

**Evaluation of Northfield Economic Development Authority
Process and Function**

Final Report

March 31, 2011

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I. Purpose and scope

- A. City Council Resolution: “The Council will employ a neutral party to evaluate perceived issues with EDA process and function. The neutral party will conduct personal interviews with members of the 2010 EDA, City Council and staff. The neutral party will report back to the Council at a work session with findings and recommendations.”
- B. Exclusions:
 - 1. Not an assessment of whether Northfield should continue to have an Economic Development Authority.
 - 2. Not an assessment of particular economic development policies and plans.
 - 3. Not an assessment of relationships among EDA and partners (NDDC, NEC, etc.). No interviews with leaders of these organizations.
 - 4. Not an evaluation of particular individuals.

II. Process

- A. Steps
 - 1. Define interview questions and review with City Administrator.
 - 2. Conduct interviews with 18 members of City Council, EDA, city staff, and HRA.
 - 3. Diagnose perceived issues with EDA process and function and develop hypotheses about possible improvements.
 - 4. Review diagnosis and possible improvements with city staff, EDA and City Council to identify areas of agreement and disagreement.
 - 5. Draft final findings and recommendations.
- B. Acknowledgements
 - 1. Interview participants.
 - 2. City staff.

III. Findings

A. Lack of cooperation and difficulty in resolving differences among EDA members.

1. Perceived by most EDA members as the single most important problem in EDA process and function.
2. Split in perceptions between majority and minority of EDA board.
 - a. Majority view:
 1. Minority focuses too much on statutes, procedures, transparency and by-laws at the expense of substantive policy and strategy.
 2. Minority unwilling to compromise or accept votes of majority and move on.
 3. Minority diversions prevent EDA from addressing items on agenda within time allowed for meetings.
 4. Minority behavior constitutes a significant problem for the EDA in pursuing its mission.
 - b. Minority view:
 1. Majority fails to recognize importance of statutes, process, transparency and by-laws in a public agency.
 2. Time allowed for meetings is too short to operate in an orderly manner and address all relevant issues.
 3. Majority fails to respect and address concerns of minority, and is unwilling to have open discussions about key issues.
 4. Majority has used Executive Committee to make policy decisions, circumvent open meeting laws and avoid dealing with minority concerns.
 5. Majority has delegated too much responsibility and autonomy to city staff.
3. Failure of EDA to address and resolve dysfunctional process and behavior.
 - a. Lack of discipline in following agenda and scheduled allotments of time.
 - b. No attempt to confront, discuss, clarify and resolve issues of process and behavior among EDA members.
 - c. No proposal to bring in a facilitator or trainer to help address problems.
 - d. No request for City Council to assist, intervene or remove EDA members perceived as disruptive.

B. Lack of clarity about functions, roles, responsibilities, communications and reporting relationships of the City Council, the EDA and city staff with regard to economic development.

1. Difference in views about roles, responsibilities and reporting relationships between City Council and EDA.
 - a. Some believe that EDA reports to the City Council, and is obligated to implement its goals, policies and strategies.
 - b. Others believe the EDA is an independent authority, responsible to the City Council only for statutory items such as approval of tax levies, budgets and loans.
 - c. Both City Council and EDA have role in economic development planning and policy, but it is not clear how their responsibilities differ or overlap.
 - d. Not clear whether City Council members appointed to the EDA are responsible for representing the City Council or acting as independent members of the EDA.
2. Difference in views about roles, responsibilities and reporting relationships between EDA and city staff.
 - a. Majority view: EDA should focus on policy, strategy and major decisions, and delegate implementation of policy and strategy to professional city staff.
 - b. Minority view: EDA is responsible for economic development and must carry out its work. City staff should act as support.
 - c. Not clear to some whether city staff reports to EDA, city administrator or both.
 - d. No systematic input from EDA for evaluation of city staff.
 - e. City staff delays bringing sensitive business development projects to EDA because of perceived lack of confidentiality.

