Inver Grove Heights

INVER GROVE HEIGHTS
ECONOMIC DEVELOPMENT AUTHORITY AGENDA
MONDAY, MAY 2, 2011
6:00 P.M.

1. CALL TO ORDER
2. ROLL CALL
3. MINUTES
4. ACQUISITION POLICY
5. SMALL BUSINESS LOAN PROGRAM
6. DRAFT 2012 BUDGET
7. PROGRESS PLUS UPDATE
8. CLAIMS
9. OTHER BUSINESS
10. NEXT MEETING
11. ADJOURNMENT

MEMO

CITY OF INVER GROVE HEIGHTS

TO: Inver Grove Heights Economic Development Authority

FROM: Thomas J. Link, Director of Community Development

DATE: April 14, 2011 for EDA Meeting of May 2, 2011

SUBJECT: May 2 Agenda

The following are comments on the May 2 Economic Development Authority (EDA) agenda:

- Acquisition Policy – This is one of four items on the EDA's 2011 Work Plan. Enclosed is a memo regarding a potential acquisition policy, a couple of examples from other cities, and a memo regarding properties that the City owns, as requested by the EDA.

- Small Business Loan Program – This item is also part of the EDA's 2011 Work Plan. Enclosed is a memo that discusses such a program with examples from other communities.

- Draft 2012 Budget – Enclosed is a memo and draft budget.

- Progress Plus Update – Enclosed is information provided by Progress Plus. Progress Plus will provide regular updates at the EDA meetings. Previously these updates were provided at monthly City Council work sessions. However, it is more appropriate to place the updates on the EDA agendas since they relate to economic development.

- Claims – There are no claims at this meeting though this will be a standard agenda item.

- Next Meeting – The next meeting is scheduled for Monday, August 1 at 6:00 p.m. It is anticipated that there will be further discussion of the acquisition policy and the Small Business Loan Program. In addition, Progress Plus will discuss their marketing efforts, another topic on the EDA's 2011 Work Plan.

NO DINNER WILL BE SERVED AT THE EDA MEETING.

INVER GROVE HEIGHTS ECONOMIC DEVELOPMENT AUTHORITY MEETING
MONDAY, MARCH 7, 2011 – 8150 BARBARA AVENUE

CALL TO ORDER/ROLL CALL The Economic Development Authority (EDA) of Inver Grove Heights met on Monday, March 7, 2011, in the City Council Chambers. President Pro Tem Tourville called the meeting to order at 6:00 p.m. Present were Economic Development Authority members Grannis, Klein, Madden, and Piekarski Krech; City Administrator Lynch, City Attorney Kuntz, and Executive Director Link.

3. ORGANIZATION:

A. Adoption of Bylaws

Mr. Link discussed some key points of the bylaws which were drafted by Steve Bubul, the City's Bond Counsel, including the election of officers, establishment of regular meeting dates, and his position as Executive Director (lead staff to the EDA). He noted a blank in Article V, Section 1 of the bylaws and requested the EDA fill in the blank by determining what level of expenditure they felt comfortable granting staff in between the quarterly meetings for miscellaneous expenditures such as attorney and consultant fees.

Boardmember Piekarski Krech expressed reservation at giving staff the authority to spend money prior to the establishment of a budget.

Boardmember Klein questioned why money would be spent at this point as there was no pending development.

Boardmember Grannis recommended giving staff the ability to incur expenses up to a certain amount while still being conscious of expenditures. He stated that staff had previously been given authority for expenditures totaling up to $15,000 for the City Hall project.

President Tourville asked if the EDA could continue this discussion at a future meeting and pass the bylaws without filling in the blank.

Boardmember Madden recommended giving staff the authority to spend up to $5,000.

Boardmember Piekarski Krech stated she had an issue with money being spent prior to the establishment of a budget.

Boardmember Grannis asked staff if the City's budget included funds for the EDA.

Mr. Lynch replied that the 2011 adopted budget included a transfer of $500,000 from the Host Community Fund to what is going to be called the Economic Development Fund. The EDA would determine how that money would be spent.

President Tourville stated they would not necessarily have to put all $500,000 into the EDA Fund at this time.

Mr. Lynch advised that during the process of establishing their budget the EDA could choose to take expenditures that are currently in the General Fund, such as a portion of the Community Development Director's salary or the Progress Plus membership, as an EDA expense instead.

Dian Piekarski, 7609 Babcock Trail East, questioned why Mr. Link was able to appoint himself Executive Director to the Board, stated she was frustrated that the EDA had already incurred expenses, and was

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concerned about the potential for future expenditures. She urged the EDA to follow the recommendations of their consultant and determine their purpose before establishing a budget. She asked if the City paid the consultant, Kirsten Barsness, for her presentation at the August 30, 2010 workshop.

Mr. Link replied that Ms. Barsness was paid to inform the City Council of an EDA's role, structure, funding, etc.

President Tourville advised that the City does not have an on-going contract with Ms. Barsness; she did a one-time presentation of her expectations of an EDA. The City does not necessarily need to do everything that the consultant suggested.

Boardmember Madden added that the consultant also explained what the EDA could do that the City Council could not.

Mr. Kuntz suggested that the EDA designate an amount in Article V, Section 1, because adopting the bylaws without that section would be difficult because that section affects other sections.

Boardmember Madden recommended giving purchase authority for $5,000.

Boardmember Piekarski Krech recommended $500.

Motion by Madden, second by Grannis, to designate $5,000 purchase authority in Article V, Section 1 of the bylaws.

Boardmember Klein stated he would likely vote in favor of the motion, however, he would prefer to wait until the EDA had determined a basic plan.

Frank Rauschnot, 6840 Dixie Avenue, asked for clarification of how expenditures would be approved and paid.

President Tourville explained that Mr. Link would have the authority to pay claims up to the approved amount. The EDA would then receive a list of paid claims and supporting documentation at their next meeting.

Boardmember Piekarski Krech asked where the claims procedure was spelled out in the bylaws.

Mr. Kuntz replied Article V, Section 2.

President Tourville asked for clarification of payment of EDA claims.

Mr. Kuntz replied that the bylaws being approved tonight would delegate to the Executive Director the authority to pay bills up to a certain amount. He would then bring evidence of that payment and bill to the next meeting.

Boardmember Piekarski Krech advised that the bylaws state that the Treasurer shall submit a detailed financial statement at least once a year.

President Tourville suggested the EDA request a quarterly account of expenditures.

Boardmember Madden suggested the EDA give the Executive Director the authority to do his job.

Boardmember Klein asked if the EDA had the authority to schedule additional meetings.

Mr. Link replied in the affirmative.

Boardmember Grannis referred to Article I, Section 3 of the bylaws and asked if corporations were getting away from using seals of authority as they were often getting misplaced or lost.

