifically, whether the phrase guarantees health insurance benefits to retirees to the same extent as employees who were active at the time of a retiree's departure, or to the same extent as current city employees. Because we conclude that retirees are entitled to health insurance benefits to the same extent as current city employees, we affirm.

The State Supreme Court's decision had immediate and long-term impacts on the city. Duluth was able to achieve a 23 percent reduction in retiree benefits, more than \$2 million per

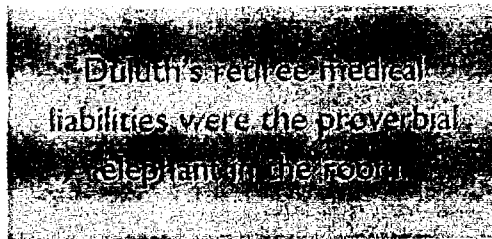
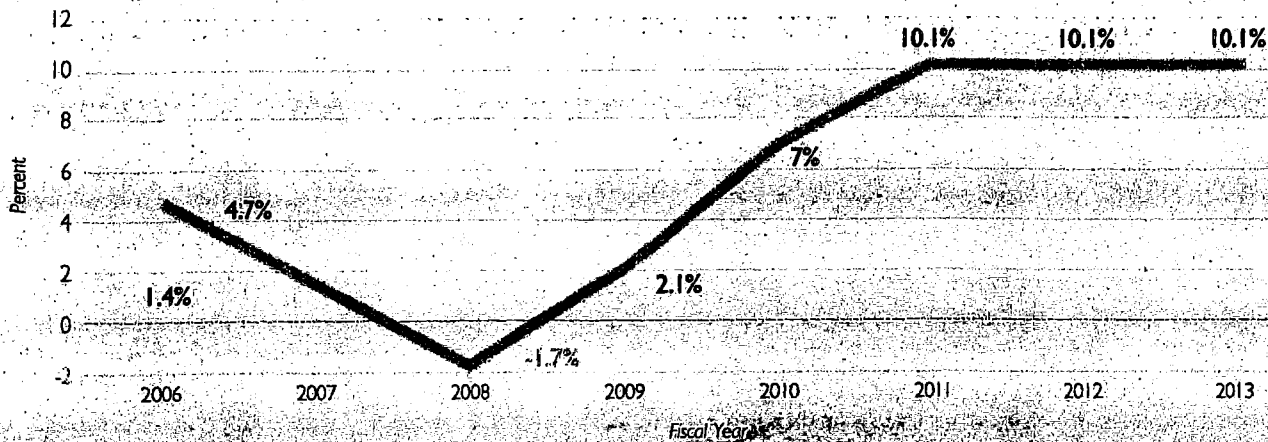


Exhibit 1: Fund Balance

General Fund Undesignated/Unreserved Fund Balance

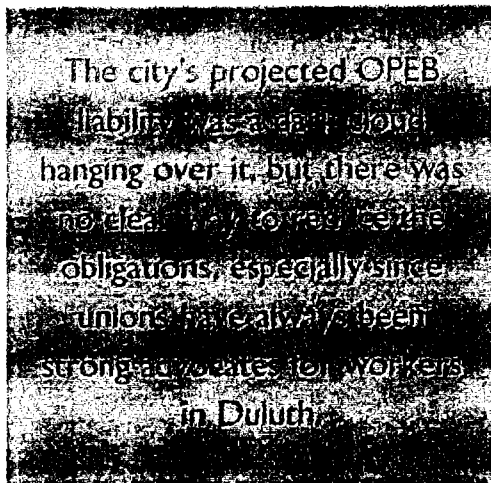


Source: City of Duluth Finance Department

year. Moreover, the actuarial liability for these costs has dropped by more than 50 percent, to \$182 million.

Because further spending reductions were needed to balance the budget from 2008 to 2012, the city also developed a multipronged plan to reduce personnel costs. In an effort to prioritize core services, the city outsourced the staffing of programs such as the zoo, golf courses, senior bus and dining services, and many recreation facilities. By 2012, approximately 130 temporary and full-time workers had been laid off, and non-public safety employment was 20 percent lower than it had been in 2000. These were difficult years, but the city was able to point to successes such as implementing business plans for its all of its departments, detailing the history, goals, values, and mission statements for every operation from information technology to the city attorney's office (the 459-page business plan document is available online at <http://www.duluthmn.gov/>). At the same time, the city implemented a five-year financial management plan, improved street maintenance, and reduced pollution discharges affecting Lake Superior.

The city also recognized that it would have to increase revenue to support service delivery. Property tax levies were



therefore nearly doubled from 2007 to 2013, offering more stability to a somewhat unpredictable revenue stream (see Exhibit 2).

The take-away is that both revenues and expenditures must be adjusted to solve a fiscal crisis, and this kind of change requires a plan, clear communication, and leadership at all levels. Duluth's fiscal reforms required strong political leadership, communication with numerous unions representing city workers, and thoughtful uses of resources. The city council was willing to make tough but necessary deci-

sions; elected officials consistently supported the changes being made, even when they were attacked personally; and the mayor has been forthright and committed to frugality.

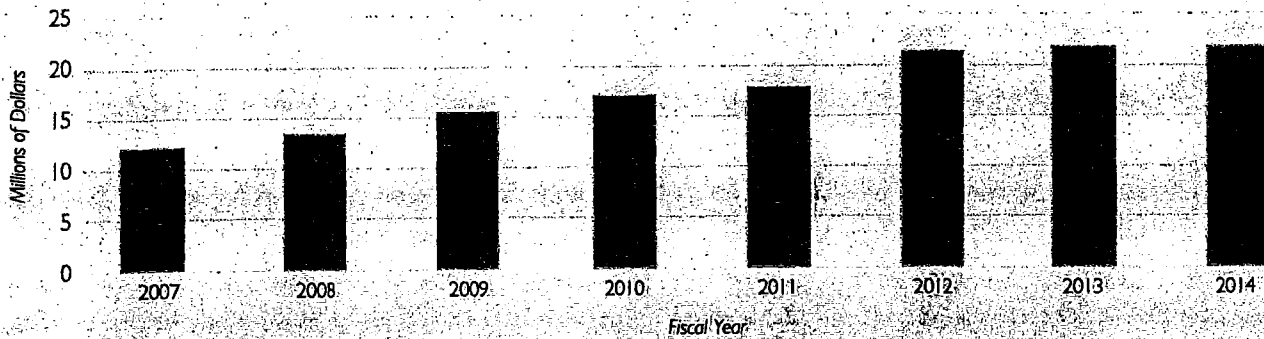
NURTURING TOURISM

It is not easy for this industrial city to transform its economy. In making this change, Duluth has been able to capitalize on three primary assets: its natural beauty, its position as a regional center for northern Minnesota and northern Wisconsin, and its airport.

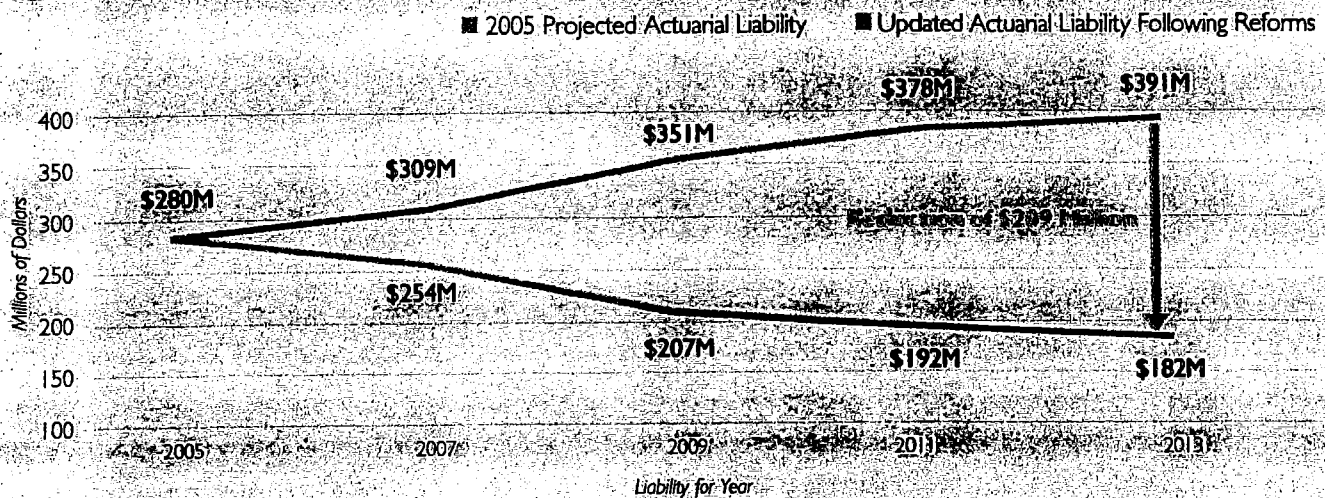
Tourism is now a major component of Duluth's economy, bringing 3.5 million visitors to the city each year with an

Exhibit 2: Property Tax Levies

Current Property Tax Levy



OPEB Valuation History (Reforms reduce projected liability by 53%)