C. Lack of mechanisms for involving non-EDA members in economic development.

1. No regular mechanism for seeking advice and input from outside leaders and experts from business, education, health care or agriculture.
2. No regular mechanism for seeking broad community input on economic development priorities, strategies and plans.
3. A survey of the community that included questions relevant to economic development was completed in January, 2011.

D. Lack of clear policies for evaluating proposed development projects, business subsidies and infrastructure investments.

1. No formal criteria for evaluating development projects.
2. No formal policies, established criteria or methodology for making recommendations about business subsidies (tax increment financing, subsidized loans, etc.).
3. No formal criteria for making recommendations about infrastructure investments to support development projects.
4. Lack of clear policies and criteria leaves EDA vulnerable to reactive, *ad hoc* decision-making.

E. Lack of regular strategic and financial planning.

1. Comprehensive and Economic Development plans contain wide range of long-term land use and economic development goals, objectives, principles and strategies, but offers little guidance on priorities, timetables or trade-offs.
2. No regular strategic and financial planning for economic development with outcome measures, program/action plans, estimates of resource requirements, identification of funding sources, and assignment of responsibilities over three- to five-year time horizon.
3. Lack of regular mechanism for communicating among City Council, EDA and city staff on **changes** in goals, programs, resource requirements or timetables.
4. A strategic plan was developed in 2006 to implement the Comprehensive Economic Development plan, but has not been revised since then.

F. Lack of regular performance evaluation.

1. No system for evaluating EDA performance either by EDA or City Council. Inherently difficult due to complex mission and multiple factors influencing economic development.
2. No system for EDA input to city administrator for performance evaluation of city staff.
3. Not clear what impact EDA has had on economic development in Northfield.

G. Lack of policies on background, skills and experience that should be represented on EDA board.

1. Limited representation from major economic institutions in Northfield.
2. Limited expertise in economic development issues.
3. No statement of needs for specific background, skills and expertise required for effective policy-making by EDA board.

4. No statement of need for diversity of viewpoints on economic development issues.
5. No policy guidance for Mayor on EDA appointments.

H. Limited support from professional staff.

1. Director of Economic Development now serves also as Director of Community Development.
2. No city planner on city staff.
3. Possible barrier to more effective policy development, strategic/financial planning, and performance evaluation.

J. Difficulty in achieving and maintaining shared vision for economic development among the City Council, the EDA and city staff. Tension between two views (here simplified for purposes of illustration):

1. Standard view of economic development: Achieve growth in jobs and tax base, primarily through industrial and commercial expansion and relocation.
 - a. Economic growth is good because it creates more and better jobs and opportunities for Northfield residents, and generates increased tax revenues that are needed to support high-quality schools and public services. Success in economic development should be measured by growth in jobs and tax base.
 - b. Economic growth should be directed primarily by businesses and developers in response to market opportunities. Government should support businesses and developers in their pursuit of growth and profitability, and minimize regulatory interference in their development strategies and decisions.
 - c. Northfield competes with other communities to attract developers and business firms, and must provide competitive government subsidies for existing businesses to expand and for new businesses to locate here.
 - d. The best way to achieve substantial growth in jobs and tax base is to encourage large-scale industrial and commercial firms to locate and expand facilities in Northfield. Government should make large tracts of undeveloped land available for industrial and commercial development, and provide substantial subsidies for the development of roads, sewers and other forms of infrastructure.
2. Alternative view of economic development: Preserve and enhance Northfield's distinctive character and quality of life.
 - a. Benefits of economic development such as increased jobs and tax base must be balanced against other objectives, such as the preservation and enhancement of Northfield's environmental quality, visual beauty,

historic downtown, arts and cultural opportunities, small-town character and rural ambience.