Mr. Kuntz replied that they were still a requirement for municipal corporations.

Boardmember Grannis stated according to Article II, Section 2, it appeared as if only the President was able to submit recommendations regarding business affairs and policies for the EDA to consider, and he questioned whether other officers or Boardmembers should have that privilege as well.

Mr. Kuntz stated that was not the intent because each Boardmember would have the authority to bring forth items for consideration by the Board. He suggested that Section 8 be added to Article IV stating that at each meeting each Officer and each Boardmember may submit such recommendations and information as he or she may consider proper concerning the business, affairs, and policies of the Authority.

Boardmember Piekarski Krech asked if the second sentence in Article II, Section 2 would be modified and moved to Article IV, Section 8.

Mr. Kuntz replied in the affirmative.

Boardmember Grannis asked if other Boardmembers recalled a previous discussion where it was agreed that the Executive Director's position would not result in an additional pay increase and would be considered 'other duties as assigned'.

The Boardmembers unanimously replied in the affirmative.

Boardmember Grannis asked if the same would apply to the position of Assistant Treasurer.

President Tourville replied in the affirmative.

Boardmember Piekarski Krech stated she was opposed to giving $5,000 spending authority to the Executive Director, but had no issues with the remainder of the bylaws.

President Tourville asked if the Board would be willing to vote on the bylaws without a dollar amount in Article V, Section 1 and subsequently add a specific amount in a second motion.

Motion withdrawn.

Motion by Klein, second by Piekarski Krech, to approve the bylaws with no amount in Article V, Section 1, and the addition of Section 8 to Article IV stating that at each meeting each Officer and each Boardmember may submit such recommendations and information as he or she may consider proper concerning the business, affairs, and policies of the Authority.

Ayes: 4
Nays: 1 (Madden) Motion carried.

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Motion by Grannis, second by Madden, to amend the bylaws by designating $5,000 purchase authority in Article V, Section 1 of the bylaws.

Ayes: 3
Nays: 2 (Klein, Piekarski Krech) Motion carried.

B. Election of Officers

Mr. Link requested that the EDA appoint a President, Vice-President, and Treasurer, and he recommended that the Secretary be the Executive Director's designee and the City's Finance Director be appointed Assistant Treasurer.

Boardmember Piekarski Krech asked for clarification of the Secretary's duties.

Mr. Link replied the Secretary would keep minutes of all meetings of the Board.

Boardmember Madden advised that the bylaws state the Secretary shall keep minutes of all meetings of the Board and shall maintain all records of the Authority. The office of Secretary may be held by a person who is an employee of the City or Authority.

Motion by Madden, second by Klein, to appoint Tourville as the President of the EDA.

Boardmember Piekarski Krech asked if these were one year terms.

Mr. Kuntz replied in the affirmative, stating the bylaws state officers shall be elected at the annual meeting and hold office one year or until their successors are elected and qualified.

Ayes: 4
Nays: 1 (Grannis) Motion carried.

Motion by Klein, second by Tourville, to appoint Piekarski Krech as Vice-President of the EDA.

Ayes: 5
Nays: 0 Motion carried.

Motion by Tourville, second by Piekarski Krech, to appoint Klein as Treasurer of the EDA.

Ayes: 5
Nays: 0 Motion carried.

Ms. Piekarski asked if the Secretary would be paid by the EDA.

Mr. Lynch replied that until an EDA budget was established any staff time would come out of the 2011 General Fund budget. If an EDA budget was not established staff time would continue to come out of the General Fund.

Motion by Grannis, second by Piekarski Krech, to appoint the City's Finance Director as Assistant Treasurer of the EDA and that the Secretary be the Executive Director's designee.

Ayes: 5
Nays: 0 Motion carried.

C. Establishing Regular Meetings Dates

Mr. Link suggested meeting on the first Monday in February, May, August, and November.

Boardmember Klein asked if the Board had the power to cancel a quarterly meeting and if so, who would make that determination.

Mr. Kuntz replied that Article V, Section 1, of the bylaws states that all regular meetings will be held on the first Monday of February, May, August, and November at 6:00 p.m. at the City of Inver Grove Heights City Hall unless otherwise determined by the Board after notice as required for a special meeting. If the EDA would like to cancel a meeting, he would assume they would follow the same protocol. He added that if a quorum is not present at any meeting the meeting cannot take place.

Boardmember Grannis recommended that the meeting notices for the EDA be published similarly to the notices for City Council meetings.

Mr. Kuntz recommended that if the Board desired additional notice they should pass a motion to that effect.

President Tourville recommended that the City establish a section for the EDA on its website listing such information as meeting dates, minutes, activity, Treasurers report, etc.

Boardmember Piekarski Krech asked if special meetings were required to be noticed similar to that of City Council meetings.

Mr. Kuntz replied in the affirmative, stating at least three days posted notice was required.

Motion by Klein, second by Grannis, to establish regular meeting dates on the first Monday of February, May, August and to establish on the City's website the meeting dates, minutes, etc. for the EDA.

Ayes: 5
Nays: 0 Motion carried.

D. Designation of Official Newspaper

Motion by Piekarski Krech, second by Klein, to designate the *Southwest Review* as the EDA's official newspaper.

Ayes: 5
Nays: 0 Motion carried.

E. Designation of Official Depository

Motion by Klein, second by Grannis, to designate Bremer Bank N.A., RBC Public Funds Services, US Bancorp Investments, Wells Fargo Securities LLC, Morgan Stanley Smith Barney, American Bank, and Stifel, Nicolaus & Co. Inc. as the EDA's Official Depositories.

Ayes: 5
Nays: 0 Motion carried.

Motion by Klein, second by Madden, to designate Key Community Bank as an Official Depository for the EDA.

Ayes: 4
Nays: 0
Abstain: 1 (Tourville) Motion carried.

4. 2011 WORK PLAN

Mr. Link stated City Council previously discussed that the 2011 Work Plan would consist of 1) the acquisition policy, 2) Small Business Loan Program, 3) Progress Plus marketing activities, and 4) funding of EDA activities. With the help of Progress Plus, staff gathered information from other organizations regarding Small Business Loan Programs and acquisition policies; this information could be provided to the Board for their next meeting. Staff would also like to discuss the EDA budget at the next meeting.

Boardmember Piekarski Krech recommended taking a look review at how much money an acquisition policy would require and whether the EDA had the ability to budget for it.

President Tourville asked if the EDA would be provided a preliminary budget for the next meeting.

Mr. Link replied the EDA would be given a preliminary budget for 2012.

Boardmember Piekarski Krech suggested working first with property the City already owns rather than acquiring new property, and requested that staff provide the EDA with an accounting of City-owned developable properties.

President Tourville agreed, stating he would like an inventory of all City-owned excess property and the different variables, such as whether or not an environmental assessment had been done, etc.

