

Quest for funds needs metro legislators' nod

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ST. PAUL As Minnesota hitches its economic wagon to a bioscience industries future, DCI Inc. is poised to go along for the ride.

"A lot of people in the Twin Cities are surprised to find that we're right here in their back yard, ready to serve them," said Allison Waggoner, human resources director and spokeswoman for the St. Cloud-based container manufacturer.

"We have several pieces of equipment in place with companies in the Twin Cities and the University of Minnesota," she said.

Two bills moving through the Legislature to help Central Minnesota get in on the bioscience boom are surprising some Twin Cities lawmakers who didn't know the area wants to become the manufacturing arm of a state enterprise that has so far focused on research and development in the Twin Cities and Rochester.

St. Cloud-area companies such as DCI, which began its life 50 years ago as a milk-tank manufacturer, are now hoping for \$2 million in state bonding money for the area's bioscience initiative and a law change that would let the area in on future tax breaks aimed at boosting the bioscience industry.

Area bioscience boosters believe getting those two bills passed at the Legislature this year will provide the needed springboard to attract new businesses.

"It's just a snowball that begins to happen," said Teresa Bohnen, St. Cloud Area Chamber of Commerce president.

But legislative success is not a sure thing. Competition for bonding money is tight, and the area's request came late in the game. And Twin Cities lawmakers could interpret Central Minnesota's bioscience interests as a threat.

Potential gains

The bioscience industry includes companies that offer products and services based on knowledge gained from life-science research, such as medical equipment.

DCI has grown its work force by 20 percent in 18 months, to 155 technical employees and 60 office-based employees, as it has found a market for its precision-manufactured tanks in the biopharmaceutical industry, Waggoner said.

The area has a lot to offer bioscience companies looking for a good place to apply the research and development going on elsewhere in Minnesota, and it has a lot to gain from chasing them, said Cameron Macht, regional analyst for the Minnesota Department of Employment and Economic Development.

St. Cloud has a concentrated, relatively well-educated manufacturing work force that earns about 80 percent of comparable Twin Cities wages.

Bioscience manufacturing offers jobs in a growing field that pay significantly more than most other skilled labor jobs.

Training money

The training required to produce welders who can put together a storage tank without flaws or seams is hard for DCI to come by, Waggoner said.

The first bill, SF 3259/HF 3547, introduced by Sen. Tarryl Clark, DFL-St. Cloud and Rep. Dan Severson, R-Sauk Rapids, would give the area \$2 million, with part of it supplying St. Cloud State University and St. Cloud Technical College with the equipment necessary to train workers and help businesses turn ideas into reality.

St. Cloud State plans to hire two additional faculty specializing in molecular biology who could work with the \$1 million in genetic research equipment the university plans to buy with the bonding money and other sources, said David DeGroote, dean of the college of science and engineering.

"We're trying to build an academic center around the biosciences that serves both students, faculty and the business community," he said. "Our role would be in applied research. We're not looking to compete with the University of Minnesota."

St. Cloud Technical College plans to begin instructing students in micromachining, the process used to make many medical implant devices, with the bonding money it would receive, said Bruce Peterson, academic dean.

"We're hearing from people in the industry that the need to provide this training is extremely high," he said. "By us getting ahead of the curve ... we'll be able to prepare the way for industries who want to find a trained supply of workers to locate here."

Marketing the area

But all that means nothing if the St. Cloud area isn't on bioscience companies' radar screens, said Tom Moore, president of the St. Cloud Area Economic Development Partnership.

The Partnership and the Chamber of Commerce are both part of the Science Initiative of Central Minnesota, a local initiative dedicated to bringing two new bioscience companies and 200 new jobs to the area by 2008.

The second area bioscience bill, SF 3260/HF 3561, also authored by Clark and Severson, would allow the state to add to reduced-tax bioscience zones established for Minneapolis, St. Paul and Rochester in 2003.

St. Cloud would be the first one asking to be counted in, Moore said.

"It points out to Twin Cities and Minnesota companies that we're a serious contender in the field," he said. "We have to get executives to think outside of the Twin Cities-Rochester box, and this is one way to get noticed."

Part of the bonding request would help St. Cloud prepare an addition to its I-94 Business Park for occupancy by those bioscience business.

No businesses have committed to moving in, but setting the table is another way to invite businesses to give St. Cloud a look, Mayor Dave Kleis said.

"It's right on the main transportation corridor to the Twin Cities, and we don't have the resources to provide those services out there right now on our own," he said.

Difficulties

A Senate bonding bill approved last week contained \$2 million for outstate bioscience initiatives, but St. Cloud has no guarantee of getting any of that money.

A House committee has ranked bioscience initiatives the top jobs and economic development priority for the bonding bill, but it wrapped up St. Cloud's request in \$10 million worth of outstate proposals.

A line item with St. Cloud's name on it would be best, but if there's money in the final bonding bill for outstate bioscience initiatives, the area has a good shot at the money, Bohnen said.

"(Gov. Tim Pawlenty) was very excited about our bioscience initiative," she said. "I think we'd be in good shape."

Expanding the bioscience zones could dilute the critical mass of knowledge and capability the Twin Cities and Rochester are trying to build, some lawmakers fear.

"We don't need every campus around the state claiming bioscience ties," said Rep. Diane Loeffler, DFL-Minneapolis. "It pits one part of the state against another."

Loeffler noted that Minneapolis and St. Paul rely on the bioscience zones because they have no access to the state's JOBZ tax incentive program, which was designed for outstate communities.

That debate is irrelevant because the Legislature failed to appropriate more money last year to continue the bioscience zones tax breaks, said Gene Goddard, bioscience industries specialist for the Department of Employment and Economic Development.

"We're trying to make sure every part of the state is taking part in what we have to offer," he said. "Unfortunately, the funding has not kept up."

Area bioscience bonding request

St. Cloud's \$2 million bioscience bonding request would be spent in the following areas:

A[broken bar] \$900,000 for city infrastructure to add to St. Cloud's I-94 Business Park for new or expanding bioscience businesses.

A[broken bar] \$500,000 for St. Cloud State University's department of science and engineering to purchase equipment that will help support applied research in the biosciences.

A[broken bar] \$300,000 for the Minnesota Poultry Testing Laboratory in Willmar to upgrade its ability to detect avian flu strains.

A[broken bar] \$200,000 for St. Cloud Technical College to buy equipment for training people in bioscience manufacturing.

A[broken bar] \$100,000 for Stearns County to buy equipment for a pilot project with the Minnesota Milk Producers Association and Minnesota Project to convert captured methane on dairy farms for use as an energy source.

On the Net

Follow SF 3259/HF 3547, SF 3260/HF 3561 and other bills throughout the session with the Legislature's bill-tracking Web site at: www.leg.state.mn.us/leg/legis.asp.

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Abstract (Document Summary)

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