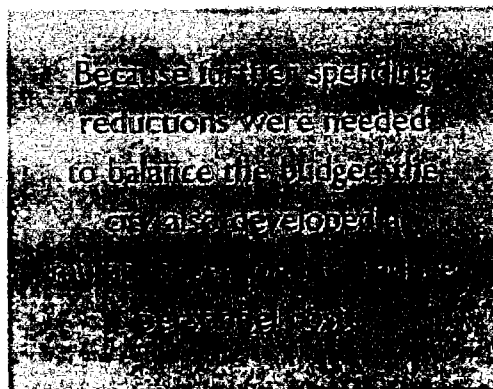


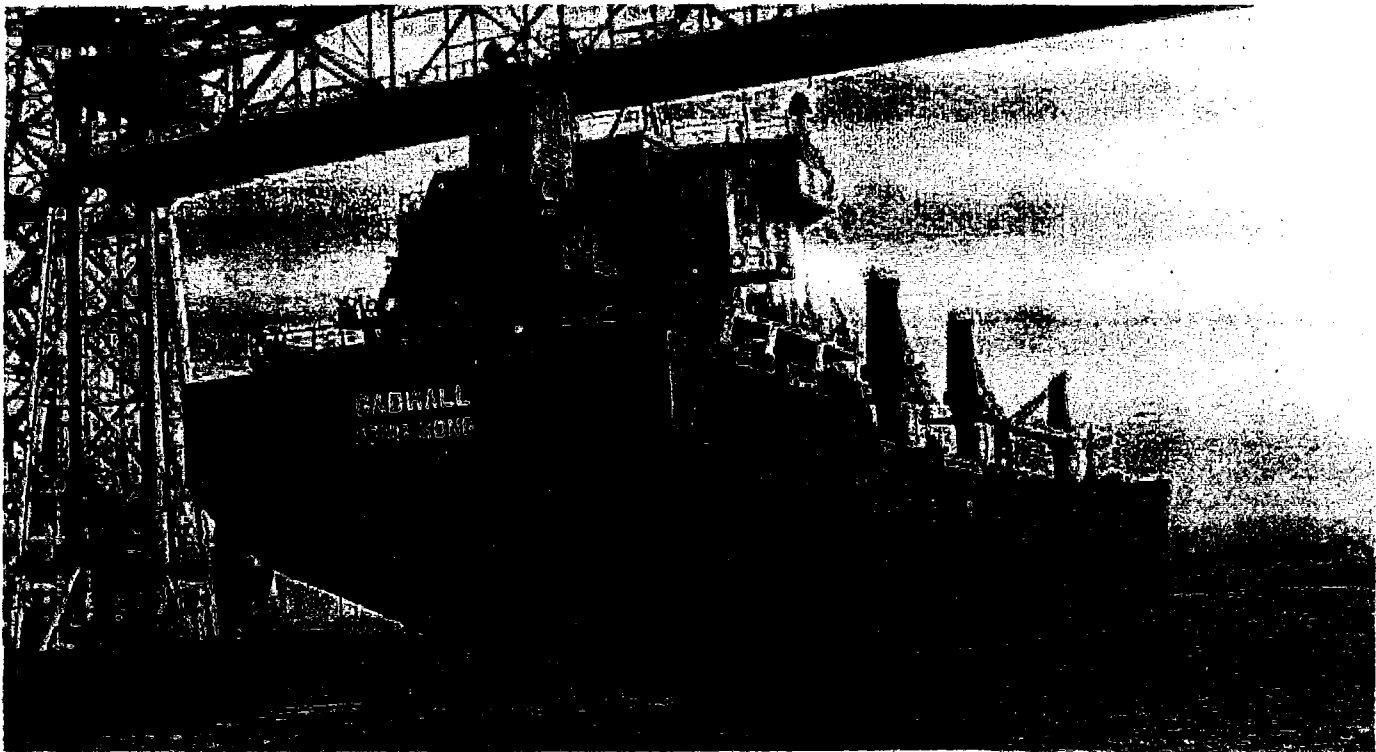
estimated economic impact of \$780 million. The city recently won Outside magazine's online vote for best outdoor city in the nation, in part because of the city's 11,000 acres of park and recreation areas. But even with stunning views and a waterfront reminiscent of Seattle, the city itself was not always a popular place to visit.

For decades, visitors travelled through or around Duluth on their way to the north shore of Lake Superior, Voyageurs National Park, and Boundary Waters Canoe Area, but few of these tourists stopped to spend money in the city. So in the 1970s, Duluth made a concerted effort

to provide destinations of its own. In 1974, a city-owned downhill ski and recreation area opened. In 1980, Canal Park, a backwater strip of land in the shadows of the city's historic

lift bridge, was revitalized by means of a city-led public participation process and a city bond issue for a major infrastructure upgrade. Today 2,500 hotel rooms are located in or within a few miles of Canal Park. Parking spots are hard to find as visitors skip rocks on the shoreline, pedal the lakeside trail, shop, dine at the many restaurants, and listen to the public address system announce the arrival times of freighters. The Bayfront Blues Festival (where





A saltie sailing under Duluth's famous aerial lift bridge. (Photo courtesy of Duluth Seaway Port Authority.)

Duluth native Bob Dylan performed in 2013) and Grandma's Marathon have long been regional draws to the city. The Duluth Entertainment Convention Center, renovated and expanded several times over the past 40 years, provides more than 100,000 square feet of convention space, two ballrooms, and 30 meeting rooms. Each of these facilities and events required lobbying, planning, and financial participation on the city's part. And in a time of fiscal crisis like 2008-2012, it would have been easy to blindly cut funding for events and facilities. However, Duluth kept tourism and its long-term benefits as priorities.

This city-driven momentum to support tourism continues. In 2014, the city approved tax increment financing funding and a deferred land sale to convert a former cement plant site on the waterfront into a \$29 million hotel, banquet, and restaurant complex known as Pier B. The city council vote was unanimous, after the developers agreed to pay its workers at least \$10 per hour. These types of projects required patience and nurturing on the part of city staff and local investors. Pier B is a good example of the diligence required to be successful. The city has held a portion of the site, waiting for redevelopment, for almost 30 years. Recently, the city did apply for

and receive two state grants of almost \$2 million for clean-up and infrastructure on the site. The developers had to secure more than a dozen permits and/or approvals from local and federal agencies to develop on the shore of a great lake, on a contaminated site, and next to a historic pier. It would have been easy for the city to walk away from the project a few years ago, but it persisted.

ECONOMIC DIVERSITY, WITH THE CITY AS A CATALYST

Duluth's location as a regional center has also made it a destination for stable employers, which the city has nurtured. Two of the city's top four employers are hospitals and medical centers which serve patients from a 150-mile radius. One company headquartered in Duluth oversees more than 13,000 health-care workers across a four-state region; it comprises 18 hospitals, 67 clinics, and more than 1,500 physicians and credentialed practitioners. The city has also supported the medical district on the eastern edge of downtown, constructing a public parking ramp, assisting a developer with the construction of a high-end hotel, and linking these to the medical facilities.

The city has two major institutions of higher education: the University of Minnesota-Duluth, which is the second largest campus in the state university system, with enrollment of more than 11,000, and St. Scholastica, a four-year liberal arts college with more than 4,500 students. The city has taken actions to improve student housing needs for the college. It has also passed ordinances restricting parking on rented home lots to help keep single family neighborhoods more stable, and assisted private developers with new, high-rent apartments adjacent to the campus. Recruiters at the colleges tell prospective students that they are not just choosing a school, they are choosing a city. Duluth is growing younger, with a median age of 33.6 in 2010, down from 35 in 2000.

The city's airport is also a major force in providing jobs and supporting the tax base. Minnesota's Air National Guard 148th Fighter Wing provides a significant economic impact to the Duluth area, employing more than 1,000 people. The military use of the airport has provided a long runway with little commercial traffic, and this infrastructure has attracted a variety of airline and aerospace firms. In addition, a private-sector firm, which started out as small start-up company in Duluth, manufactures SR20 and SR22 small aircraft and is developing a new jet marketed to individuals and mid-sized businesses.

A Rust Belt Story

Despite being located 2,342 miles west of the Atlantic Ocean, Duluth, Minnesota, has been a major seaport anchoring Lake Superior's western shores since the mid-1800s. Even today, the city hosts the busiest port on the Great Lakes. Iron ore and wood products from northern Minnesota, grain from North Dakota, coal from Wyoming, and wind turbines from around the world pass through the city on their way to and from U.S. and international ports. The 700+ foot ocean freighters that frequent the Duluth Seaway Port Authority's facilities, known as "salties," cruise under the city's historic lift bridge and head east to the Saint Lawrence Seaway and the open seas.

Duluth suffered the same economic fate as other Rust Belt cities during the latter part of the 20th century. Industries of many types collapsed due to international competition. For 60 years, a steel production facility, fed by nearby mines, was the center of Duluth's Morgan Park neighborhood along the St. Louis River, employing up to 5,000 people. The facility closed in 1979, leaving behind a 640-acre contaminated Superfund site. More manufacturing facilities closed, and downtown businesses shut their doors. In the early 1980s, unemployment in the city was at nearly 20 percent. Duluth's population peaked at 106,884 in 1960, then dropped by 20 percent over the next 30 years as residents migrated to Minneapolis, Saint Paul, and beyond.