- b. Market forces cannot be trusted to preserve and enhance Northfield's distinctive character and quality of life. Economic development must be guided actively by city government through policies based on a comprehensive vision for the future that encompasses all aspects of community welfare, not merely jobs and tax base.
 - c. Northfield's relatively high tax rates, land costs and housing prices mean that the city cannot compete for industrial and commercial development on factors such as cost and government subsidies, but must compete on the basis of the city's comparative advantages, which include the presence of two nationally-ranked colleges, high-quality health services, a historic downtown, excellent public schools, good recreational opportunities, and a vibrant arts and cultural scene.
 - d. The best way to achieve economic development is to preserve and enhance Northfield's distinctive character and quality of life, which appeal to the highly talented and relatively well-paid workers who can afford to live and pay taxes here. Their desire to live in Northfield will attract numerous smaller-scale creative businesses that can be located on smaller tracts of land closer to the downtown and other developed areas through relatively low-cost infill and redevelopment projects.
3. All involved in EDA and City Council agree in principle that economic development should both (1) increase jobs and tax base, and (2) preserve and enhance Northfield's distinctive character and quality of life.
 4. Differences over priorities, strategies, plans and resource allocation.
 - a. Large-scale versus small-scale development.
 - b. Expansion of current businesses versus recruitment of new businesses.
 - c. Investment in downtown versus entire community.
 - d. Infill and redevelopment versus greenfield development.
 - e. Commercial and industrial businesses versus talent-based businesses (education, health care, information technology, the arts)
 5. Current economic development mission statements, development plans and project evaluation models neither recognize nor provide guidance on how to resolve tensions between growth and preservation.
 - a. EDA mission and goals: "Improve the economic condition of Northfield through appropriate commercial and industrial development, thus creating a higher tax base and further job

opportunities, all in ways that meet the guidelines of the City's Comprehensive Plan."

1. Primary emphasis on standard growth approach to economic development: commercial and industrial development; jobs and tax base.
 2. Secondary reference to Comprehensive Plan lacks explicit commitment to preserving Northfield's environmental quality, visual beauty, historic downtown, arts and cultural opportunities, small-town character and rural ambience.
 3. Measurement bias: growth in jobs and tax base is easy to measure; preservation and enhancement of distinctive community assets and quality of life is not.
- b. Comprehensive and Economic Development Plans:
1. Wide range of long-term goals, objectives, principles and strategies that reflect both growth and preservation approaches. No recognition of possible conflict between growth and preservation goals.
 2. Lack of specificity about targets or outcomes for either growth or preservation.
 3. Long-term time horizons, with no strategic plans for short or intermediate term action (except 2006 strategic plan).
 4. No guidance on how to identify intersection of growth and preservation goals, set priorities, or manage trade-offs when these goals conflict.
- c. Economic models for analysis of return on investment for economic development projects.
1. Models focus on financial measures of economic development projects: impact on city costs and tax revenues.
 2. Models typically do not include measures of development impact on environmental quality, visual beauty, sustainability of historic downtown, arts and cultural opportunities, small-town character, or rural ambience.

IV. Recommendations

A. Improve process and cooperation.

1. Follow agenda and scheduled time allotments for discussion and decision-making. Refer non-agenda items and items requiring more discussion than schedule allows to subcommittees for future action and/or call the question when discussion exceeds time allotments.
2. EDA members meet to discuss issues of process and behavior and develop suitable policies for conducting meetings, dealing with differences, role of the Executive Committee and other issues.
3. Train EDA members in conducting orderly meetings in compliance with statutes, by-laws, rules of order and responsibilities of EDA members stated in handbook.
4. Appoint EDA members with demonstrated capacity for cooperation, negotiation and compromise.
5. Evaluate behavior of EDA members perceived as problematic and replace those whose conduct is incompatible with the EDA's effective functioning (inefficiency, neglect of duty, misconduct).

