



**MISSISSIPPI RIVER
REGIONAL PLANNING COMMISSION**
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*Eugene Savage, Black River Falls
Chairman*
*Margaret Baecker, Independence
Vice Chairman*
*Vicki Burke, Onalaska
Secretary & Treasurer*
*Greg Flogstad, Onalaska
Director*

MINUTES

**MISSISSIPPI RIVER REGIONAL PLANNING COMMISSION (MRRPC)
BIMONTHLY MEETING
10:00 a.m., October 9, 2013
Seasons by the Lake, 910 2nd Avenue North, Onalaska, Wisconsin**

Call to Order

Chairman Savage called the meeting to order at 10:00 a.m. and asked for the roll call. Greg Flogstad, Director took the roll and stated a quorum was present. Mr. Flogstad introduced Commissioners Del Twidt from Buffalo County and Bruce Peterson from Pepin County. Guests: Andrew Dane, Short Elliott Hendrickson (SEH); and Andrew Londre, La Crosse County Board and Coulee CAP; and Robert Fisher. The attendance roster is attached.

Minutes of August 14, 2013 Bimonthly Meeting

Chairman Savage asked for a motion to approve the August 14, 2013 bimonthly minutes. Commissioner Ehrsam made a motion and the motion was seconded by Commissioner Murray to accept the minutes of the August 14, 2013, bimonthly meeting. The motion was carried unanimously.

Treasurer's Report

Vicki Burke, MRRPC Secretary/Treasurer presented the treasurers reports. Ms. Burke said the July 31, 2013 balance in all MRRPC accounts was \$266,449.79 and the August 31, 2013 ending balance was \$251,782.25. Ms. Burke reported that the beginning balance in August 31, 2013 was \$251,782.25 and the balance in all accounts as of September 30, 2013 was \$253,716.41.

Ms. Burke presented the financial report for the Business Capital Fund I indicating a July 31, 2013 balance of \$229,602.86. From August 2013 through September 2013 activity in this account included loan repayments of \$68,129.93 and account interest of \$85.51 leaving a September 30, 2013 ending balance of \$297,818.30. Ms. Burke reported a balance of \$231,786.76 in the BCF Sequester Account as of July 31, 2013. For July and August 2013 account interest totaled \$87.65 and an interest payment of \$65.02 was made to the U.S. Treasury leaving a September 30, 2013 balance of \$231,809.39 in the BCF Sequester Account.

Ms. Burke said that as of July 31, 2013, the Business Capital Fund II RLF had a balance of \$91,402.70. Activity in this account for August 1, 2013 through September 30, 2013 included interest of \$30.68 and loan repayments of \$953.62 leaving a September 30, 2013 balance of \$92,387.00. The BCF 2 Sequester Account balance as of July 31, 2013 was \$119,355.08. During August and September the account interest totaled \$45.13 and an interest payment of \$40.73 was made to the U.S. Treasury leaving a September 30th account balance of \$119,359.48.

A Nine County Economic Development District Providing Assistance to Local Governments

- Land Use Planning ▪ Zoning and Subdivision Ordinances ▪ Transportation Planning ▪ Economic Development Planning
- GIS Mapping ▪ Recreation Planning ▪ Revolving Loan Fund Administration ▪ Grant Writing ▪ Socioeconomic Data Dissemination
- Assist Local Interests in Responding to State and Federal Programs ▪ Advisory Service on Local Planning Issues
- Coordinating Agency for Programs and Activities ▪ Public Advocacy on Issues Affecting Our Region

The CMV Growth Development Fund began with a July 10, 2013 balance of \$36,577.07. Ms. Burke said from the period of July 11, 2013 through September 11, 2013 activity in this account included \$6.35 in interest and loan payments of \$518.50 leaving a September 11, 2013 balance of \$37,090.92. Ms. Burke said the balance in the CMV-EDA Sequester Fund as of July 10, 2013 was \$164,030.76. During the period of July 11, 2013 through September 11, 2013 activity in this account consisted of interest earned of \$28.31 and a \$52.14 interest payment to the U.S. Department of Commerce-Economic Development Administration leaving a September 11, 2013 balance of \$164,006.93.