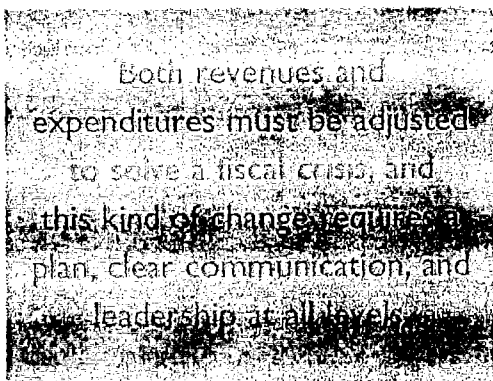
The city recognized that it would have to increase revenue to support service delivery, and property tax levies were therefore nearly doubled, offering more stability.

The city has assisted this firm with its expansion needs several times over the past 15 years via support for grants from the State of Minnesota, property tax rebates, lease write-downs, and loans. Several other aerospace companies are also located in Duluth.

The airport is the site of one of Duluth's longest-running economic frustrations and its most recent successes. Northwest Airlines (NWA), years before its merger with Delta Airlines, negotiated a financial

package of more than \$750 million with the State of Minnesota in the early 1990s. As part of that deal, NWA agreed to construct a maintenance facility in Duluth for its new fleet of Airbus jetliners. NWA operated the facility from 1996 to 2005, but then closed it due to a system-wide mechanics strike. A private-sector firm leased the facility for a few years, but it was vacant after that. The city, working with its regional economic development partners, has been able to attract a national airline maintenance firm to Duluth, along with helping bring the airline maintenance firm's primary client, Air Canada, to the facility as well. These efforts included personal visits, improvements to the physical condition of the former NWA facility, and an emphasis on the strength of Duluth's aviation economy. Today, the maintenance firm employs 310 people to service planes for Air Canada.

Another recent success is under construction in the city's downtown, an 11-story office building for an international clothing company that started as a single store in Duluth in 1931 and has grown into an international firm with 900 stores. The city provided tax increment financing to the project, which is over a city-owned parking facility, and secured a \$8.5 million grant to write down site costs and parking ramp costs in a major redevelopment across the street from city hall. The office building will house 900 employees.



THE ROAD TO SUCCESS: NOT ALWAYS A STRAIGHT LINE

The city's struggles have not ended, of course. In 1986, the city and the Fond Du Lac Band of Chippewa, a tribal government, signed agreements that allowed a small casino to be built in downtown Duluth. In 1994, the contracts were amended to recognize new federal laws and regulations. The financial arrangement was that 19 percent of the casino's gross revenues were to be paid to the city. At the time, the city was aware of the complexities surrounding local government and tribal government legal relationships. It sought, and received, U.S. district court approval of the agreement, but in 2009, the Fond Du Lac Band stopped paying the city, citing its own financial needs and the lack of a partnership between the tribal government and the city for use of the funds. The National Indian Gaming Commission sided with the tribal government, and a long legal battle has ensued. The city had been using the \$6 million a year to fix its streets. The infrastructure issues were exacerbated in 2012, when a historic rainfall resulted in \$100 million in flood damage as the water cascaded down the city's hillsides.

Some may argue that it's easier for a smaller city like Duluth to pull itself up by its proverbial bootstraps than a city like Detroit. Those who have lived in a small town or have read the book, *Main Street*, by Minnesota native and Nobel winner Sinclair Lewis, would beg to differ. Duluth, however, has characteristically attacked its latest challenge — the lack of new housing choices for a rapidly growing workforce — with its typical fervor. Led by the mayor, the executive director of the city's economic development authority, and the executive director of the city housing and redevelopment authority,

Duluth developed a plan of action to promote the construction of new housing that will be attractive to workers filling the many jobs being added in the community. The city hosted a housing summit, bringing in state leaders in housing finance. In 2014, Duluth hosted developer roundtables and a Minnesota Real Estate Journal gathering in Minneapolis/St. Paul to spread the word about the city's employment growth and relatively affordable land.

It has also provided financial incentives to spur housing development, making sure the incentives are healthy but do not require bond issuance that could put taxpayers at risk if the developments should eventually falter. These proactive efforts by the city and its partner agencies are good indicators for continued success.

CONCLUSIONS

Duluth's come-back story offers lessons that might be useful for any government. Change, especially lasting change, happens over decades and starts with a community recognizing its existing strengths and working consistently to build on them. The jurisdiction also needs to remain fiscally responsible, which means having adequate money to continue maintenance on local roads, run utilities, maintain housing stock, and promote a vibrant business community. If the city does not invest in itself, why should the private market invest? Duluth has also learned that homegrown businesses are often the best source of growth. A regional economic development approach that emphasizes growing local firms and quality of life, and assists business and non-profits with infrastructure and with state and federal grants, will be more successful than going after one "big project." And finally, if a city is proactive, without taking undue risk or huge debt loads, success is possible. These proactive efforts can include unorthodox methods such as reaching out to the real estate markets on a face-to-face basis and dedicating resources such as a property tax levy or tax increment financing toward its initiatives. ¶

MARK RUFF is senior financial advisor/director with Ehlers, a municipal advisory firm serving clients in Minnesota, Wisconsin, Illinois, Kansas, and Colorado. Ruff thanks Duluth Mayor Don Ness and city staff including David Montgomery, Chris Eng, Rick Ball, and Peggy Spehar for their contributions to this article and the city as a whole.

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News

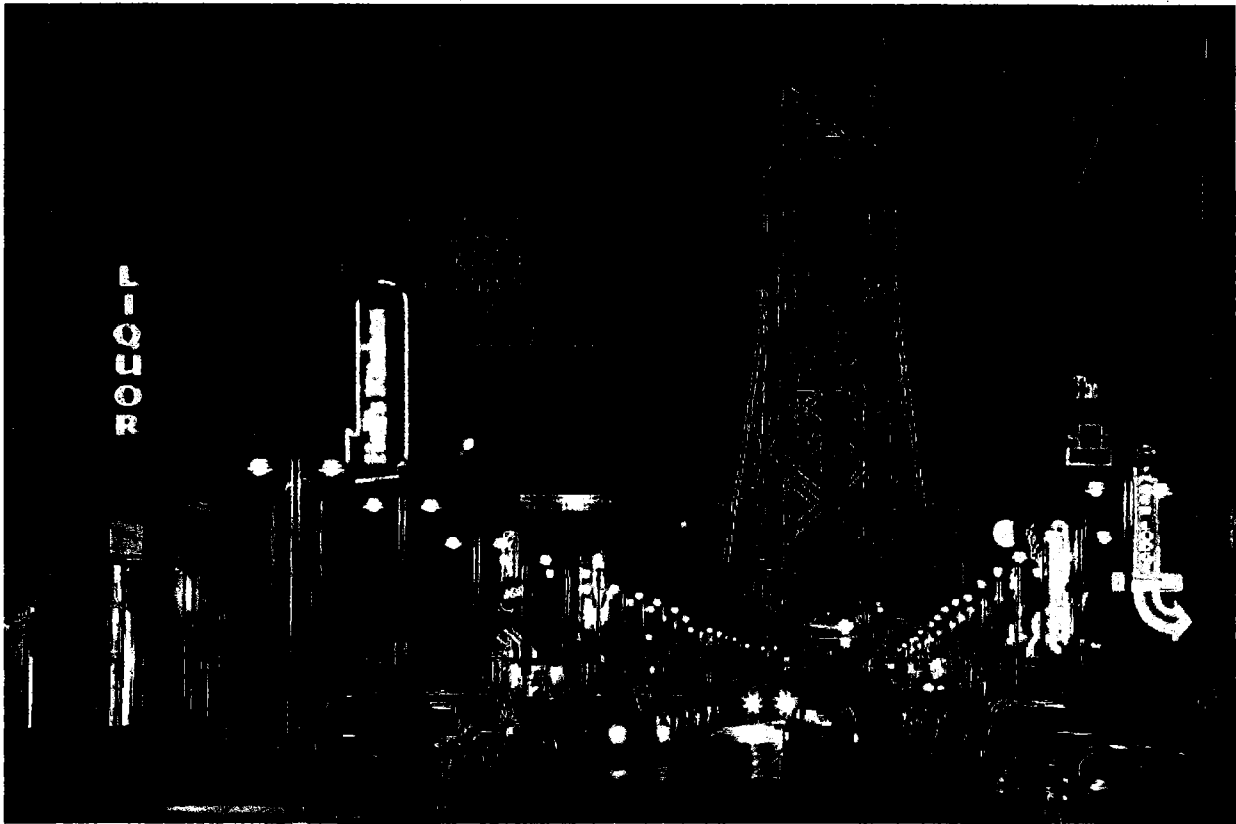


Photo by David Barthel

ECONOMIC DEVELOPMENT ([HTTP://TCBMAG.COM/ECONOMIC_DEVELOPMENT](http://tcbmag.com/economic_development))

Innovative Duluth

A special report on how the North Shore city is reinventing itself.