B. Clarify roles, responsibilities, communications and reporting relationships among City Council, EDA and city staff. Suggested approach:

1. The City Council should be responsible for and accountable to the community for:
 - a. Overall economic development in Northfield.
 - b. Developing and revising the Comprehensive Plan.
 - c. Setting long-term economic development goals for the City.
 - d. Determining the mission, goals and performance evaluation methods for the EDA.
 - e. Reviewing, revising and approving policies, strategies, plans, budgets, tax levies and financial commitments proposed the EDA.
 - f. Conducting regular performance evaluations of the EDA.
2. The EDA should be responsible for and accountable to the City Council for
 - a. Achieving the mission and goals for the EDA determined by the Council.
 - b. Advising the City Council on the economic development portion of the Comprehensive Plan.
 - c. Developing and proposing economic development policies, strategies, plans, budgets, tax levies and financial commitments for Council review, revision and approval.

- d. Through the City Administrator, guiding and overseeing city staff implementation of approved policies, strategies, plans and budgets.
 - e. Providing regular performance evaluations of city staff work on economic development matters to the City Administrator.
 - f. Preparing regular self-evaluations of its performance, submitting these to the City Council, and participating in the Council's evaluations of the EDA.
3. City staff should be responsible for and accountable first to the City Administrator and second to the EDA for
- a. Advising the EDA and the City Council on the economic development aspects of the Comprehensive Plan.
 - b. Advising the EDA and the City Council on EDA mission, goals and performance measures.
 - c. Drafting policies, strategies, plans and budgets for the EDA's review, revision and submission to the City Council.
 - d. Implementing approved EDA policies, strategies, plans and budgets with EDA guidance and oversight.
 - e. Proposing tax levies and financial commitments for the EDA's review, revision, and submission to the City Council.
 - f. Serving as main point of contact with developers on business development projects.
 - g. Working directly with economic development partners (NDDC, NEC, etc.).
 - h. Collecting and submitting information relevant to the EDA's self-evaluation and the Council's evaluation of EDA performance.
 - i. Conducting regular self-evaluations with regard to work for the EDA as input to the EDA's evaluation of city staff.
4. City Council members appointed to the EDA should be responsible for
- a. Communicating and explaining decisions by the City Council to the EDA.
 - b. Reporting about the EDA's activities to the City Council.
 - c. Voting according to their best judgment on how to support and implement the mission, goals, strategies, policies, and plans approved by the City Council and the EDA.

C. Develop mechanisms for seeking outside advice and community input.

1. Meet periodically with outside leaders and experts from business, education, health care, agriculture, the arts and other sectors.
2. Conduct periodic surveys to get broad community input on economic development goals, priorities, strategies and plans.

D. Develop clear policies and criteria for evaluating development projects, business subsidies and infrastructure investments.

1. Evaluation criteria should reflect mission and goals for economic development.
2. Policies and evaluation methods should provide guidance on how to set priorities and allocate resources for economic development.

E. Develop four-year strategic and financial plans for economic development.

1. Scope of strategic plan
 - a. Medium time horizon: each plan covers four years. Plans reviewed and updated every two years.
 - b. Limited number of strategic initiatives (about three to seven).
 - c. Each strategic initiative consists of:
 1. A goal to be accomplished, together with a definition of how success in achieving this goal is to be evaluated.
 2. A program of actions to be taken over a specified timetable to accomplish the goal.
 3. Estimates of resources required to implement the program, such as staff time, expense budgets, government loans, information technology and facilities.
 4. Identification of funding sources, such as tax levy, federal and state funds, and private sector contributions.
 5. Assignment of responsibilities for each initiative to a specific EDA subcommittee.
3. Planning process, roles and timetables
 - a. Four-year strategic plans to be reviewed and revised every two years to match two-year City Council election cycle and two-year budgets.
 - b. Illustrative timetable
 1. EDA, assisted by city staff, conducts performance evaluation against prior strategic plan in January – February.
 2. EDA, assisted by city staff, drafts four-year strategic plan with semi-annual milestones in March-April.