Ms. Burke said the La Crosse County Economic Development Fund (LCEDF) began with a July 14, 2013 balance of \$48,634.65. From July 15, 2013 through September 15, 2013 account activity included \$2,280 in loan payments and \$15.68 in account interest leaving a September 15, 2013 account balance of \$50,930.33. The LCEDF Sequester Account began with a July 31, 2013 balance of \$64,379.27. From August 1, 2013 through September 30, 2013 activity in this account included account interest of \$21.30, an interest payment of \$26.35 to the U.S. Treasury, and transfer of \$710 from the Sequester Account to the La Crosse County Business Fund Account leaving a balance of \$63,664.22. A \$710 loan payment was deposited to the Sequester Account in error.

Chairman Savage asked for a motion of approval on the treasurers reports presented. Commissioner Murray made a motion to approve the treasurer's reports as presented. The motion was seconded by Commissioner Baecker and approved unanimously.

Commissioner Ross asked about the interest payments made to the U.S. Treasury. Director Flogstad explained that the MRRPC uses a formula to calculate the percentage of funds that have to be loaned out so the RLF funds are not sequestered. Interest is paid to the U.S. Treasury on the sequestered funds. Mr. Flogstad said it's harder to loan money out and partner with banks because of stricter bank lending requirements. Mr. Flogstad reported there has been no loan activity in the La Crosse Business Fund since the last bimonthly meeting. Mr. Law reported he had good news on the Business Capital Fund. A \$36,000 loan was recently made to an auto repair business in the City of Mondovi. He said the RLF requirement that 2/3 of funding for a project should come from the private sector with the more stringent bank requirements has made it more difficult to make loans.

Mr. Law reported the Monroe County RLF also recently closed on a loan to an auto sales and detailing business in Sparta. Mr. Law said the Regional Revolving Loan fund effort has now been transferred to the Wisconsin Department of Administration. Prior to this the MRRPC had been working with the Wisconsin Economic Development Corporation. He said they are working with the Department of Administration on how to proceed. Commissioner Schlesselman asked if private funds could be used in lieu of a bank loan. Mr. Law said other investors are able to provide funds too and bank participation is not required.

Update on Ridership and Route Changes on Scenic Mississippi River Regional Transit Bus Service Running in Crawford, Vernon and La Crosse Counties

Mr. Fletcher, MRRPC Transportation Planner reported on the Scenic Mississippi River Regional Transit (SMRT) Bus Service. He provided ridership statistics through August 2013. He said the routes were modified in June to make a direct connection from Prairie du Chien to La Crosse. He said ridership numbers from September have increased to 1,336 riders from 1,118 riders in August. He said two things happened that may have boosted ridership. There was an ad campaign in September that was undertaken with help from funds of the La Crosse County Aging Unit and there was an agreement worked out with Western Technical College for students and faculty to ride free. The SMRT bus drivers just have to see a valid WWTC ID and they log the ridership. WTC is then billed for that ridership. Mr. Fletcher said this is a real benefit for rural students and it also helps with limited parking at WTC. Commissioner Ehram asked Mr. Fletcher if scheduling issues were straightened out. Mr. Fletcher said there have been a few route modifications and that drivers are hitting the schedules within a minute or two. He said the service is also looking at better ways to communicate with riders such as Facebook or Twitter. Chairman Savage asked if any Commissioners had used the SMRT bus service. Commissioner Nickelatti said she had not used the service but was aware of county board members who used it and think it is great.

Mr. Fletcher said the bus service is trying to get more mid-day traffic. He then displayed a map showing the new routes. He said the SMRT bus service has been a joint effort. He mentioned the funds provided by the La Crosse County Aging unit for the ad campaign and that Vernon County has also provided funds for another marketing effort. He displayed one of the bags (advertising the SMRT bus service). He said the bags are available to anyone who purchases a monthly pass.

Director Flogstad asked Mr. Fletcher to provide an overview of funding for the bus service. Mr. Fletcher said the service has an estimated annual cost of \$400,000 and in 2013 about 80% of the funds came from Supplemental Transportation Rural Assistance

Program (STRAP) Grant. The remaining funds needed to operate the service come from fare box revenue and location match funds from local governments, businesses, and institutions. He listed several of the corporate sponsors and said the service also has a website: www.rideSMRT.com. Commissioner Schlesselman asked if there would be bumps in the road in the future to fund the service. Mr. Fletcher said we can still apply for STRAP grant funds for 2014. Mr. Fletcher said next summer we will look at the routes and potentially make decisions based on that.