DECEMBER 20, 2017

GENE REBECK

There's a slogan Duluth's Lincoln Park neighborhood uses to brand its revitalized commercial district: "Crafting Something Great." And in a sense, it's a phrase that could describe ambitious efforts happening throughout the city. Located just west of downtown, Lincoln Park was a solid working-class neighborhood during Duluth's industrial heyday, but as heavy industry began to disappear in the 1970s, the neighborhood fell into economic decline.

Attracted by the neighborhood's location, solid buildings and low rents, a new generation of entrepreneurs are working to revitalize Lincoln Park. A few years ago, these newcomers, in alliance with existing businesses in the neighborhood and several nonprofits, developed what they've named the Craft Business District. This homegrown economic-development idea has brought new life to a long-distressed area.

"What I love about who we are is that we don't wait around for other people to give us solutions," says Emily Larson, Duluth's mayor since January 2016. "We see our challenges, we identify opportunities and then we establish the partnerships to get it done."

Duluth's renaissance began during the administration of Don Ness, Larson's predecessor. While Ness helped get the ball rolling, the city now has its own momentum. Through its utilities and health care providers, educational institutions, private enterprises, arts and entertainment community, and busy transportation hubs (air, rail and water) Duluth is renewing itself; it's becoming a vibrant city where, for the first time in decades, people are deciding to move there because of its location, rather than despite it.

City leaders acknowledge that plenty of challenges remain as Duluth transitions from a century-old view of the world to one that encompasses more industries, a rapidly changing economy, technology advancements and 21st-century lifestyles. The city needs to invest more in its roads and infrastructure, retain more college graduates to work and live there, and attract and retain ethnically diverse talent. Affordable housing and ensuring opportunities for the city's low-income residents also are key issues.

Still, Duluth is well-positioned to tackle these challenges. It has a diversified economy and a low unemployment rate that has been in sync with the state's. With demand for workers rising, the city's employers and economic development entities have been making headway in attracting and retaining talent, as well as further improving its education and workforce development. The city's vibrant arts and entertainment scene, along with a growing list of outdoor activities and venues have helped place Duluth on many national top-10 lists for best places to enjoy the outdoors. Those amenities are not only luring record numbers of tourists, they're helping attract new residents and families.

A diverse economy

Duluth was founded to take advantage of the region's two greatest resources: iron and timber. While both are still important to its economy, Duluth is less reliant on extractive industries and heavy industry than it was 30 or 40 years ago.

Duluth is the gateway to the North Shore. It's home to numerous attractions and small manufacturers that have carved out distinctive industrial niches, such as GPM Inc., a manufacturer of slurry pumps sold to mines worldwide. Another is Alabama-based Altec Inc., which manufactures aerial lift trucks that can reach up to 150 feet. Altec employs 229 people and says it could hire an additional 100; the city is seeking a state grant to help the company expand even more.

As in most successful cities, the "eds and meds" sectors have a significant presence in Duluth. In addition to the University of Minnesota-Duluth (UMD), the city is home to the College of St. Scholastica (whose schools include liberal arts, education, business and health care) and Lake Superior College, a member of the Minnesota State community college system. Health care providers Essentia and St. Luke's have large campuses in the city's downtown, as well as satellite clinics throughout the region.

According to the Minnesota Department of Employment and Economic Development (DEED), there are 317 business establishments operating in health care and social assistance in the city of Duluth, which provided more than \$720 million in payroll through the first three quarters of 2016. These organizations were responsible for 18,403 jobs, accounting for 31.4 percent of total employment in the city.

Tourism also is a major part of the city's economy, accounting for nearly 10 percent of total employment, according to DEED.

But the sector that has the city flying particularly high is aviation. Duluth might seem too far off the beaten path to sustain much of an aviation business, but it has been home to the 148th Fighter Wing of the Minnesota Air National Guard since 1948. What really put Duluth on the aviation map was Cirrus Aircraft, which has built its piston-powered general-aviation planes in Duluth since 1994. Cirrus's Vision Jet, which began deliveries in late 2016, is the world's first single-engine jet for private pilots. With its lightweight design and low cost (under \$2 million), the Vision Jet is positioning the company as an innovative global industry leader in personal aviation.

Another pillar of Duluth's aviation sector is Illinois-based commercial aircraft maintenance company AAR Corp., which has occupied the former Northwest Airlines service facility in Duluth since 2013. A long-time service provider for Air Canada, AAR Duluth recently announced that a new customer would soon be using its services.

Duluth International Airport

Total flight numbers for Duluth International in 2016:

8,977 Commercial flights

26,876 General Aviation

3,148 Military flights

DEED, Duluth Airport Authority

Both Cirrus and AAR are looking to hire more employees. AAR is looking to add about 15 to its head count of 385; Cirrus, which employs about 1,000, wants to fill more than 200 new positions. Finding skilled aviation craftspeople is challenging because demand outstrips supply. In addition to reaching out to colleges with aviation programs, including Duluth's Lake Superior College, these companies are spreading the word in other ways. Cirrus, for instance, has billboards and bus ads simply saying, "Join Us." Even if locals don't apply, they might have friends elsewhere to whom they can spread the word.

In total, Duluth's aviation cluster comprises 30 suppliers and related businesses. They include American Precision Avionics (a producer of wiring harnesses and cables), GreyStar Electronics Inc. (electronic components manufacturer), Vishay HiRel Systems LLC (magnetic components supplier) and Hydrosolutions of Duluth Inc. (high-precision metal forming and cutting). Many of these companies also make products for other industries, including defense and medical equipment. A particularly distinctive member of the Duluth aviation cluster is Monaco Air Duluth LLC, a supplier of general aviation services to noncommercial aircraft. In 2016, Monaco Air opened a new \$4 million terminal at the Duluth airport that tripled its previous space.

Duluth International Airport is the foundation for economic activity for the city's aviation companies and their remarkable job growth, says airport executive director Tom Werner. "You can't have any of that without the right conditions for business activity. And it all starts with our infrastructure."

That infrastructure has undergone more than \$120 million in improvements in the past decade. A \$78 million terminal, completed five years ago, updated the passenger area to make it more welcoming. Reconstruction of two of the airport's three runways is underway and expected to be completed in

2019. Werner says the updated 10,162-foot runway should have 30 to 40 years of life. "It's necessary if we're going to continue supporting the type of aviation growth that we've seen," he says.

Employment by Industry, 2016

<i>Industry</i>	<i>Number of Jobs</i>	<i>Number of Firms</i>
Health Care & Social Assistance	18,403	317
Retail	6,208	406
Accommodation & Food Services	5,756	229
Educational Services	5,048	69
Public Administration	3,553	56
Manufacturing	2,809	88
Professional & Technical Services	2,638	215
Other Services	2,106	246
Construction	1,973	124
Finance & Insurance	1,929	147
Administration Support & Waste Management	1,651	73
Transportation & Warehousing	1,351	60
Wholesale Trade	1,142	88
Arts, Entertainment & Recreation	1,008	68
Information	946	40
Real Estate, Rental & Leasing	748	107
Utilities	727	6
Management Cos.	596	22
Total, All industries	58,615	2,362



Epicurean has earned an international reputation for its cooking utensils made from recycled or repurposed materials.

Made in Duluth

Cirrus is just one of several Duluth-based manufacturers with innovative approaches to product development. Clearwater Composites is using advanced engineering and manufacturing techniques to build carbon fiber products for use in drones, robotics and industrial equipment. Another innovator is Ikonics Corp., which has evolved from a screen-printing equipment supplier to a developer of high-tech printing technologies used by aerospace and automotive clients to develop lightweight parts.

When it comes to homegrown inventive thinking, one of Duluth's chief innovation engines is the Natural Resources Research Institute (NRRI), part of UMD. Founded in 1983, NRRI's mission is to deliver research solutions to balance the economy, resources and environment for resilient communities. Its research staff focuses on developing new applications for the state's timber and mineral resources. NRRI has "three general steps we look at in our approach to innovation," says executive director Rolf Weberg: repurposing waste, adding higher value and embracing sustainability. NRRI's overarching goal is to "utilize natural resources in an environmentally responsible manner," Weberg says.

NRRI is currently working with industry to uncover higher-yield ways to mine and extract iron. It's also looking into new ways to develop iron products that would deliver higher value to the modern industry than current taconite technology provides. Iron isn't the only mineral researchers are exploring. This past summer, for instance, an NRRI study showed that ilmenite, a mineral that's

abundant in northern Minnesota, could yield usable quantities of titanium dioxide. Used in applications including paints, plastics, electronics and energy storage, titanium dioxide has a market value of \$3,200 per ton, compared with \$70 per ton for taconite pellets.

Energy is another area where NRRI is conducting research. Its goal is to help Minnesota reduce its reliance on imported energy. At the institute's renewable energy lab in Coleraine, NRRI researchers are working to develop a coal substitute for steel production. They're working towards a goal of nearly six tons a day of wood-chip waste to create a biofuel product. The institute also is looking at producing syngas (synthesis gas) and other chemicals from treated wood materials that can't be used for lumber or paper production.

NRRI also assists manufacturers statewide. An example close to home is the paper plant visitors see from I-35 near the ore docks. The plant produces coated papers for magazines and other printed materials. The plant's owner, Tennessee-based Verso Corp., declared bankruptcy in 2016, but the plant has remained open, updating its processes and exploring new product possibilities. With NRRI's help, Verso is investigating the use of low-value pulp as a component of higher-value composite products.