Mr. Lynch noted that the City owned a substantial amount of property for conservation and right-of-way easements.

Boardmember Piekarski Krech stated they only needed a list of useable property.

President Tourville suggested they narrow it down to an inventory of potentially developable excess City-owned properties. He noted they would also discuss funding of EDA activities and the budget. .

Mr. Link stated he would not recommend discussing all four 2011 Work Plan items at the next meeting as it would be too extensive.

Boardmember Piekarski Krech stated she would prefer to proceed slowly on the funding.

Mr. Link stated staff would provide the Board, for their May 2nd meeting, the 2012 budget, acquisition policies from other organizations, an inventory of excess City-owned potentially developable properties, and information regarding Small Business Loan Programs.

Boardmember Grannis requested that the information for the next meeting be delivered 2-3 weeks prior to the meeting to give Boardmembers time to review the material.

Boardmember Piekarski Krech advised that the information could be emailed to her.

5. OTHER BUSINESS

Ms. Piekarski asked if the City's Small Business Loan Program would include small loans to individual citizens.

Mr. Link replied that the programs he was familiar with gave loans to existing or new businesses for a particular use.

Ms. Piekarski stated she believed the City of West St. Paul funded some property maintenance issues through their EDA.

President Tourville stated he thought that was a function of an HRA rather than an EDA. He stated the Board would have to decide if this was something they wanted to do for individuals or if it was more for economic development purposes.

Ms. Piekarski stated keeping properties in good condition would be related to economic development as it would result in more tax revenue.

Ms. Piekarski asked for clarification of whether the EDA was going to continue discussing a budget.

Boardmember Piekarski Krech advised that staff is going to present a preliminary budget at the next meeting.

Boardmember Klein stated that the EDA would not necessarily approve it.

President Tourville stated the EDA had the ability to transfer up to $500,000 from the Host Community Fund to the Economic Development Fund; however, that would not necessarily happen.

Boardmember Madden stated the EDA has the ability to help the City in a way that the City Council could not per the laws of the State.

6. ADJOURNMENT: Motion by Klein, second by Grannis, to adjourn. The meeting was adjourned by a unanimous vote at 7:19 p.m.

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MEMO
CITY OF INVER GROVE HEIGHTS

TO: Inver Grove Heights Economic Development Authority

FROM: Thomas J. Link, Director of Community Development

DATE: April 14, 2011 for EDA Meeting of May 2, 2011

SUBJECT: Acquisition Policy

1. **ACTION REQUESTED:** The Inver Grove Heights Economic Development Authority (EDA) is to discuss an acquisition policy and provide direction to staff.

2. **BACKGROUND:** The EDA identified the development of an acquisition policy as one of four items for its 2011 Work Plan. The EDA is requested to discuss the need and provide direction for such a policy.

3. **ANALYSIS:** An acquisition policy would identify the purpose for the EDA acquiring property and develop a uniform process for how property is acquired. Such a policy would have to be flexible since each case is different but it would provide general direction to the EDA, City Council, Commissions, general public, and staff.

The policy would address why the EDA would acquire property. Generally, properties would be acquired for the purpose of economic development, such as the generation of jobs, increase in tax base, provision of diverse goods and services for the community, and elimination of blight. More specifically, the policy could specify those areas or neighborhoods and/or the type of situations, such as land assembly, infrastructure, and/or a specific redevelopment project, in which the EDA would consider acquisition. The policy could identify the type of development, i.e. industrial, commercial, mixed use, or affordable housing, for which land acquisition would be used. The length of time that the City would hold properties, the purpose for retaining ownership, and the selling of the properties could also be part of the policy.

The acquisition policy could outline a general process for acquisitions. For example, the policy could specify when property owners are contacted, how appraisals are conducted, how negotiations are conducted, and the process for addressing environmentally contaminated properties. Incidentally, the City already has procedures established for the acquisition of properties in the Doffing Avenue Area and the disposal of properties.

Potential funding could be listed in the policy, though this will vary from project to project. Funding alternatives include the City's General Fund, other City funds, grants, and tax increment financing. Other issues that could be included in the policy are consistency with the Comprehensive Plan, demolition or renting of acquired properties, and maintenance of acquired properties.

Attached, for EDA's information, are policies from the Dakota CDA and City of Northfield, a research paper from the City of Burnsville, and the Inver Grove Heights policies for Doffing Avenue Acquisition and property disposal.

4. **RECOMMENDATIONS:** The Inver Grove Heights Economic Development Authority (EDA) is to discuss a possible acquisition policy and provide direction to staff.

Enc: Northfield Acquisition Policy
Dakota County CDA Acquisition Policy
City of Burnsville "White Paper" regarding Acquisitions
Doffing Acquisition Policy
Disposal of City Properties Policy

cc: Jennifer Gale, Progress Plus
Ellen Watters, Progress Plus

City Of Northfield
Economic Development Authority

Policy for the Acquisition of Real Estate
For the Purpose of Redevelopment

DRAFT August 12, 2010

PURPOSE

The purpose of this Policy is to provide a uniform and consistent approach for the acquisition and eventual disposition of real estate acquired for the purpose of redevelopment by the Northfield Economic Development Authority (EDA). The EDA shall follow all Minnesota Statutes that refer to property acquisition, and reserves all rights to acquire property as permitted by Minnesota Statute.

EVALUATION

The Northfield Economic Development Authority Board members shall consider the following conditions as they determine whether to purchase or gain control of property for the purpose of redevelopment:

1. Acquiring the property (developed or undeveloped) provides a benefit to the public (residents) and/or the private sector;
2. Acquiring the property when such an acquisition provides greater control over the development/redevelopment of the property, resulting in a greater economic development opportunity than if the property were left in the control of the private sector;
3. Acquiring the property for the purpose of redevelopment achieves a goal(s) that fits within the City of Northfield and the EDA's Comprehensive Plans;

Other Potential Consideration

1. Property is located in the City and has been identified by the EDA for redevelopment;
2. Acquisition of the property advances a larger redevelopment initiative;
3. The costs associated with acquiring the property can be recaptured upon the eventual sale;
4. Acquiring the property will lead to increased employment opportunities;

If the Economic Development Authority Board determines that a property should be acquired or contractually controlled, the EDA will actively pursue control of the property regardless of whether the property has been listed for sale or not. However, the EDA will focus its efforts primarily on the acquisition of property that is zoned for commercial and industrial uses.