Report on Village of La Farge Pond – Educational Trail Project with Connection to the Kickapoo Valley Reserve Funded in Part by State DNR Stewardship Grant

Mr. Fletcher said staff worked with the Village of La Farge a few years ago on an Economic and Recreation Development Plan. He explained the Village acquired some property through a FEMA buyout. He described a project planned for a property located west of Mill Street adjacent to the Kickapoo River. He said the project has two phases. Phase 1 has two components: 1) the creation of a Forest Loop (Educational Forest) and 2) development of a handicapped accessible fishing area on the public property adjacent to Mill St. and connected to the Forest Loop (Educational Forest). Phase 2 involves developing a multi-use trail (primarily along old railroad right of way) connecting the handicapped accessible fishing pond and Forest Loop Trail to the Village of La Farge public school facilities, Organic Valley, and the Kickapoo Valley Reserve. Mr. Fletcher explained the Village received a \$9,565 Stewardship grant this year for Phase 1 of the project, the Stump Dodger Pond & Forest Loop Trail. He said the Village is applying for additional funds next year for Phase 2 of the project (the trail connection to the reserve). He displayed a site-plan map. He said the Village is also working with the La Farge School District's shop class in developing signage for the project. Mr. Fletcher gave a report on the progress of the entire project.

Presentation on Pepin County's Recently Adopted County Comprehensive Plan

Mr. Bonifas said Pepin County adopted their comprehensive plan on September 26, 2013. He then discussed demographics of the county – population, projected population, age data, employment etc. He said as part of the planning process a Strengths, Weaknesses, Opportunities and Threat (SWOT) analysis was conducted. He discussed the outcome of the SWOT analysis. The top three strengths were natural resources, strong agriculture presence, and scenic natural beauty. Top three weaknesses were lack of zoning and regulations, lack of employment opportunities and physical geography and topography. Major opportunities identified in the analysis included diversifying agriculture, expanding agriculture, development and use of technology, and retaining/expanding existing businesses. Major threats identified in the analysis were state formula for property taxes and shared revenue, irresponsible developers, water and air pollution, and State and Federal budget deficits impact on local governments.

Mr. Bonifas continued by reviewing policies and objectives for the Land Use; Housing; Transportation; Utilities and Community Facilities; Agricultural, Natural and Cultural Resources; Economic Development; and Intergovernmental Cooperation elements of the plan. Mr. Bonifas asked if anyone had any comments on the policies and objectives presented. Commissioner Christenson asked about the status of non-metallic mining in Pepin County. Mr. Bonifas said Pepin County has a moratorium in place on new non-metallic mines. Commissioner Christenson commented most mines proposed are on properties of absentee landowners. Commissioner Jaekel said that zoning and land use are a problem for many small counties. She said the landowners don't want to be told they can't do something. Ms. Jaekel said we need more education informing landowners that zoning ordinances are also there to protect them. Ms. Jaekel said Vernon County has a problem with zoning like many other small counties. She said she was on a land use committee years ago in a small township where zoning was tabled. Mr. Bonifas said often it's when something is going to directly affect a landowner that brings an awareness of zoning. He said often if something isn't going to affect a landowner they don't want anyone telling them what they can and cannot do. Commissioner Murray concurred with this. He said for many years zoning has not been an issue in Pepin County and most towns did not want to be bothered but now with the Frac Sand issue it's a different story.

Presentation on the Status of the Kickapoo Valley Solid Biofuel and Wood Product Feasibility Study

Mr. Flogstad provided a brief overview of the Kickapoo Valley Solid Biofuel and Wood Product Feasibility Study and explained that the MRRPC and Village of La Farge have contracted with SEH on this project. Mr. Flogstad then introduced Andrew Dane of Short Elliot and Hendrickson (SEH). Mr. Dane provided an overview of his background and said he was excited to be part of this project. Mr. Dane said he has worked on several biomass projects over the last several years. He said SEH has also teamed up with Don Peterson of Renewable Resource Solutions, a long time consultant of forest products and the biomass industry. Mr. Dane said Terry Mace, a retired Wisconsin DNR forest products expert now works for Mr. Peterson and would be joining the meeting today via telephone. He said the purpose of the feasibility study is to look at opportunities to

create jobs, improve energy security, and increase income levels in the four county area (Crawford, Monroe, Richland and Vernon counties) all while protecting the valuable forest resources. He provided a broad overview of the study. Mr. Dane said one of the big things they are working on is a resource analysis, how much material can actually be sustainably harvested in the region. He said they are also conducting a survey to see what opportunities there are with households, institutions etc. The survey asks about perceptions of heating with wood and if there is an interest in heating with wood. Mr. Dane said some of the issues and opportunities include underutilized forest resources, higher heating costs, economic development, sustainability, forest health, energy security, and energy prices. He said one of the challenges with heating sources such as heating oil, propane, and natural gas is they fluctuate frequently; there are lots of highs and lows. Mr. Dane said we would like to think with wood pellets we could provide a more stable pricing for its users. Due to teleconference technical difficulties Mr. Mace was not able to join the meeting so Mr. Dane proceeded with the presentation.