What's more, NRRI recently spun off a new business called Carponentry, which plans to produce affordable, two-bedroom modular housing.

Though NRRI is one of the key innovation engines in Duluth, there are numerous other distinctive niche businesses. Take sister manufacturing companies Loll and Epicurean, which have earned international reputations for their casual furniture and cooking utensils, respectively. Both company's products are made from recycled or repurposed materials. One of the more unusual, still under-the-radar companies in town is Tryon Media, which buys fashion and entertainment photography worldwide, then sells and packages it to magazines and merchandisers across the globe.

In 2016, the Duluth Seaway Port Authority added some innovative thinking of its own by launching Duluth Cargo Connect, with operating partner Lake Superior Warehousing. Last year, Duluth Cargo Connect partnered with Canadian National Railway to provide intermodal container services between trains and trucks, giving regional shippers access to the global containerized cargo shipping system. The service provides the Duluth-Superior port a source of revenue year-round, and speaks to Duluth's importance as a freight rail center. Though tracks no longer dominate the city's landscape as they did 40 years ago, four Class I lines still operate in the Duluth region.

Another example of entrepreneurial thinking is Bent Paddle Brewing Co., founded in 2012 by two young couples who emigrated from the Twin Cities. Bent Paddle has built a following in the Twin Cities and has beer fans eager to sample offerings of other Duluth-area craft brewers, including 1990s pioneers Fitger's and Lake Superior.

In 2014, Bent Paddle joined a group of neighborhood business boosters called Advancing Lincoln Park. In creating the organization, the Lincoln Park businesses received technical assistance, funding and other help from several local nonprofits, including the Entrepreneur Fund and the Duluth office of the Local Initiatives Support Corp. (LISC), a housing and economic development nonprofit.

One of the newer businesses in Lincoln Park's Craft Business District is Hemlocks Leatherworks, which makes totes and produces its own line of shoes. Also in the neighborhood is the Duluth Folk School, which offers classes on a variety of old-school crafts and skills, including snowshoe making, cider brewing and knife sharpening. Lincoln Park also is home to Aerostich, which sells its Duluth-made motorcyclist clothing worldwide.

Many locals say that people in Duluth take up artisanal hobbies to keep busy during the long, dark winters. Whether or not that's true, it's undeniable that there are many makers creating their own craftwork. Some even make a living that way. A little west of Lincoln Park is a new shop called Makers Mercantile, which features regionally made bags, prints, soaps, knives, pillows and other goods from nearly 30 artists and makers.

The "Made in Duluth" label is a point of pride with the city's artisans and manufacturers. And it's a key reason for the city's healthy climate of innovation and creativity.



Fat-tire biking is a growing winter activity in Duluth. Photo by Hansi Johnson

Arts and the outdoors

Duluth has lovely summers and autumns, but locals also enjoy the city's long winters. Whatever the season, there's plenty to do.

“We are certainly a national leader in connecting people to the outdoors,” Larson says. “Rather than seeing our 42 creeks and all of our parks and open space as a challenge because they aren’t taxable, we look at it as an opportunity.” In recent years, numerous partners inside and outside City Hall have been working to build on this extensive trail and park system to provide visitors with new recreational attractions and to connect the city’s neighborhoods.

One of those partners is Hansi Johnson, director of recreational lands for the St. Paul-based Minnesota Land Trust. The Land Trust’s primary work is to help landowners statewide protect and conserve properties that have ecological significance, such as wildlife habitat. In Duluth, Johnson is focused on “the engagement side of things—making sure people value restored and protected places ongoing.” He partners with various “user groups”—people who mountain bike, ski, climb and paddle, for example—to create what he calls destination-quality recreational amenities.

Johnson is focused particularly on a “national water trail” designation for the St. Louis River estuary, a scenic realm of water and green islands that visitors first see when they begin their descent into the city. Despite its beauty—and because it has suffered from decades of industrial pollution—the estuary has long been ignored as a recreational amenity.

The base idea behind the national water trail, Johnson says, “is that it’s almost like a hiking trail on water.” The trail’s signage will be primarily digital, accessed mostly through apps. “It tends to be more focused on canoeing, kayaking and stand-up paddleboarding, but it also includes powerboating and fishing.” The water trail has been “a great way to pull together all the different stakeholders,” says Johnson. “In the past, there really was no way to help people navigate or to determine who has the right of way on the river.” Stakeholders are now awaiting the signature of the U.S. interior secretary to make the water trail designation official.

Johnson also has been involved in the creation of the Duluth Traverse, a mountain bike system that runs about 50 miles from northeast to southwest. The International Mountain Bicycling Association has awarded Duluth a “gold-level ride center” designation—one of only six trail systems in the world to earn this recognition. The city, Cyclists of Gitchee Gumee Shores (COGGS) and the Minnesota Land Trust now are helping to build a series of loops connecting to the Duluth Traverse. When completed, those loops will bring the total system to about 100 miles. Reaching that goal is perhaps a couple of years away, but, Johnson says, “it’s amazing how many folks have already come to town to ride that system.”

He also worked with the Duluth Climbers Coalition and the city to purchase the former Casket Quarry in West Duluth. The central feature of Quarry Park, which opened in 2016, is an ice climbing wall. Johnson also is helping with the Grand Avenue Nordic Center, a cutting-edge cross-county ski center at the Spirit Mountain winter recreation area.

To Johnson, working with the local recreational clubs has been crucial to the development of these new recreational destinations. “If we are going to protect these spaces, whether for habitat or quality-of-life amenities, we need to have that open space and make sure there are constituents in the future that are willing to steward it,” Johnson says.

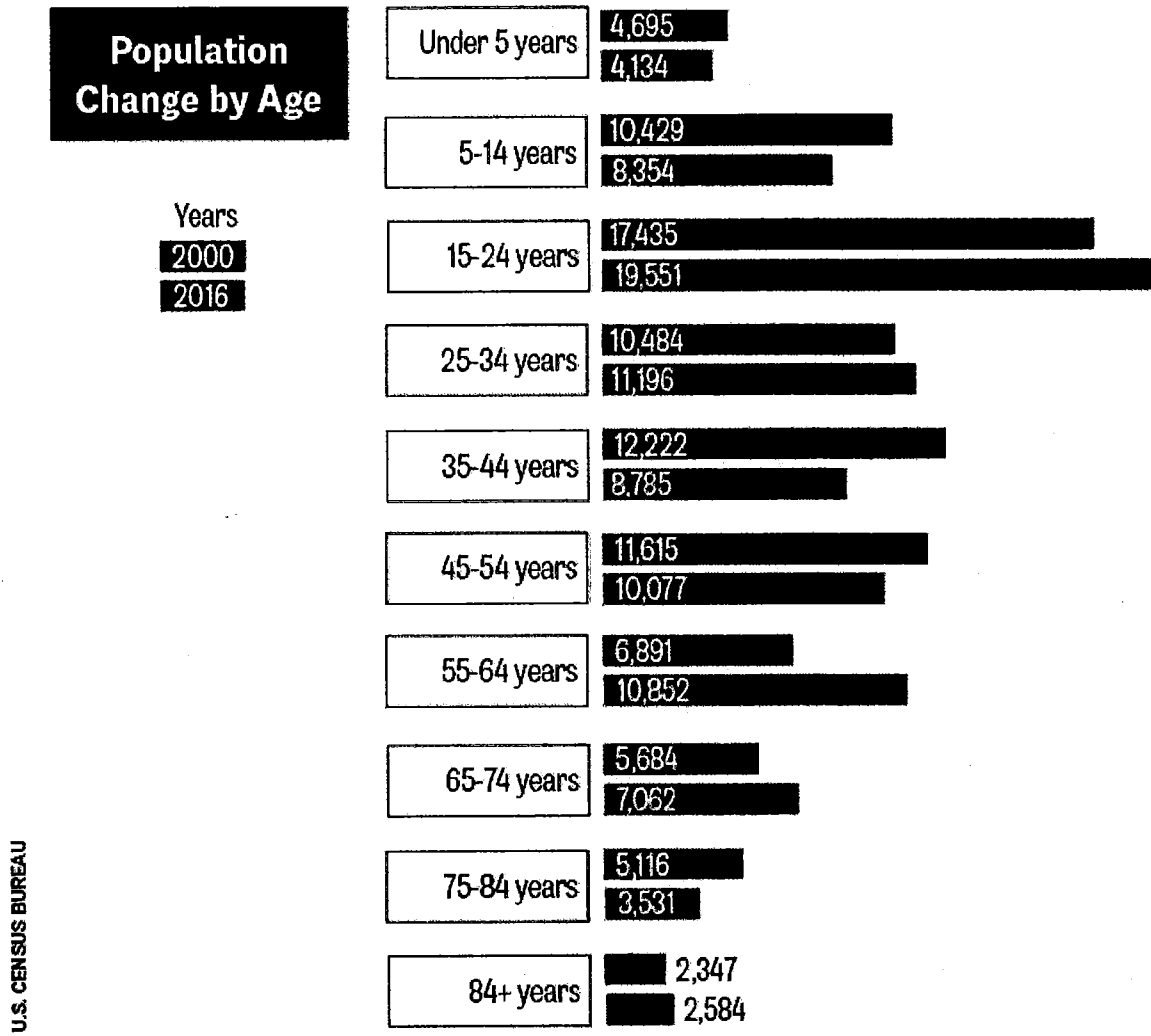
“We have discovered that we have a tremendous opportunity to lead the state and the nation in what is called ‘bridging the adventure gap,’ ” adds Mayor Larson, which means “making sure that every resident is about 1,000 feet from a trail or park. We want to make sure that it’s not a high-end, high-income luxury.” The city is investing in strategies to expose kids to the joys and benefits of outdoor activities. One example is a traveling “bike suite” that takes bicycles to community centers.