METHODS OF PARTICIPATION

The Economic Development Authority Board members recognize that in order to encourage or advance successful redevelopment projects, it may require the flexibility, cooperation, and participation of the EDA and/or the City. The Authority recognizes that not all redevelopment projects require the same level or type of assistance and is willing to evaluate the project on a

case-by-case basis. Depending upon the economic impact of a project the EDA may consider participating in the redevelopment of a property in the following ways:

- Acquire property for construction of improvements (Building)
- Participate in the costs associated with demolition
- Acquire property for site improvements (Infrastructure)
- Acquisition of property provides an opportunity to access state or federal funding that may not otherwise be available;
- Acquire property for land assemblage
- Acquire property as a limited liability partner
- Acquire property for the purpose of environmental remediation
- Control property through contractual agreement (right of first refusal, option, other)
- Provide direct financial assistance to developer for infrastructure or other development related costs
- Provide statement of support to developer in pursuit of additional financing (local, state, federal)
- Participate in the marketing of site

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ACQUISITION AND DISPOSITION POLICY
Dakota County CDA

A. PURPOSE:

The Dakota County Community Development Agency (CDA) acquires and disposes of real property based on all of the powers and duties of a housing and redevelopment authority (MN Statutes 469.001-.047) and an economic development authority (MN Statutes 469.090-.1081), as granted to the CDA in Minnesota Statute 383D.41. Under Minnesota Law, the state and other governmental agencies may acquire property by gift, direct purchase or eminent domain proceedings. The purpose of this policy is to ensure that decisions regarding the acquisition and/or disposition of real property reflect efficient and effective use of financial resources. Decisions must also consider appropriate regulations that match federal, state, metropolitan or local resources used for acquisition and disposition.

B. TYPES OF ACQUISITION:

The CDA acquires real property within the following general categories:

1. Sites for the CDA's Senior Housing and Family Partnership developments and related programs.
2. Sites for non-CDA program housing (Habitat for Humanity, non-profit developers, etc.), but associated with a CDA development.
3. Sites for redevelopment projects, with or without CDA ownership, including infill sites and tax-forfeited property.

C. TYPES OF DISPOSITION:

The CDA disposes of real property within the following general categories:

1. Property conveyed from the CDA to a Limited Partnership (with CDA as General Partner).
2. Property obtained through tax forfeiture and subsequently conveyed for a (re)development purpose.
3. Property assembled and used for redevelopment purposes.
4. Property conveyed to non-profit and for-profit developers for an affordable housing purpose.

D. SOURCES OF FUNDING FOR ACQUISITIONS:

The following funding sources are used by the CDA to acquire real property:

1. Federal – CDBG and HOME
2. State – MHFA
3. Metropolitan – Met Council and Family Housing Fund
4. Local – Cities within Dakota County
5. CDA – TIF, General Fund, Senior Levy, etc.

E. UNIFORM ACT:

The Uniform Relocation Assistance and Real Property Acquisition Act of 1970 (URA), as amended, was enacted to define minimum standards of performance for all federally funded projects with regard to the acquisition of real property and the relocation of persons displaced by the acquisition of such property. Minnesota Statutes 117.50 et. seq. and related case law also require that in all acquisitions undertaken by an acquiring authority without federal participation, the authority must provide relocation assistance as a cost of acquisition. Additionally, the Minnesota Supreme Court held in In Re Wren, 699 N.W.2d 758 (Minn. 2005) that an authority may be responsible for certain relocation costs when property is acquired by a private developer if the activities of the authority and the developer are so intertwined to produce a joint acquisition of the project.

F. AUTHORIZATION:

1. Acquisition – The CDA Board of Commissioners has granted to the CDA's Executive Director the authority to execute letters of intent, purchase agreements or other similar instruments to acquire real property that have followed the process identified in Section G and where funding has been approved in a CDA Agency budget. All other purchases shall obtain approval by the CDA Board of Commissioners.

2. Disposition – The CDA Board of Commissioners has granted to the CDA's Executive Director the authority to execute letters of intent, purchase agreements or other similar instruments to dispose of real property that have followed the process identified in Section H.

G. ACQUISITION POLICY AND PROCEDURES:

Unless otherwise exempted under 49 CFR 24.101, if federal funds are used in whole or in part for a project, including property acquisition, clearance and/or construction, the CDA must follow all provisions of URA as generally outlined below. With all other funding sources, the CDA shall follow the steps outlined below unless otherwise noted as an optional procedure.

1. Preliminary Assessment. The CDA shall undertake an analysis to determine the overall feasibility of the proposed acquisition. Factors to consider

should include, but not be limited to the following: location, size, zoning, access, soil conditions, topography, comprehensive plan designation, public input, known cost factors, and other constraints or risk management issues.

2. Basic Acquisition Policies. When federal funding is involved (and the exemptions of 49 CFR 24.101 are inapplicable) the CDA shall follow the basic acquisition policies as set forth under 49 CFR Section 24.102 - .108 (the "Federal Policies").

3. Fair Market Value Determination. Once property is determined to be necessary and appropriate to acquire, the CDA shall proceed to obtain an estimation of fair market value (FMV). When the Federal Policies apply, if probable value of a parcel is less than $10,000, the estimation may be obtained from tax appraisal records and/or from an internal staff analysis. All other property value shall be determined by an appraisal obtained from a licensed independent real estate appraiser (when Federal Policies apply).

4. Review Appraisal. When the Federal Policies apply, the CDA shall have a qualified review appraiser analyze the independent appraisal and recommend a new valuation or support the initial valuation.

5. Offer Determination. Before initiating negotiations, the CDA shall establish an amount which it believes is the fair market value, or just compensation, for the real property based on information obtained in Sections G.2 and G.3. When Federal Policies apply, the CDA cannot determine a value that is less than the approved appraisal (as may be adjusted by the review appraisal). The CDA's offer may exceed that value if it determines that a greater amount reflects just compensation for the property. When the Federal Policies do not apply, the CDA can determine just compensation based on all relevant information obtained for such value determination. As a general rule, the CDA shall not determine its initial or final offer at more than ten percent (10%) above an independent appraisal or county tax value, whichever is greater.

6. Offer and Negotiation. If the CDA then chooses to proceed with the acquisition, it shall make a written offer to the owner to acquire the property for the full amount believed to be its fair market value or the just compensation. When the Federal Policies apply, the CDA shall provide the owner a written statement of the basis for the offer of just compensation. The CDA shall make all reasonable efforts to contact the owner or owner's representative to discuss its offer to purchase the property. The owner shall then be give reasonable opportunity to consider the offer, and to either accept such offer or present material which the owner believes is relevant to determining fair market value. The

CDA shall consider the owner's information during the negotiation process.

7. Final Offer. The CDA may decide to change its initial offer based on one or more of the following factors: (a) a material change in the character or condition of the property; (b) a significant delay since the time of the appraisal; (c) relevant information from the property owner that supports a different value; and/or (d) an analysis of other costs, such as legal, that may be incurred to proceed beyond negotiation. All relevant facts and circumstances should ultimately be considered by the CDA in order to reach a determination of the final offer. When the Federal Policies apply and the foregoing conditions are present, the CDA shall update the appraisal or order a new appraisal, and reestablish its offer to the owner.