Mr. Dane continued by discussing pellet market trends. He said one of the things they want to do in the study is look at the feasibility of a pellet plant. Some of the challenges with that right now are the low prices of natural gas. He said however there is an opportunity because there are people using fuel oil, propane and electric for heating. Mr. Dane said in 2008-2009 there was construction of several pellet mill plants when natural gas prices were relatively high. He said some of these plants have not been able to stay in operation and others are operating under capacity. Mr. Dane said there are mandates in place for higher percentages of renewable energy so right now there are pellet plants being built in other parts of the U.S. primarily in the Mississippi-Louisiana area, the gulf coast states, and in the southeast part of the U.S. Mr. Dane said most of those large pellet plants are exporting over to Europe with shipments of wood pellets from the U.S. and Canada to Europe almost doubling in the past two years. Mr. Dane showed a listing of pellet plants in operation in Wisconsin. He said annual sales of wood pellet stoves in the US have increased by nearly 300 percent in the past 10 years and domestically, pellets compete best against fuel oil, propane, and electricity, and that's where opportunities lie. He said demand in European countries such as Sweden, the Netherlands, Belgium, Italy, Denmark, and the UK continues to outpace domestic production. Mr. Dane said there is a lot of export potential for wood pellets from the U.S.

Mr. Dane continued by discussing new technologies that are proven and cost effective, suitable for this region, and capable of utilizing low grade wood or better yet by-products from local wood product industry. He said the technologies are things like hot water boilers or steam generating boilers. They are new in the sense that they are not common to the area but have a proven track record using reliable, off the shelf technology. Mr. Dane reviewed several biomass opportunities in the region and discussed the biomass conversion efficiencies. He said if there are opportunities where you can heat and power that can help with efficiency levels. Mr. Dane reviewed several case studies in the state. He said the Barron School District has been heating with wood since the 1980s with a system that provides heat for the elementary and high schools, a hospital, a medical center and a nursing home. He described the workings of the system and said the School District works closely with local businesses to secure excess biomass. They get wood shavings from a local telephone pole manufacturer and when there is an opportunity to get brush they also bring that in and chip it. He said the district is a very good community based example. The school district saves thousands of dollars in heating costs annually. Mr. Dane said a wood boiler system is used by the Muscoda Protein Products and Meister Cheese Facility in Grant County. They use pallet trims in their boiler system that in turn provides energy to process heat for the cheese plant and whey drying facility.

Mr. Dane said there are biomass opportunities where a locally available fuel can help businesses improve their bottom line and also keep those energy dollars recirculating in the local economy. Mr. Dane described a biomass system at the Wolf Ridge Environmental Learning Center in Minnesota. He said the Learning Center's boilers were made up in Superior, are computer controlled, and the piping for the system only had to be dug down three feet. Mr. Dane mentioned a wood fired boiler system at Memorial Medical Center in Ashland, Wisconsin where they have been heating with wood since the early 1980's. He said their boiler system also takes care of about 1/3 of the cooling costs in the summer. Mr. Dane said from a biomass renewable energy side, some of the things we are looking at are what are the opportunities for industrial, municipal, commercial, and educational type of institutions. On the pellet side what are the opportunities for residential scale or smaller institutions. Typically it doesn't make sense to use pellets to heat a real large facility, it would make more sense to use wood chips. Mr. Dane discussed potential biomass opportunities for the study area. He mentioned a Department of Administration (DOA) heating assistance program piloted last year. Ten low income home owners were assisted in switching from electric heat to wood pellets. Mr. Dane said they would follow-up with Wisconsin (DOA) to see how successful the program was and determine if there is potential to replicate something like that in the study region. Mr. Dane outlined some economic impacts of switching to locally produced sources. He said statewide 28% of residents are heating with LP, fuel oil or electricity but if you drill down to county-wide numbers the results for the study area are as follows: Richland County (45%), Vernon County (48%) Crawford County (35%) and Monroe County (41%) heat with LP, fuel oil or electricity.