Besides her enthusiasm for Duluth’s great outdoors, Larson also is a passionate advocate for the arts. “We have a creative economy that generates \$40 million worth of economic activity in Duluth,” she says. “We have professional-level offerings in a market where you wouldn’t necessarily think they’d be.”

Those offerings include a symphony orchestra, opera company, ballet and, soon, a long-anticipated new venue. With a \$30.5 million renovation scheduled to be completed this spring, the landmark NorShor Theatre will be reborn as the crown jewel of East Superior Street’s HART (Historic Arts & Theatre) District. It will also become the permanent home of the Duluth Playhouse, a community theater company that’s more than a century old.

Duluth also is becoming an important center for Native American art. The Dr. Robert Powless Cultural Center showcases artwork by regional Native artists. It’s located downtown next to the Giimaaji Urban Indian Center, which is the headquarters of the American Indian Community Housing Organization (AICHO). The center is creating a combined gallery and coffeehouse in the Lincoln Park neighborhood.

The strength of Duluth’s arts and outdoors activities reflects the local consensus that what makes Duluth a viable community are amenities that appeal not only to tourists but to active residents. “We’re working in a city that is reinventing itself,” Johnson says.



Workforce development

Duluth, like most cities, faces two major challenges when it comes to its labor force: a significant increase in retirements as the baby boomer generation exits the workplace, and a shrinking supply of available talent. While the city has seen an influx of people in their 20s and 30s, the long-term trend points to an aging population. As a result, Duluth needs to tackle knowledge-transfer issues while improving how it trains local talent.

Before she was elected mayor, Larson worked in workforce development, so she is well aware of the challenges facing Duluth. “[We have] significant opportunities for growth, but we don’t have the existing skilled workforce to meet that need.” As Larson sees it, the challenge is twofold:

- How do we scale up training programs for the existing workforce? “In some cases, we have the people. But we need to ensure that we have skills,” Larson says.
- “How do we ensure as a community that we are welcoming new residents who want to be a part of our prosperity?” The mayor expects Duluth will see more change in the city’s demographic diversity that is more reflective of new immigrants in the state. “That will be an interesting time of growth and challenge for us,” says Larson, who believes that local employers are ready to take on this challenge.

Like most Minnesota State schools, Lake Superior College is developing programs to meet employer needs. The college’s Center for Advanced Aviation offers students several certification programs in aviation maintenance. Those include the school’s A&P (airframe and powerplant mechanic) program, graduates of which are in particular demand in the city’s aviation sector.

A transformational \$320 million investment in schools over the past six years has provided all 13 of the district’s schools with best-in-class tools and facilities. And while schools are working to educate 21st-century employees, many local companies also have been getting involved. Allete, for instance, has several initiatives to address the need to not only transfer knowledge to the next generation, but also attract new talent. In addition to mentoring programs, it has developed “Allete University” for new hires and is helping area community colleges develop relevant coursework. In some instances, Allete employees are helping teach classes.

Essentia Health, which has more than 7,000 employees in the Duluth-Superior area, “is continuously attracting and retaining millennials to the region,” says Maureen Talarico, Essentia’s media relations specialist. Essentia has brought in numerous physicians and nurses from outside the region, but knows it needs to tap local sources for new employees as it continues to grow.

One innovative workforce program Essentia Health has been involved in is Connect Forward, which helps people advance their career and finances. Connect Forward is run by Community Action Duluth, which provides financial services, employment, transportation and lifestyle coaching to about 3,000 area residents. Essentia is also supporting local initiatives to help children from diverse backgrounds gain exposure to health care education, including sponsoring and providing staff volunteers for Native Americans in Scrubs Camp.

The workforce challenge is ongoing and requires many approaches. Internships, job shadowing and direct workforce connections are all growing, but more is needed. Something that will help, Larson says, is “making sure we continue to be a city that recognizes and sees our student population as being really valuable.” That includes “making sure our college population has professional opportunities here and can stay here, because we often hear how much people want to stay, but it can be hard to find a job here.”

Energizing the Future

The American Lung Association’s State of the Air 2016 report ranked Duluth “among the cleanest cities for both year-round and short-term levels of particle pollution.” Not surprisingly, Duluth has been aggressive in pursuing cleaner energy to help keep its air fresh.

“We believe that energy efficiency is great for us financially and it’s also really good for our community,” Mayor Emily Larson says. Her goal is to reduce the city’s carbon emissions by 80 percent by 2050, in alignment with the 2016 Paris climate agreement.

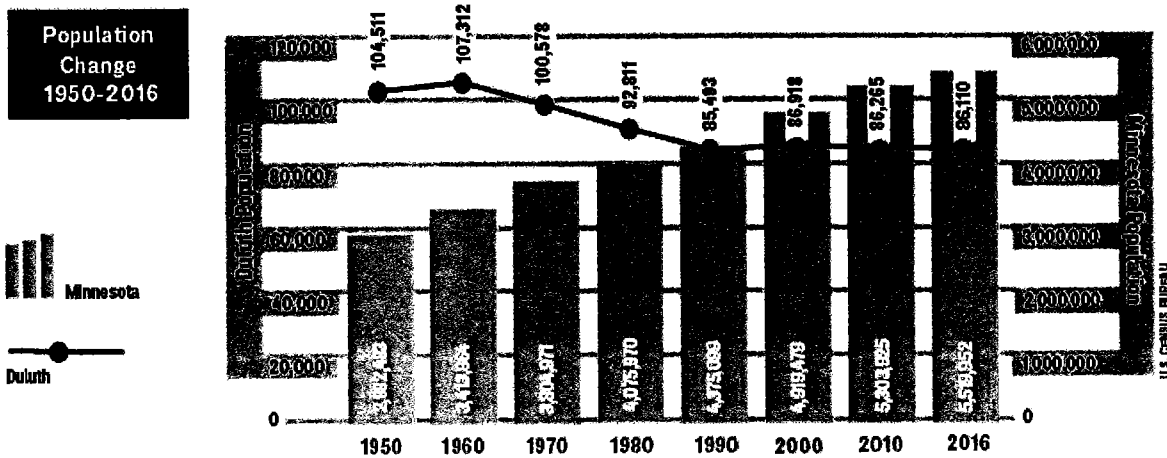
Duluth is redesigning its downtown steam plant, which provides energy to more than 200 customers downtown, to shift from coal to natural gas. The first phase of the project has received \$15 million in state funding.

“We’ve already decreased our greenhouse gases this year by close to 15 percent,” Larson says.

Minnesota Power, a unit of Duluth-based energy company Allete, is the city’s long-time electrical utility. Its Energy Forward strategy, which seeks to strengthen its electrical grid, reduce carbon emissions and shift more energy generation to renewables, “very much aligns with how the city of Duluth thinks about its energy future,” says Brad Oachs, president of regulated operations. Minnesota Power assists the city with its energy conservation programs by offering renewable options. As Oachs notes, Minnesota Power began in 1906 as “all renewables”—namely, hydroelectric power; it remains the largest hydro operator in the state. Its Thomson Dam, southwest of Duluth near Jay Cooke State Park, is Minnesota’s largest hydroelectric dam.

With the city’s support, Minnesota Power recently installed an electric vehicle charging station in Canal Park and operates a biomass energy-generating station that serves one of the city’s paper mills. Duluth also is an anchor tenant of the company’s first community solar garden.

Minnesota Power sister company Allete Clean Energy (ACE) develops, acquires and operates wind farms and other “clean-energy assets” across the country. It has seven projects in four states, with about 535 megawatts worth of wind energy capacity. Two more projects are in development in North Dakota, which will sell its energy to other utilities. Founded six years ago, ACE “is now the second-largest company in Allete,” ACE president Al Rudeck says.



Talent attraction and retention

The “first, obvious step” to attracting college graduates and young professionals “is to provide more jobs,” says David Ross, president and CEO of the Duluth Area Chamber of Commerce. But Ross and other Duluth leaders know that a city needs to offer even more to appeal to a new generation of employees.

In 2005, the chamber helped launch Fuse Duluth, a networking group that connects young professionals and employers. Ross believes it has contributed to the fact that the fastest-growing age group in Duluth, according to the most recent U.S. census data, is the 25-to-35 cohort. “That’s a wonderful contrast to what Duluth was prior [to 2005],” says Ross.