3. City Council, assisted by city staff, reviews, revises and approves EDA drafts of performance evaluation and strategic plan in May-June.
4. EDA, assisted by city staff, prepares two-year budget proposal and workplan based on approved strategic plan in September-October.
5. City Council, assisted by city staff, reviews, revises and approves two-year EDA budget and workplan in November-December.
4. Repeat planning cycle every two years.

F. Establish regular performance evaluations for the EDA.

1. Where possible, identify objective measures of outcomes that reflect the EDA's performance in achieving its mission and goals and in implementing its strategic and financial plans.
2. Where objective measures are not available, develop other ways to assess EDA performance, such as community surveys and interviews with key community leaders.
3. EDA should conduct a self-evaluation every two years to serve as the first step in the strategic and financial planning process.
4. EDA self-evaluation should be reviewed, revised and approved by the City Council, or referred back to the EDA for further work.

G. Identify the range of backgrounds, skills, experience and other qualifications that should be represented on the EDA.

1. Assess current capacities of EDA members and identify areas where different kinds of background, skills and experience are needed.
2. EDA should have members whose background, skills and experience reflect the full range of economic development goals.
3. EDA members should represent a diverse range of views on economic development, and come from different sectors in the community.
4. EDA should submit its assessment of required backgrounds, skills and experience to the Mayor and City Council to aid in making appointments.

H. Ensure adequate professional support from city staff and outside consultants.

1. Assess the capacity and availability of current city staff to provide adequate professional staff support to the EDA.
2. Use outside consultants and experts to supplement city staff when needed.

J. Design economic development goals, policies, strategies and processes that recognize and reflect the value of both growth in jobs and tax base AND preservation and enhancement of Northfield's distinctive character and quality of life.

1. Revise EDA mission and goals to reflect the value of both growth in jobs and tax base AND the preservation and enhancement of Northfield's distinctive character and quality of life.

Illustrative mission statement: "The mission of the EDA is to advance the economic development of Northfield in ways that increase employment, broaden the tax base, preserve environmental quality, enhance the city's visual beauty, strengthen the vitality of the downtown, support a vibrant arts and cultural sector, and maintain the city's small-town character."

2. Develop methods for assessing the city's progress and the EDA's performance on the full range of goals stated in the revised mission statement, and use these methods in regular performance evaluations of the EDA (see recommendation F above).
3. Develop mechanisms for obtaining outside advice and community input that reflect the full range of goals stated in the revised mission statement (see recommendation C above).
4. Develop policies, decision criteria and evaluation models that reflect the full range of economic development goals stated in the revised mission statement (see recommendation D above).
5. Develop strategic and financial plans designed to achieve economic growth that advances all the goals stated in the revised mission statement (see recommendation E above).
6. Appoint EDA members representing the full range of goals stated in the revised mission statement (see recommendation G above).
7. Use a bi-annual strategic planning process and regular performance evaluations of EDA and city staff to maintain alignment of City Council, EDA and staff on priorities and strategies for economic development.

V. Next Steps

A. April to August 2011: Organizational Development

1. Decide whether to retain the EDA.
2. Assess current EDA membership capacities and identify areas where different backgrounds, skills and experience are needed.
3. Fill the two open seats on the EDA with members whose backgrounds, skills and experience strengthen EDA capacity.
4. Conduct training session(s) for EDA members to improve process and cooperation.
5. Review and clarify roles, responsibilities, communications and reporting relationships.

B. September to December 2011: Policy Development and Strategic Planning

1. Review and revise mission statement.
2. Develop clear policies, criteria and methodologies to guide recommendations on business development projects, business subsidies, and infrastructure investments.
3. Design bi-annual strategic planning cycle and determine scope of four-year strategic and financial plans.
4. Conduct evaluation of EDA performance against revised mission statement and the goals/strategies of Comprehensive Plan and Comprehensive Economic Development Plan.
5. Develop first four-year strategic and financial plan for economic development.

Thomas N. Clough
Horizon Associates, Inc.
801 Mayflower Court
Northfield, MN 55057