8. Eminent Domain. When a final offer is not accepted by the property owner, the CDA may evaluate the use of eminent domain to complete the acquisition process per Minnesota Statutes Chapter 117 and relevant case law.

9. Relocation. An analysis of whether the authority shall be responsible for relocation benefits shall be undertaken for all acquisitions either undertaken by the authority or jointly undertaken by the authority and a private developer.

10. Appraisal Reimbursement. The CDA shall reimburse the owner for its appraisal fees if and to the extent required under Minnesota Statutes Section 117.232.

H. DISPOSITION POLICY AND PROCEDURES:

Conditions for selling land and structures owned by the CDA shall include, yet not be limited to the following:

1. After a property has been determined to be salable by the CDA, the CDA shall proceed to sell the property pursuant to Minnesota Statutes Section 469.029 or 469.105.

2. Property values shall be determined by consulting with appropriate responsible sources to determine fair market value.

3. Property shall be sold for its fair market value unless provisions have been made by the CDA to: (a) sell the property to a low or moderate income purchaser, or (b) sell to a non-profit or for-profit developer of affordable housing, or (c) sell the property for reasons to promote development of the property by a private or public entity, or (d) sell by public auction.

4. In the case of a closed bidding or realtor sales method, a reasonable amount of time to be determined by the CDA shall be set for taking bids and offers. Bids and offers shall be evaluated and the highest bid or offer shall be accepted if it is determined to be reasonable with regard to the determined fair market value and other conditions of sale are met.

5. Intent to develop and maintain the property of concern will be considered when selecting the purchaser where such is a condition of the sale. As security for fulfillment of the agreement with CDA the purchaser may be required to furnish a performance bond for an amount determined reasonable by the CDA.

I. COMPLIANCE AND CONFLICTS:

This policy shall be interpreted and applied in accordance with federal, state and local laws and regulations. In addition, the following provisions shall apply:

1. CDA employees involved in the buying or selling of properties shall not use their positions for a purpose that is or gives the appearance of being motivated by private gain for themselves or others with whom they have family, business or other ties.

2. The CDA shall not discriminate in the purchase or sale of property, nor promote discrimination with regard to race, sex, age, religious, political or other affiliations or source of income.

Approved 11/07/06

WHITE PAPER

ON

LAND ACQUISITON AND ASSEMBLY

City of Burnsville
April 2007

Prepared by City Staff

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Appendix 1 – Heart of the City Development Implementation Strategies

I. Introduction and Overview

Because the City of Burnsville has a limited amount of land left for development and much of it is costly and complicated to develop it becomes necessary to focus on future redevelopment activities. The future of Burnsville lies in its ability to adequately plan for redevelopment activities. The City could choose to directly influence these activities or to allow the market to dictate with no intervention by the City.

The Burnsville City Council has asked to utilize the City's Governance Process to consider the following policy question: *"Is land assembly through City acquisition and consolidation an acceptable economic development tool?"*

This White Paper will present factual information, give examples of other city's processes, and provide a framework for future Council policy discussion.

II. Background and Information

A. Current Land Use

The City of Burnsville has a long history of success in the area of land use planning. From the first Comprehensive Plan created in 1965 to the current Plan today it is evident that the pattern of land use in terms of major commercial and industrial corridors has followed the original plan from 1965 to a large degree. Because Burnsville is reaching full development, the City is shifting from development activities to the rehabilitation of existing structures and the redevelopment of certain portions of the City.

Currently, the City is approximately 97% developed. There is about 460 acres of vacant land remaining in Burnsville. Of the approximate 460 acres of vacant land, City staff estimates that a net 417 acres of land may be suitable for development. Of this approximately 94 acres is zoned commercial and 127 acres is zoned industrial and the balance is mixed use.

Of the vacant land available, not all is developable. Some have unique topography that makes development financially challenging, other parcels have soil conditions that present a financial challenge, and some parcels are controlled by private investors who do not desire to sell or develop at this time.

B. History of Land Consolidation in Burnsville

1. Heart of the City Redevelopment Area

In the Heart of the City, the Burnsville Economic Development Authority (EDA) assembled land to facilitate redevelopment. In June 2001, the EDA adopted Policy #5.266 – Heart of the City Development Implementation Strategies. (See Appendix 1 for the policy.) This policy provides for the EDA to "consider acquiring key pieces of property". The Heart of the City project is

within a Renovation and Renewal Tax Increment Financing District established by the EDA in 2002. Tax increment revenue from this District in addition to the City's Pooled TIF Fund were and are sources of funding for land acquisition and assembly in the Heart of the City.

2. *Southcross Redevelopment Area*

Similar to the Heart of the City, the EDA acquired and assembled land for redevelopment purposes in the Southcross Redevelopment Area. Twenty-five year Redevelopment Tax Increment Financing Districts were created in 1984 and 1987 respectively, to enable the redevelopment in the Area. Serious terrain and soil deficiencies existed. Tax increment revenue provided a source of funding for the EDA to purchase and assemble parcels and then to resell land to developers at a price that made it feasible to develop. For projects where the EDA did not "buy down" the cost of the land through acquisition, the EDA offered TIF assistance to developers to offset development costs that without assistance would have made the parcels financially unfeasible to develop.

The EDA marketed the Southcross Area through marketing brochures meant to attract companies to the area. Having control over some of the parcels allowed the EDA to help create greater opportunities for development resulting in the creation of "head of household" jobs.

As shown by the history of the Southcross Area and the Heart of the City, there is some history for the City (through the EDA) being involved in fostering both development of an area that was considered less than desirable because of soil conditions and to hasten the redevelopment of an area that was beginning to show signs of decline.

The EDA has also acquired and resold tax forfeited parcels. (Cliff Road, T.H. 13)

C. Economic Development Initiative - Burnsville Medical Alliance

In March of 2005, the Council adopted a new Outcome: "A focused economic development initiative to promote the expansion and growth of the City's existing "industry clusters" of medical technology and health care companies". With the adoption of this new Outcome the advent of efforts of the Burnsville Medical Alliance (BMA) began.

Part of the Council approved strategic plan for the BMA is to focus on real estate offerings for healthcare and medical technology companies. Subsequent work plans for the BMA have included a tactic to identify land for medical buildings. As part of that tactic, staff created a real estate book to log both land and office/warehouse space availability. However, there is no guarantee that the identified land/buildings will be for medical development. As noted earlier in this White Paper, there is limited vacant land available for development of medical related facilities. Primarily what is available at this time is office/warehouse space for lease. Office space has been designated for health care providers by building owners, but there has been no similar "owner designation" for medical manufacturing.