The arts, dining and craft beer scenes and the city’s numerous all-season outdoor activities are crucial to getting young people to consider Duluth as a place to work and live. The city’s 2014 recognition by Outside magazine as “the Best Town Ever” for the abundance of its outdoor activities has helped younger people “consider the merits of moving to and working in Duluth,” says Ross, who believes that “people are tiring of the congestion you see in larger cities and the lack of options for outdoor recreation.” The numerous initiatives by the city, nonprofits and businesses to create an abundance of recreational and cultural activities “give Duluth a national profile as a very hip, very exciting place for a young family to live,” he adds.

One younger, professional couple who found their way to Duluth is Kate and Scott Van Daele. She’s a Minneapolis native; he grew up in Colorado. Both had good jobs in Denver’s nonprofit sector, yet both felt as though something was missing. Though Denver is an exciting city, it is also very big, making it hard to professionally “make a big impact,” Kate says. Regular vacations to Duluth made them realize that the Minnesota city had a lot of what they were looking for—a slower pace, numerous outdoor activities, a strong sense of community and opportunities to grow and contribute professionally.

In April 2016, the couple made the move. Kate is now a city planner; her work focuses on the city’s Imagine Duluth 2035 plan. Scott is director of distributive services for Churches United in Ministry (CHUM), a nonprofit that provides safety-net services for low-income residents. In March, the couple bought a house and is now planning to start a family.

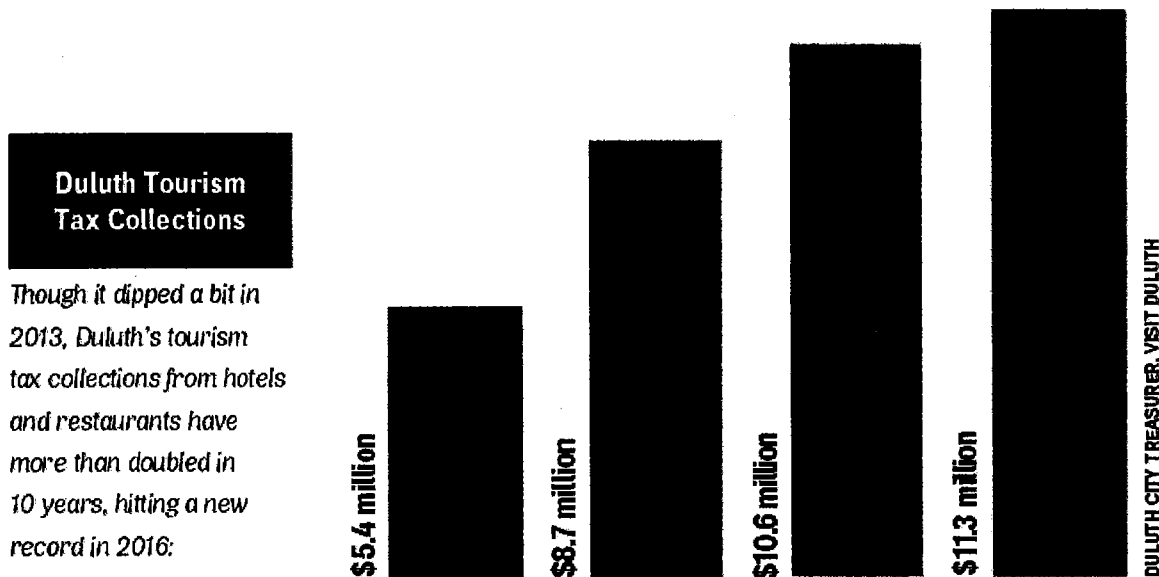
“It’s been a natural fit for us,” says Kate, who often walks to work. For one thing, “I’ve never had the work experience that I do here. Working with the people I do is kind of a family atmosphere.” For younger professionals generally, she believes the city’s amenities and opportunities are particularly appealing. She also touts the city’s entrepreneurial mindset. “Duluth is open to people that are creative,” and to younger people who are interested in “making a difference creatively and professionally.”

To help those who are interested in moving to Duluth connect with local employers, a group of local partners, including city government, colleges, Allete and regional economic development agency Apex, launched Northforce.org in 2014. The portal connects residents with career, mentorship and internship opportunities. It also includes information on specific jobs and uses social media to interact with people. As of October, 3,000 people are registered on Northforce, including 700 from outside the region.

“Northforce started as a tool to connect businesses in the Apex region with the right talent—both folks living here already and those interested in relocating here,” Apex president and CEO Brian Hanson says. “It has grown to include mentoring, establishing partnerships between business and education, and so much more. It has even become a vital business recruitment tool, since we have accurate data on active job seekers. It’s a key competitive advantage for Duluth and this region.”

Duluth also is looking to weave its newer, younger residents into the local community. For instance, grants provided by the Duluth Superior Area Community Foundation’s Young Leaders Fund support leadership opportunities for young adults in the region.

“We’re seeing a transition in leadership in various layers—business, government, nonprofits,” Larson says. It’s a generational shift many cities are seeing. The challenge for Duluth, she says, is “ensuring that pipeline of ready leaders is supported, mentored and challenged to be successful in new roles.”



Challenges and opportunities

In addition to workforce development and talent attraction and retention, one of Duluth’s biggest challenges is that it’s both a tourist and commuter destination. On Larson’s mind: “How do we serve the 86,000 residents, 40,000 daily commuters and 6.7 million annual visitors on the city of Duluth’s limited operating budget?” What’s more, the city’s population hasn’t grown much since 1990. To build its tax base, Duluth will need to attract more residents.

The city also needs to make additional investments in its steam-based energy facility, fix its aging sewer and water infrastructure, and add public parking in high-demand destinations. In November, 77 percent of voters approved a half-cent sales tax increase, which Larson proposed to repair some of Duluth's most roughed-up streets.

Next year, Superior Street, the city's main artery, will begin to undergo a \$50 million-plus renovation. The work will not only repair the street itself, but also put in place a closed-loop hot-water system that will help make the city less reliant on coal-based energy. "That's a trifecta—streets, infrastructure and green energy," Larson says.

The city also is updating its comprehensive plan, which it calls Imagine Duluth 2035. The plan will guide "how we make decisions about every element of the city," Larson says. "We have had such tremendous growth in the past 10 years that we decided we needed to dust off our previous plan in five critical areas"—economic development, housing, transportation, open space and energy. In developing Imagine Duluth 2035, the city has taken what Larson says is an innovative approach. Rather than contracting with an outside planner, Larson and her City Hall colleagues have invested in hundreds of hours' worth of public listening sessions. This gives the community the opportunity to be partners in the plan, and lets City Hall "hear all of the voices, conventional and unconventional," Larson says.

The plan should help the city face another of its major challenges. As the mayor notes, with so much change and unpredictability on both the federal and state levels, "cities aren't getting as much support." At the state level, she says, "we actually have great relationships with people in both parties and across leadership levels." But the policy differences between the two parties "can make it hard for cities to get the resources and the reliability they need." Duluth's budget has long relied on the state's Local Government Aid funding, for instance, and that aid has not kept pace with inflation.

"So it comes down to local government to provide the steady solutions that a community needs," Larson says. What's more, "there is additional pressure on mayors and local governments to deliver services and innovation that we typically have sought in partnership with state and federal government. And now we really have to do it more alone."

But in Duluth, there is no such thing as alone. It's truly a large group effort.

"Every third person you run into from Allete is on a board, a member of COGGS or volunteering somewhere. Our people are plugged in everywhere," says Amy Rutledge, manager of corporate communications at Allete.

Most organizations can easily point to a high percentage of their employees participating in efforts to improve Duluth.

"It's a small community and an open community," says Fernando Delgado, UMD's executive vice chancellor for academic affairs. "One can get lost in the crowds in the Twin Cities, but not up here."

Big Development

Perhaps the highest-profile local developer is Duluth native Alex Giuliani. His development group won local renown several years ago for turning the former Clyde Iron factory in West Duluth into a stylish event center and restaurant. In mid-2016, Giuliani and his partners completed Pier B Resort Hotel, a \$30 million hotel and restaurant complex near Canal Park, reclaiming brownfield property on the waterfront. Giuliani and his partners are now looking at a nearby site for a new multi-million-dollar mixed-use project.

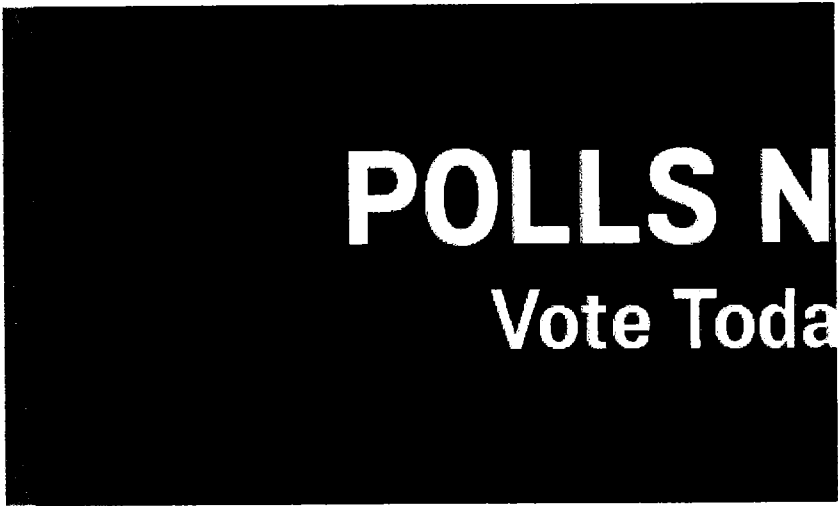
Minneapolis developer George Sherman, CEO and owner of Sherman Associates, has been so involved in the city that he's almost considered a Duluthian. Sherman's work in Duluth includes Greysolon Plaza on Superior Street, which was home to the former Hotel Duluth that opened in 1924. The space was repurposed for events and affordable housing. The focus of his recent work is the renovation of the NorShor Theatre.

