

# Business park agenda approved by Ely city council

by Jana Studelska

The Ely City Council has done its part in keeping the fast-paced business park project moving along.

On the evening of its regular April 16th meeting, the council managed to hold a public hearing on the proposed development covenants and guidelines for the business park, approve the contracts that permit the sale of business park lots to Irresistible Ink and Steger Designs, and send the business park covenants to the city attorney for translation into ordinance language.

All of this did not come without effort, however.

Prior to the regular council meeting, the public hearing on the park's proposed development covenants and guidelines attracted a small but vocal group of critics. Tom Grahek, Rodney Loe and Bob LaTourrel each had comments to make about the nature of the park's funding, the city's role in attracting business and creating jobs, and the value of the investment being made.

Primarily concerned with the use of taxpayer dollars in the project, Grahek said he's unconvinced that the city is making a good investment when it "subsidizes" businesses who want to locate in the park with some of the best infrastructure in town and the sale of lots at a fraction of the market price.

"If they can't make it on their own, then let them leave," Loe said, agreeing. "Leave the taxpayer out of it."

"Why do these businesses need curbs, paved streets and lights when there's people that've been living in this town for 50 and 70 years that still have a gravel road in front of their house?" Grahek asked, "And not even good gravel at that."

Grahek also questioned why the city of Ely is bearing all of the fiscal responsibility for a project that he feels will clearly benefit the Township of Morse, through new housing and the subsequent property taxes that can be collected.

Steklusa agreed, saying, "We can't get by some major players to create an Economic Authority. Short of that, we up here at the council table are the ones left on the hot spot."

Councilman Paul Kess, who

served on the business park Committee, and Mayor Ed Steklusa spent over an hour discussing and listening to the audience's comments. They laid out the logic that led them to commit to the project, and explained the process by which the city negotiates with potential business park occupants.

"We've got to make this town viable, or it will diminish to nothing," Steklusa said. "We can't let the young people move away. It's going to have a devastating effect on whoever's left to pick up the tax bill to pay for the school and run the city. We have to have good jobs."

"We're on our own up here," he continued. "Not like on the Iron Range where you can live in one community and work in another. We've on an island here, and we

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## Steger Designs and Irresistible Ink purchasing lots in new business park

by Jana Studelska

Steger Designs became the first official resident of the Ely Business Park when co-owner Kent Holmberg presented the council with a signed contract and \$300 in earnest money at the council's April 16th meeting.

Compared to the council's earlier, slower examination of the Irresistible Ink contract, approved with a 5-2 vote, Holmberg practically sailed through.

The council voted unanimously to approve the Steger contract within minutes, which includes the promise of three new "full-time equivalent" jobs within three years, backed up by a promissory note of \$30,000.

In exchange, the council told Steger's it had a new lot measuring on the south side of Miner's Drive for \$7500. Steger's also secured some minor exceptions to the building guidelines.

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primarily involving design details. "We employed 35 people last year, ten more than the year before," Holmberg said. "But when I figure it all out, we're really providing 13 full-time jobs." Most of the work is done by independent contractors, Holmberg said, who sew at home and bring their work back finished, so he calculated "full-time equivalent" status according to payroll numbers. "Meaning that adding three full-time equivalences is really like a labor increase of around 20 percent for us."

He said he hopes to meet the promised goal both through new jobs, as well as better pay for those already working for Steger Designs. The company plans to begin construction as soon as possible.

In contrast, the Irresistible Ink contract makes no mention of job creation, includes a five-year option on a second adjacent lot, and makes provision for the return of one or both lots to the city, with interest paid to Irresistible Ink on the purchase price if such a return should occur.

Irresistible Ink is purchasing a lot directly east of the Ely Veterinary Clinic for \$7500. They have one year to begin construction, and a second year to finish construction. They have a five-year option on the lot adjacent to the first, but must promise to build, or have already built on the first lot, a 6000-square-foot building. Should they purchase the second lot, and decide within ten years that they want to resell, the city of Ely has first right to buy it back at the purchase price.

What caught the attention of several council and audience members is the provision that requires the city of Ely to pay an annual nine percent interest on the purchase price of the lots should they end up back in the hands of the city, either by default or—in the case of the second lot—by resale.

Councilman Steklusa asked

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need to act like it. I think we're investing a reasonable amount on this project, considering."

Grahek made it clear to the council that he wasn't against jobs and growth, just against the way in which it's being pursued. "I just don't see the paycheck," he kept saying.

One audience member, Kevin Scufsa, asked about minimum wage requirements included in the park covenants. For a brief moment, council members tried to recall what minimum wage is and explained

Irresistible Ink President Steve Rosengren to address the lack of job creation language in the contract.

Rosengren did not directly respond to Skrabu's inquiry, but explained that his company "looked at this project from a different standpoint." He said that even though they already have a building in Two Harbors, and even though another northern Minnesota town offered them a business park lot for just one dollar, they chose to keep their business in Ely.

Rosengren said he employs over 100 people in Ely, and had a 1995 payroll that approached \$700,000.

"I feel there's a lot that's not great here," Skrabu said. "I don't think this is the best contract the city could have negotiated. I don't want the jobs to leave, but I think we gave more, and we're over a barrel here."

The council approved the contract, which has yet to be signed, by a 5-2 vote, with Skrabu and Zupiec voting no.