Concept of a Medical Technology Campus

One of the goals of the BMA, as set forth in the Council's adoption of the concept plan for the Minnesota River Quadrant included in the Design Framework for the area, is the concept for the creation of a "medical technology campus" in Burnsville. A medical technology campus is a "concept" only at this point as the designated land area for the "campus" is private land. Private landowners in the area have the right to develop their land based upon the zoning that is in place. The adopted zoning does not and cannot restrict the development to medical technology companies only. Therefore, the City has no control over whether this area will become a "medical technology campus" in reality.

There could be several advantages of having a "medical technology campus" within Burnsville. First having a "campus" where the City has some control over the land would allow the City to market the campus to perspective medical companies. Secondly, if there truly were a "medical technology campus" area, the City would be in a position to request financial assistance via a bonding bill or other outside financing assistances.

The Council may find that pursuing a designated land area could be of significance to achieving its desired outcome for expansion and growth of the City's existing industry cluster of medical technology. As staff has engaged in marketing efforts for the BMA, the questions typically asked are: 1) what area are you trying to develop or guide possible companies to build/lease? 2) what type of incentives do you offer to move to your city? 3) do you give any assistance to start-up companies? Staff believes these questions are a result of the press that has emerged from the designated Bioscience Zones and from JOBZ marketing, two state funded programs. (JOBZ areas exist within a forty-five minute drive of Burnsville. The Minneapolis Bioscience Zone is 20 minutes from Burnsville and the Rochester Zone is approximately one hour away.)

In the past bonding bills, the City of Rochester has received $8 million dollars for development of a bioscience facility located in their "urban village" redevelopment. The City of Worthington received approximately $2.5 million dollars for development of an agricultural/bioscience industrial park on land they had purchased. Rochester is also designated as a bioscience zone, which allows them to offer state financed tax incentives. Both Rochester and Worthington are located in areas designated for JOBZ tax incentives. (A company cannot however take advantage of both bioscience zone and JOBZ incentives.) The City of Chaska is in the process of seeking inclusion in future bonding bills to assist them in development of their proposed bioscience development area. While Chaska does not currently own all the land in the designated bioscience development area, the purchase and assembly of land is one of the options they are considering.

The concept of land assembly as a tool to assist with a focused economic development initiative is something that other cities have and are following. Certainly, the acquisition and assembling of land by a city is not without some degree of exposure – to the assumption that the economic development initiative will be successful and provide return to the City in the form of tax base growth and/or new jobs.

D. Burnsville for the 21st Century Visioning

Last year the City of Burnsville engaged in a visioning process in preparation for the compiling of a new Comprehensive Plan as required by the Met Council. Many meetings were held over the summer months with groups focused around the City's Theme Areas. One of those groups was responsible for creating new proposed development goals.

The first goal of this group stated, "Secure our economic future with technology". The stated discussion on this goal was to stand out from other cities in the area, the committee would like Burnsville to focus its economic development future in progressive and lucrative fields such as medical devices, biotechnology, nanotechnology and related suppliers. Capitalizing on existing strengths such as the Burnsville Medical Alliance and potential partnerships with current leaders in these fields was felt to be imperative. The report also concluded that the City should be flexible in its zoning so that attractive space can be identified and, if necessary, rehabilitated to provide locations that will facilitate new business development in these progressive fields.

The group went on to list the following strategies/action steps;

- Be a world leader in the bio/nano/high tech industry and in the development of medical devices.
- Enhance and strengthen the Medical Alliance with increased funding and business incentives. Encourage the Medical Alliance to continually engage in a high priority partnership with Fairview Ridges to secure additional specialties south of the river. Encourage the Medical Alliance to pursue such projects as telemedicine, research facilities, and incubator programs.
- Redevelop smaller, older commercial areas with innovative uses.

E. Other Potential Situations

In addition to Industry Clusters there may be other instances where land assembly would provide benefits to the City for meeting goals.

Dilapidated Commercial/Residential Property – If the City were to see areas of the city or properties that were declining and code enforcement alone could resolve the problem, purchasing the properties would give the City the ability to correct the problem. (Coon Rapids, see below, does have such a policy for "bad apple" houses.)

Complete HOC 1 and HOC 2 – A policy could give additional direction to staff regarding the possible purchase of property to finish the Heart of the City redevelopment.

Aging Strip Centers – At this time Council direction to staff is to not actively pursue the redevelopment of aging strip centers, but to offer guidance when approached. Council has give direction to consider acquiring property if the land owner approaches the City. While the City/EDA has a new business subsidy policy relating to aging strip centers (which authorizes the use of TIF and Tax Abatement) none to date have taken advantage of the policy. Council has

also indicated they were not in favor of waiving fees or assessments to spur redevelopment of aging strip centers. Aging Strip Centers could be included in any policy if adopted.

Redevelopment Initiatives – Other initiatives could appear as the City continues its' redevelopment cycle.

F. Examples of Other Cities and Jurisdictions

The following are examples of what other cities and counties are doing at this time.

1. Arden Hills – Is currently in negotiations to purchase 585 acres from the Federal Government Services Administration for $45 million. This is the site of the old Twin Cities Army Ammunition site. This is a superfund site and any costs for clean-up will be deducted from the final sale price. The city has planned to transfer ownership of the property to a developer to construct up to 2,400 homes, 3 million square feet of office, a 40 acre wild life corridor, 70 acres of athletic fields and 25 acres of open space and trails.

2. Coon Rapids – The City of Coon Rapids does not have a formal policy, but uses their comp plan and redevelopment plan as their guide. Currently, they are acquiring property in one of their redevelopment areas. They have been in conversations with owners over a number of years and in some cases have purchased property and relocated the businesses. They do have a policy to purchase "bad apple" houses, tear them down and resell the lot. They prefer this over attempts to repair severely dilapidated homes.

3. Eagan – Has done very little acquisition and so far will only do it when they have a specific redevelopment plan in place. Cedarvale would be an example of acquiring property with a specific plan in place. Eagan is interested in learning how Burnsville decides to proceed.

4. New Brighton – They also have no specific policy, but they have assembled over 95 acres in the last six years as part of their Northwest Quadrant project. Their process was to contact property owners to tell them about the project, and then they obtained appraisals, using the results for negotiations. The intent was to work toward a resolution, but they did use eminent domain in a couple of cases. This was prior to legislative changes enacted in 2006.

5. St. Louis Park – Again, they do not have an actual policy, but they have typically paid fair market value when they acquire property, especially when doing it well in advance of its use in redevelopment.

6. Rosemount – They do not have a formal policy, but the Rosemount Port Authority has made it a practice for over a dozen years to acquire commercial and residential properties in their downtown area that are likely candidates for redevelopment. In the last four years they have used the services of Wilson Development Services to identify properties and negotiate an acquisition price. The area was established as a TIF Redevelopment District in 2004. The acquisitions have ranged form the high $100k's to nearly $2 million.

