

## Minutes of the

### REGULAR MEETING OF THE COMMITTEE OF THE WHOLE

Wednesday, June 21, 2017

#### Committee Members Present:

Dorfman, Wulff, Chávez, Rodriguez, Barber, Letofsky, Commers, Kramer, Elkins, Schreiber, Melander, Rummel, McCarthy

#### CALL TO ORDER

A quorum being present, Vice Chair Melander called the regular meeting of the Council's Committee of the Whole to order at 4:00 on Wednesday, June 21, 2017.

#### APPROVAL OF AGENDA AND MINUTES

It was moved by Kramer, seconded by Rodriguez to approve the agenda. Motion carried.

It was moved by Kramer, seconded by Rodriguez to approve the minutes of the April 5, 2017 regular meeting of the Committee of the Whole. Motion carried.

#### INFORMATION

Introduction: Framing remarks on economic competitiveness in *Thrive MSP 2040*

Libby Starling explained the relationship between the prosperity outcome in *Thrive MSP 2040* and economic competitiveness. Page 26 of *Thrive MSP 2040* states: "Prosperity is fostered by investments in infrastructure and amenities that create regional economic competitiveness, thereby attracting and retaining successful businesses, a talented workforce, and, consequently, wealth. Regional economic competitiveness results from strategic, long-term public and private decisions that build on and grow our region's economic strengths relative to other regions. Collectively, the region must provide great locations for businesses to succeed...". The Thrive Economic Competitiveness Implementation Team is made up of representatives from all Council divisions who are working to strengthen integration across the Council, and to identify new opportunities to embed economic competitiveness into the work of the Council including operations, planning and information, and investments. The Wastewater Reuse Task Force is charged with reviewing the Council's existing wastewater reuse policies and recommending clarifications needed to respond to opportunities for wastewater reuse. The Industrial Pretreatment Incentive Program is a public/private partnership that could be a win-win-win for the Council, industry, and the environment. Transit-oriented development provides sites for business. Online resources now include a *Developer's Guide to TOD* and *SAC Credits & Deferments: Guide for Developers*. Regarding industrial land, *Thrive MSP 2040* states, "conduct a metro-wide inventory and analysis of industrial land to assess the supply of and demand for industrial land with freight access" and, "encourage the expansion of industrial land and supportive infrastructure as needed to fulfill demand for industrial land with freight access." Cargo-oriented development uses freight movement to re-energize the economies of American cities that lead to connecting people to good jobs with career potential.

#### Cargo-Oriented Development in MSP: A Pathway to Inclusive Job Growth and a Safer Environment

David Chandler, from the Center for Neighborhood Technology (CNT), gave a presentation on cargo-oriented development (COD). CNT is noted for its work in demonstrating the value of developing communities around transit assets in transit-oriented development (TOD). COD involves recognition of comparable value from

leveraging freight assets to establish efficient, sustainable industrial districts. Through development in keeping with COD metrics, MSP leaders can address the linked interests of freight carrier and industrial companies, public officials working for economic development, and the public that requires a safe and livable environment. COD provides a comprehensive set of metrics for planning and achieving freight system and linked industrial development that meets local economic, freight system efficiency, environmental impact, and public safety objectives. The overall strength of this region's manufacturing lies in the large number and range of manufacturing clusters in which it excels, including high-tech and traditional manufacturing industries. Unfortunately, the region has experienced less growth in the value of its exports than peer regions over a 10-year period (export growth was negative between 2011 and 2014). MSP's lagging export performance has a number of causes. For some time during the 2011 and 2014 period, agricultural exports declined steeply due to a draught and competition with oil trains that diverted shipping capacity. Export growth in key manufacturing sectors was slower than in peer regions, to which limited intermodal shipping options and capacity may have contributed. The geographic distribution of MSP's major industrial employment centers is highly diffuse and generally removed from its intermodal terminals and the region's principal airport. MSP's diffuse industrial land use pattern may contribute to a heavy reliance on trucking for its outbound shipments. High-tech manufacturing is a growth engine for MSP, but only 4.5% of MSP's outbound shipments, by value, are made by air – a mode generally suited for high tech goods. Also, intermodal accounts for 18.9% of MSP's exports by value but only 2.3% by weight, suggesting that MSP's intermodal capacity is limited, and so used for especially high value products. Lack of more intermodal shipping by volume may indicate: high dependence on trading partners within a day's drive or use of Chicago (approximately 400 road miles away) to serve as the region's main intermodal gateway. Limited intermodal capacity can become an increasingly significant problem for MSP. Intermodal has been gaining market share over the last 25 years because it offers speed and reliability that can rival trucking, with lower costs, for long distance trips. With gradual improvements in intermodal service, the required distance for intermodal to offer a cost advantage has been shrinking from 1,000 miles two decades ago to around 400 to 600 today. So as more regions increase their intermodal capacity, MSP needs to increase its capacity to remain competitive. To the extent that MSP's intermodal and other shipping options impose limitations and higher costs on shippers, small companies suffer more. Small industrial companies commonly pay over 10% of sales for shipping, while the largest industrial companies pay less than 5%. The distribution of recognized industrial employment centers suggests that little manufacturing occurs in MSP's central cities and that the overall pattern of industrial land use is highly diffuse. However, if the number of manufacturing firms per square mile is mapped, a more centralized pattern is indicated. A closer look at the distribution of manufacturing firms in MSP shows that the highest concentrations these businesses occur in the central counties with substantial concentrations in the central cities.

## Regional Industrial Land Inventory

Todd Graham presented on the Regional Industrial Land Inventory. *Thrive MSP 2040* states: "Industrial land provides locations for export industries and good-paying jobs; the Council discourages redevelopment [to other uses] in strategically important locations along rivers and railroads in the region..." and, "The Council will...use its authority to provide technical assistance to protect and preserve compatible land uses around resources such as airports, railroads, and industrial land."

Graham explained that the industrial land inventory is compiled from ten separate spatial data sets: regional parcels dataset, from counties; Metro Urban Service Area (MUSA); observed land use, from Met Council; planned land use, from comprehensive plans; brownfields, from MPCA's *What's In My Neighborhood* database; adjacency to rail lines; freight highway corridors proximity (1/2 mile buffer); intermodal freight facilities proximity (1 mile buffer); workforce in the local area (5 mile radius), from Census's Local Employment Dynamics database; industrial real estate listings data, from Xceligent and MNCAR. The Industrial Land Inventory provides site attributes to assess industrial suitability, prioritize

the most viable future industrial sites, identify where industrial preservation should be prioritized, and identify challenges. Currently there are 51,106 acres of industrial land in the region. Graham explained that in the long-run, the region has enough industrial land.

## **ADJOURNMENT**

Business completed, the meeting adjourned at 6:06PM.

Emily Getty  
Recording Secretary