"Duluth boasts many unique qualities that developers find appealing, including its strong economic and employment base, several new corporate headquarters, the universities, a vibrant arts community and, of course, the tourism industry," says Sherman, who also owns the Sheraton Hotel in downtown Duluth. He adds that the city has been a great partner.

Another Twin Cities-area developer that has seen opportunity in Duluth is Minneapolis-based United Properties. In early 2017, it completed Kenwood Village, a \$20 million mixed-use development with 83 market-rate apartments and 14,500 square feet of leased retail space.

Gene Rebeck is TCB's northern Minnesota correspondent.

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Visit Eau Claire
4319 Jeffers Road, Ste 201
Eau Claire, WI 54703

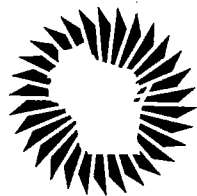
(888) 523 5866
visiteauclaire.com
@visiteauclaire

Visit Eau Claire supports legislation that spurs tourism economic development, including legislation that would enable Eau Claire to create an Exposition District. Through our many collaborations with tourism-related businesses (hotel, hospitality, events and attractions), along with our strategic partnerships with the City of Eau Claire, Eau Claire County and the University of Wisconsin-Eau Claire, Visit Eau Claire is a proven leader in innovative tourism and destination development initiatives.

While Visit Eau Claire supports legislation enabling the creation of an Eau Claire Exposition District, it opposes components of LRB 4340/LRB 5180 for the following reasons:

- The intent of the original (WI Center District) legislation was to capture revenue from visitor traffic generated by an exposition center. This bill does not require the district economic development to be focused on an exposition center or even be tourism-focused.
- The definition of an exposition center is too broad, allowing for "any commercial development" and sets a precedent for municipalities to go to lodging and restaurants for non-tourism economic development needs, including development that could be intended much more for local residents than to attract overnight stays by visitors.
- The legislation should include a requirement that a tourism marketing entity (Visit Eau Claire) be engaged in development of an Exposition District, including consultation and collaboration with the local hospitality industry because of the taxes that would be paid by customers of tourism-related businesses.
- The WI Association of Convention & Visitors Bureaus officially opposes this legislation in its current form.
- The WI Hotel & Lodging Association officially opposes this legislation in its current form.
- The WI Restaurant Association officially opposes this legislation in its current form.





WISCONSIN ASSOCIATION
OF CONVENTION
& VISITORS BUREAUS

To: Members, Senate Committee on Agriculture, Small Business and Tourism
From: Julia Hertel, Executive Director
Date: January 30, 2018
RE: **Testimony on Senate Bill 727**

Chairman Moulton and committee members: The WI Association of Convention & Visitors Bureaus represents 38 destination marketing organizations, also known as tourism entities, that promote Wisconsin's top travel destinations. While WACVB is supportive of legislation that spurs tourism economic development, we oppose **SB 727**.

This bill is based on the original exposition center district legislation for Milwaukee. The intent of that law was to capture revenue from visitor traffic generated by an exposition center. This bill veers too far from that original intent.

It expands the definition of projects for which the revenue could be used to any "economic development" project, not just an exhibition center. There is no requirement that the development generate overnight stays and be used significantly by tourists, yet, tourists would bear the brunt of the tax increases to fund the project. Tourism-related businesses in Superior and Eau Claire would be required to raise their costs to customers for the potential benefit of a non-tourism-related project.

Secondly, there is not a requirement for the exposition district to contract and engage with a tourism marketing entity to market and promote the district. If a district is funded by revenue generated by visitors to tourism-related businesses, it only makes economic sense for the municipalities' designated tourism entity to attract visitors to the district. As an example, Visit Milwaukee has an agreement with the Wisconsin Center District (Milwaukee's exposition center district) to handle the district's marketing.

Finally, while this bill is only written to include Superior and Eau Claire, certainly other municipalities will be interested in having this too broad of tool available to them. And, as written, this will lead to other municipalities attempting to expand their room tax and food and beverage tax for development that won't necessarily generate overnight stays and be used by tourists.

For these reasons, WACVB respectfully requests you oppose this legislation. Thank you for time and consideration.

PO Box 393, Sun Prairie, WI 53590
608-837-6693 phone/fax
www.escapetowisconsin.com
Jhertel@escapetowisconsin.com



formerly the
Wisconsin Innkeepers Association

Serving the lodging
industry for more than
100 years

January 30, 2018

To: Senate Committee on Agriculture, Small Business and Tourism
Senator Terry Moulton, Chair

From: Trisha A. Pugal, CAE
President, CEO

RE: Opposition to SB 727 Creation of a special Local Exposition
District by the Cities of Superior and Eau Claire

The Wisconsin Hotel & Lodging Association (WH&LA) represents lodging properties of all sizes throughout Wisconsin. Our members provide hospitality experiences and overnight accommodations to travelers away from home. We service the guests that are valued the most by the tourism industry – those who choose to pay to stay overnight and invest much more of their money with local businesses than those briefly stopping by.

The valued overnight customers of ours are already subject to a local Room Tax in over 290 municipalities around the state, including Eau Claire and Superior. What many people do not realize is that Room Tax is a layered tax, meaning that the local Room Tax is on top of the 5% state sales tax and the .5% county sales tax in counties such as Eau Claire and Douglas that have this. In some parts of the state there are also additional taxes such as Premier Resort Area Tax or Baseball Stadium District or what is being proposed here – an Exposition District tax.

While each of these taxes separately does not sound significant, unfortunately when you add them together, the customers of just one industry – lodging – pay a total room tax in double digits, a noticeable impact when families and leisure travelers check out. Again, these are the guests to your community that spend the most money while there.

Eau Claire currently charges the maximum allowable local Room Tax of 8%, plus state sales tax of 5% plus county sales tax of .5% = a total tax on your room of 13.5%. For a family staying 3 nights at a room rate of \$99/night that translates to an additional \$40 out of pocket.

1025 S. Moorland Road
Suite 200
Brookfield, WI 53005
262/782-2851
fax: 262/782-0550

whla@wisconsinlodging.org
wisconsinlodging.org



Right now, Superior charges just under the maximum rate (7.5% for properties with 25 rooms or more, and 6.5% for smaller properties). Adding the state and county taxes to this = a total room tax of 13%. By comparison, one of their competitors for overnight guests is Duluth with a 13.875% total room tax, meaning Superior currently charges less.

SB 727 proposes creation of a local exposition district for both cities that would be funded by a combination of a new additional 2% room tax plus a new food & beverage tax. Doing simple math that would provide Eau Claire with a 15.5% Room Tax and Superior with a 15% Room Tax - both noticeable sums added to an overnight stay. Keep in mind that this tax is paid again by visitors that invest a significant amount of their hard-earned money in the community during their stay.

The average total tax on rooms in Wisconsin, based on the most recent filings with the state DOR is less than 11%. The largest city in our state is currently 15.1%, with the second largest city less than 15%.

It is important for communities to study carefully the impact of continuing to impose new taxes on the customers of our lodging properties for facilities that service local residents, and local organizations or businesses, as one cannot simply look at the 2% tax by itself.

A justifiable question is whether this proposal was shared with and vetted by all of the very businesses responsible for collecting it, to ensure they agree that the value gained is justifiable in generating overnight stays at multiple lodging properties - similar to the requirements in Statute 66.0615 on Room Tax.

Other concerns with this proposal include:

- The definition of what could be constructed as an "exposition center" may have worked for Milwaukee - which had many other eligibility requirements that were removed in this bill for just these two cities - but is much too broad for sufficient guidance when creating a new taxing authority.
- This could set a precedent for other cities to pursue legislation to also enable their city to fund all sorts of development that

may or may not generate increased overnight stays, but which would be paid for by the lodging industry.

- While a local referendum can be very helpful, so much is dependent on how the question is framed as to the support it gains, plus allowing an exception for Superior based on a previous referendum over a year ago with a slightly different proposal package does not seem appropriate. For example, the car rental tax component was removed.

In conclusion, our concerns are primarily that what appears to be an insignificant new tax on visitors who already pay significant taxes to the city is not insignificant in total; this puts the area priced above the competition; that many of those businesses most impacted were not at the table providing their input in one or possibly both cities; that this sets a dangerous precedent that may spread around the state; and if a referendum is required there should be no exceptions – especially when the proposal has changed.

New development is frequently exciting for a community. Universally the challenges are with who pays for it. We ask that more broad-based funding options be considered to avoid the burden falling once again on the lodging and tourism industry. A reputation for high taxes on tourists is not something that any city would want.

Thank you.