7. Dakota County CDA – The CDA has a formal policy of acquisition (which will be presented during expert testimony). In addition the CDA staff offers the following thoughts about how the CDA proceeds with land acquisition:

1. Acquire properties with vacant buildings when possible to avoid relocation costs.
2. Demolish the buildings on site as soon as possible after acquisition.
3. Get appraisals on all purchases for guidelines.
4. Once the public entity owns it there are no longer taxes paid and allowances must be made for holding costs such as mowing and snow plowing while you own it.
5. They believe that having a policy and a budget for acquisitions is the best course.

III. Potential Gains from Land Consolidation

With a policy the EDA could purchase properties when they become available. After the EDA has acquired the properties, a decision could be made as to what type of redevelopment is best suited to the City's long term goals. Once that decision was made, the EDA could decide to utilize an RFP process to find a developer who would build the type of development that matches the City's overall plan.

When the City is in control of the property the City can decide what is built, rather than having a current property owner selling to whomever is willing to buy and then building, or renovating an old structure, to accommodate whoever is ready at that time to purchase. While what is built may be up to the zoning standards, it may be not be the type of structure to facilitate high tech, head of household jobs that we want for our future.

IV. Potential Obstacles

If a land assembly process is begun there are possible issues or hurdles that will need to be faced. These are not insurmountable, and in fact some may even present options that would be worth considering. The potential issues that may require action are funding sources, public perception, and price inflation. The following discusses these potential obstacles in more detail.

A. Funding Sources

1. Economic Development Authority (EDA) Levy

The express purpose of the EDA is to promote economic development and to consolidate the economic development and redevelopment activities of the City into one entity. The EDA has the powers and duties given to it under the Minnesota Statutes (Chapter 469 - Economic Development), which include among other purposes the authority to expend funds to acquire land and buildings for development and redevelopment, and to request the City to levy taxes for the support of those activities.

2. Inter Fund Loans

The City Council has the authority to approve Inter Fund Loans as a source of funding for the EDA or City to acquire land. The Inter Fund Loan would need to be repaid with proceeds from the sale of land at a future date or through another eligible source of funds.

3. Grants

Currently grants are available from the Dakota County CDA, Met Council, and DEED to help with the purchase and remediation of Brownfield's and to assist in the acquisition of property for redevelopment.

4. Reinvestment of EDA Land Sales

The EDA is currently in possession of a few parcels in Burnsville. Proceeds from the sale of these properties could be earmarked to use toward the purchase of future properties.

B. Public Perception

The public perception of municipal land assembly may be a consideration for the Council when discussing a possible future policy for such action.

C. Price Inflation

There is the possibility that some land owners may inflate their price when they become aware of the City's interest. The City could face a situation where land has been assembled by the City with the intent of having a larger parcel to redevelop only to be stalled by a central parcel that is inflated in price. At that point a decision would need to be made if the inflated price should be paid or if the larger development should be abandoned and the smaller parcels sold for smaller redevelopment projects. While this could stymie the original intent, the City would still have the option to do redevelopment projects on a smaller scale. If the City wished to purchase a specific parcel with a specific redevelopment in mind and was facing price inflation, the option would exist to abandon the plan.

V. Policy Questions Regarding a Land Acquisition and Assembly Policy

In considering whether to move forward with the development of a possible land acquisition and assembly policy, the Council may find it helpful to consider the following questions:

1. When would the Council want to consider purchasing land?
   - When land is listed for sale or when approached by a land owner(s)?
   - Does the Council want to actively initiate contact with land owners?

2. What should be the guidelines as to what would constitute desirable land to begin negotiations?
   - When land is located in designated redevelopment areas?
   - When land is available in prime locations?
   - When "less desirable" land is available? (soils, topography)

3. Does the Council want the focus to be on considering only business or industrial zoned property?
   - Would the Council consider redevelopment of these types of properties to be consistent with the already stated goals and initiatives of the city for future growth?

4. What should be the policy once land is purchased?
   - Would Council consider "remarketing" immediately for a designated purpose?
   - Would Council consider "banking" parcels for future larger development?

5. What should the policy be regarding "remarketing" the land?
   - Would Council consider paying the costs to demo the existing structure(s) to make the land more marketable?
   - Would Council consider soils remediation to make the land more marketable?
   - Would council want to only "remarket as is", with the future developer responsible for site prep?
   - Does Council want to remarket only for development that fosters the City's growth plan of bio/nano/high tech?

6. What funding sources would Council consider utilizing?
   - EDA Levy
   - Inter Loan Funds
   - Grants
   - Reinvestment of EDA land sales

F. Summary

In summary, with Burnsville having little land left to develop and moving into an era of redevelopment, the Council has raised the policy question of whether land assembly through City acquisition and consolidation is an acceptable economic development tool. As presented in this white paper the City of Burnsville has engaged in land acquisition and assembly in the past on selected development and redevelopment areas. The Governance process will allow council to hear expert testimony, receive input from the public, and dialogue regarding the best approach.

G. Schedule

The following is the proposed schedule for the Governance Process for discussion on Land Assembly:

April 24, 2007	Review of white paper/environmental scan
May 29, 2007	Expert Testimony
June 26, 2007	Public Comment
July 24, 2007	Council Dialogue/Policy Decision

Appendix 1

POLICY NUMBER 5.266

HEART OF THE CITY
DEVELOPMENT IMPLEMENTATION STRATEGIES

I. NEED FOR POLICY

To establish strategies to implement development within the Heart of the City.

II. STATEMENT OF PURPOSE

The City has adopted a Special Heart of the City (HOC) District Ordinance; amended the comprehensive plan, approved the Framework Design Manual and the Financial Assistance Policy for Heart of the City and Environmental Assessment Worksheet (EAW).

In addition, the City has adopted a Design Review Committee Policy and appointed five members to assist in the design review of all developments in the Heart of the City.

The City Council has determined that the Economic Development Authority (EDA) will serve as the entity to facilitate development within the HOC. As development projects come before the city it is important to have strategies in place, approved by the EDA, to guide staff and consultants with development proposals.

III. IMPLEMENTATION STRATEGIES

A. Land Acquisition

1. The EDA will consider acquiring key pieces of property if a funding source is available or after a development agreement has been signed.

2. The EDA will use the following process in acquisition of land:

   a. Utilize a third party to conduct negotiations.

   b. Conduct appraisal and review appraisal.

   c. Utilize dispute resolution including mediation to attempt to bring negotiations to a mutually acceptable agreement by all parties.

3. If the land acquisition process above is unsuccessful, the EDA will consider eminent domain as follows:

   a. After efforts of negotiation for a reasonable level of payment to the landowner have been exhausted without success, eminent domain will be considered.

   b. Eminent domain will be considered in an effort to restart negotiations.

c. Eminent domain will be considered if a landowner is holding out for extremely high price or no sale at all.

d. A quick take (title in ninety days without known price) will be considered only if secured by the developer, or by other established funding sources, for all costs involved in such process.