"Our goal here is to get better jobs," EADC Coordinator Bill Henning said to the audience after the vote. "That's what we all want, and we'll get the best return we can on our investments. Even minimum wage jobs are important, especially to the people who have them."

City Attorney Klun and Councilman Kess, both of whom sat on the Business Park Committee that negotiated the contracts, said that they intend future negotiations to yield more and better jobs, and a slower pace that both the council and the public can keep up with.

"I think it's the best situation we could have come up with," Kess said.

that there is no requirement in the covenant.

"But minimum wages not even a living wage," Scufsa countered, referring to comments being made about the need for jobs, and the discussion moved on.

Later in the evening, and with more public comment, contracts with both Irresistible Ink and Steger Designs were approved (see separate story), and the mayor asked for a round of applause for the business park committee, thanking them for the long hours they've spent to

bringing this project to fruition quickly.

Finally, at the end of a meeting, the business park covenants and guidelines were set, City Attorney Larry Klun, who resubmitted them to the council in form of ordinances. The adoption of the ordinances will then fix the park's legal existence, and will—after years of inactivity—finally realize a dream its long sought after business park.

# EADC jumps into BWCAW fray

by Jana Studelska

The Ely Area Development Council didn't get five minutes into its regularly scheduled Monday meeting before the controversy over proposed BWCA legislation sidetracked the agenda.

It started when EADC Member Paul Forsman suggested that the EADC send a representative to upcoming mediation sessions, noting that Conservationists With Common Sense had declined to participate and that Ely should be sending "somebody."

Mayor and EADC Member Ed Steklasa immediately volunteered for the position, suggesting that the city might approve his expenses. The motion was made by Forsman, seconded by Eric Mayranen, to send Steklasa to mediation as a supporter of the Oberstar legislation.

For the next 45 minutes, motions were made, seconded, withdrawn, reworded, discussed and argued.

Forsman and Steklasa made emotional, sometimes angry statements regarding their feelings on the BWCA, legislative history and the meaning it has to the people of Ely. Both stated that they saw no reason for federal mediation, as proposed by Wellstone. Forsman went as far as to say that anyone that has a problem doing business in this town "can just stay the hell out."

Other members suggested that the EADC has no place in this controversy whatsoever, that it should function in a non-controversial manner. Chairwoman Carol Ranta suggested that the EADC represents such an array of opinions that any official representation would be irresponsible.

Other members attempted to discuss the appropriateness of taking an official stand without clear information on the economic impact of legislation proposals of any ilk.

EADC Coordinator Bill Henning asked the group to form a study group or committee to look at the subject and return with a recommendation. Ranta asked Forsman if

he would withdraw his motion and accept Henning's suggestion. Forsman refused.

"Everybody knows what we should do," Forsman said. "I don't see why we should be timid about it."

In the end, with a clearly divided council, the EADC voted to go on record as supporting the Oberstar bill as being economically beneficial to Ely. Voting "yes" were Forsman, Steklasa, Mayranen, Ross Buffington and Paul Ivancich. Voting "no" were Ken Pearson, Cam Peacock and Ranta. Angela Campbell abstained.

All this decision-making was done without a reading or interpretation of the Oberstar legislation. Forsman suggested that anyone not familiar with the legislation "must be living in a closet," and that regardless, "there's nothing in [the legislation] that is controversial."

Nor was there any discussion regarding the economic impact of the legislation, other than claims by Steklasa that "more environmental legislation will kill us." He also went on to say that all of this had nothing to do with taking sides, and everything to do with economics.

Nor was there anyone there who knew if and how a person or representative could be appointed to mediation.

In the last 10 months, the EADC has been struggling to gain the public's respect after a series of mishaps and appointments that drew much criticism in previous years. The agency has worked diligently towards presenting itself as a credible authority, capable of facilitating the area's dynamic, explosive growth period.

Ranta was disappointed with the vote, and said she will be introducing procedures at the next meeting that she hopes will prevent this sort of decision-making from happening again.

"I was concerned that the board felt pressured into making decision without the benefit of a study session," she said. "My vote was 'no,'

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saying that I didn't think it was proper for us to take a stand at this time. We need a procedure to consider all facts and inform all members before we vote."

Henning was also disappointed, agreeing that it had tones of emotional thinking rather than factual thinking. "In the end, though, is that this is a good place with good people, whether the portages are open or closed. That's what I work with."

Ken Pearson was adamantly opposing any stand. "I wouldn't support Vento any more than I would support Oberstar," he said. "That's not the point."

Ross Buffington said he still has questions about the legality of a non-profit taking sides in a legislative issue, and that he would support a study group. "I don't really know if it's the EADC's responsibility to take a position, but if it is, I'm going to represent the people who put me here," Buffington said.

Forsman was happy with the vote. He said that he believes that no one can be economically hurt by the Oberstar or Grams legislation. He was pressed, however, to list any benefits, either. He was also anxious to amend his statements about businesses who may hesitate to locate here due to local sentiment, a statement he said he made in a heated moment.

"I suppose we scratch for any job we can get up here, right down to a few teenagers running the truck portages. And these bills are so moderate and compromising. If any new business doesn't want to move up here because of our stand on this...if they would hold it against us, then I'm not interested in having them around."