Mr. Dane displayed a chart of fuel costs per million BTU for various heating sources. He said space heating in Wisconsin accounts for over 58% of energy consumption. He said displayed another chart showing estimated annual fuel switch savings (switching to pellets for example); estimated savings were: Propane or LP \$489, Electric \$1,099 and Fuel Oil \$1,092. Another

chart showed collectively the outcome if 10%, 20% or 50% of LP, Electric or Fuel oil users switched to using pellets in the region. If 50% of the households switched to pellets a regional savings of approximately \$6.6 million annually would occur. Mr. Dane mentioned Emerald Ash Borer; what are the opportunities? Are there opportunities to utilize that Ash for heating and biomass etc.

Mr. Dane said the Forest Product Lab (FPL) has a new Nano cellulose pilot plant in Madison. The plant is a production facility for renewable, forest-based nanomaterials. It's the first of its kind in the U.S. and positions FPL as the country's leading producer of forest-based nanomaterials. He provided an overview of what nanotechnology is and said the nanotechnology plant could bolster the market for wood-derived renewable materials. He said what we want to do as part of the study is figure out how this region can tap into that project or contribute to it. Mr. Dane said thermowood is another potential for the region. Thermowood is where you take different species and different density woods and heat them up to a certain temperature which helps preserve the wood. The wood is made stronger through the process and could be used in different manufacturing processes.

Mr. Dane said wood chips would be a nice byproduct opportunity. He said the idea of the study is to look at opportunities where we can grow the wood product industry and also support the development of biomass heating. He said there are a lot of small scale entrepreneurs and tinkerers in this part of the state as well as all over the state. There are a lot of local people with skills in doing woodcrafts and creating products but don't necessarily have the best marketing skills or access to high quality marketing skills. One of the things we want to look at in the study is, are there some joint marketing opportunities. Mr. Dane said developing a website to help the independent craftsmen market their product is an opportunity.

Mr. Dane said a survey was done as part of this project. We have 60 responses back so far. Mr. Dane went over the preliminary results. He said a big thing is sustainability and a survey question focused on this issue. The question asked "What are your primary concerns regarding the environmental impacts of encouraging the solid wood energy (wood chips/wood pellets) industry in the Kickapoo Valley". The biggest concern noted was air emissions followed by impacts on soil, impacts on forest health and impacts on water resources. Mr. Dane said sustainability is critical to moving forward, how do we show people that managing the forests in a healthy way and utilizing those resources in a sustainable way is actually good for the environment and the economy. Commissioner Schlesselman mentioned the steep slopes in the driftless area and with additional logging, erosion is a concern. Mr. Schlesselman stated the environmental aspect is a concern. Mr. Schlesselman said he has been down the pellet path but has switched over to working with wood chips and is just now going into gasification. Mr. Schlesselman said wood chips are more viable unless you are looking at an export market. There was some discussion on transportation costs and how to overcome that. Mr. Schlesselman said eventually wood products and renewables are going to be more and more important in this country. Commissioner Krachey said a lot of oaks and hardwoods have been harvested and what's left is low value trees. Mr. Schlesselman concurred and said we need to clean up the forests for regrowth of the hardwoods and that's the sustainable part. Mr. Schlesselman said regulatory issues are also a concern. We want to get logs out in the most efficient way and don't worry about erosion; regulations could be improved. Mr. Murray asked about payback. Mr. Murray mentioned the Meister Cheese case study discussed earlier where they installed a 400 HP wood boiler at a cost of \$1.7 million. Mr. Dane said there are some financing incentives and there are also some different kinds of financing opportunities for some of the larger scale projects. Mr. Dane said there is also a small tax credit on the residential side for pellet stoves etc. but right now the price of natural gas is low. The payback on pellets is better when you are heating with LP, fuel oil or electric heat. There was some more discussion on payback. Chairman Savage thanked Mr. Dane for his presentation.

Old Business and New Business

Chairman Savage asked if there was any old business, and then asked if there was any new business, hearing none a motion was made to adjourn. Andrew Londre of the La Crosse County Board said he wanted to make sure anyone from La Crosse, Monroe, Vernon, and Crawford counties were aware of Coulee Cap's Job and Business Development Program, a program that provides financial and technical assistance to low income entrepreneurs. He said Coulee Cap also has a small revolving loan fund to assist businesses. Mr. Londre said if anyone was interested in more information on the program to contact him.

Vicki Burke, Secretary-Treasurer