B. Selection Process Of Developer

1. Any developer granted a right to develop certain property owned by the EDA would cover the city's carrying costs and submit a deposit. The amount of deposit and length of time granted will be negotiated on a case-by-case basis depending on the size of parcel and proposed project.

2. The EDA may withhold assistance for a development on one piece of property if it interferes with the marketability of another project that is moving forward and/or has gone through an RFP/RFQ process.

IV. AUTHORITY

Administrative implementation of policy.

Submitted by Judy Tschumper Date June 14, 2001

Reviewed by Gregory J. Konat Date June 14, 2001

Adopted by the Burnsville Economic Development Authority this 16th day of July, 2001.

DOFFING NEIGHBORHOOD VOLUNTARY ACQUISITION PROGRAM PROCESS

The following is the process the Dakota County CDA will follow for acquiring properties in the Doffing Neighborhood Floodplain.

1. Property owner expresses an interest in selling.

2. CDA solicits proposals and selects an appraiser.

3. Appraiser prepares an appraisal assuming the site is free of contamination.

    a. If staff feels the appraised value is too high or is uncomfortable with the appraised value in any way, City Council direction will be sought.

    b. If CDBG funds are used, CDA has a review appraisal done.

4. CDA makes offer to property owner for appraised value, with a 30 day acceptance period.

    a. If property owner accepts initial offer, the City Council will be notified in a closed door session.

    b. If the property owner does not respond within the 30 day period, a letter will be sent confirming the offer is rescinded.

5. Property owner may make a counter offer.

    a. If counter offer is within 110% of the offer, the counter offer will be brought to the City Council for their consideration and direction.

    b. If the counter offer is greater than 110% of the offer, the property owner will be advised by the CDA that the offer cannot be accepted as is.

6. The property owner has the option of having an appraisal done of their own to substantiate the counter offer.

7. CDA will have a review appraiser review the two appraisals and reconcile differences.

8. All appraisals will be brought to the City Council for their consideration and direction in a closed door session.

9. CDA will make new offer as directed by City Council.

10. CDA and property owner agree on purchase price.

    a. CDA and property owner will enter into an agreement allowing the CDA access to the site and the right to conduct an environmental investigation, as necessary.

    b. If a purchase price cannot be agreed upon, the CDA will rescind the purchase offer.

11. For all commercial properties and those residential properties suspected to be contaminated as identified in the Phase I ESA, an environmental investigation will be conducted.

    a. If contamination is found, the environmental consultant will provide a clean-up cost estimate.

12. The City Council will consider a revising the offer or structure of the offer if there is contamination present.

    a. Typically, funds in the amount of the estimated clean-up cost will be placed in an escrow to pay for the remediation.

        i. Any funds remaining in the escrow after remediation will be paid to the owner.

    b. The owner will be paid the difference between the purchase price less the clean-up escrow at closing.

13. A purchase agreement will be drafted and sent to the property owner.

14. Once executed by the property owner, the purchase agreement will go to the City Council authorizing execution by the CDA and accepting future assignment to the City.

POLICY FOR DISPOSAL OF CITY OWNED REAL PROPERTY

The following process and criteria will be used to dispose of City owned real estate:

Procedure for Sale of Property

1. City Council decides whether to consider selling property. If the Council chooses to consider disposal, the Council shall direct:

   - The Planning Commission to recommend the consistency of the sale with the Comprehensive Plan.

   - The Park Commission to recommend the appropriateness of the sale, if the property is or was previously park property.

   - The Environmental Commission to recommend the appropriateness of the sale, if the property is designated as a waste disposal site by the Dakota County Environmental Management Department.

   - City staff to obtain an independent appraisal of the property value.

   - The City Attorney to draft a purchase agreement which addresses:

     - Type of deed
     - Warranties of title
     - Hazardous waste issues
     - Phase I environmental survey
     - Boundary survey
     - Responsibility for assessments
     - Responsibility for taxes
     - Evidence of title (Abstract or Title Insurance)
     - Zoning
     - Earnest Money
     - Contingencies

- Closing Date

2. Council decides whether to sell the property, after considering Commission recommendations, independent appraisal, and draft purchase agreement.

3. Sale is advertised in the official newspaper.

4. Purchase Agreement is distributed to any parties making inquiries.

5. City receives proposals.

6. Council selects buyer.

Criteria for Selection of Buyer

1. Conformity of the offer with material aspects of the City's Draft Purchase Agreement.

2. Purchase price.

3. Manner and type of payment.

4. Intended use and its consistency with the City's Comprehensive Plan and Zoning Ordinance.

5. Timing of development.

6. Projected tax base after development.

7. Whether the property is part of a Development District or Tax Increment District.

8. Special considerations, such as, but not limited to:

   - Employment base
   - Need to retain buyer in the City
   - Track record of buyer
   - Commercial/Industrial expansion opportunities
   - Ability to initiate development in the surrounding area
   - Promoting comprehensive plan goals, policies, and objectives

TJL:mh

MEMO
CITY OF INVER GROVE HEIGHTS

TO: Inver Grove Heights Economic Development Authority

FROM: Thomas J. Link, Director of Community Development

DATE: April 14, 2011 for EDA Meeting of May 2, 2011

SUBJECT: Small Business Loan Program

1. ACTION REQUESTED: The Inver Grove Heights Economic Development Authority (EDA) is to discuss a Small Business Loan Program and provide direction to staff.

2. BACKGROUND: The EDA identified the development of a Small Business Loan Program as one of four items for its 2011 Work Plan. The EDA is requested to discuss the program and provide direction on the program's purpose and structure.

3. ANALYSIS: Cities can structure small business loan programs in a variety of ways. Attached, for the EDA's review, is information provided by Progress Plus about other municipalities' loan programs.

Cities use small business loan programs for many purposes, including:

- Attracting new businesses to the community
- Encouraging building additions and improvements
- Assisting businesses with land acquisition, building construction, machinery, and lease holder improvements
- Improving building exteriors
- Providing code corrections, fire suppression, handicap accessibility, and exterior façade improvements

The size of the loan varies among the cities, depending on the purpose of the program. Typically, the loan is relatively small and is intended to supplement the business owner's equity and traditional bank financing. The range of the loans varies from as little as $1,000 to $25,000. The City of Oakdale, for example, has a program which provides for loans of $1,000 to $5,000. The City of Farmington provides loans for $5,000 to $15,000.

Typically, a business owner must meet certain requirements to qualify for the loan. The following is a list of possible eligibility requirements. Most cities have some but not all of these requirements:

- Job creation, sometimes with minimum requirements for wages and benefits
- Construction valuation of at least $70 per square foot
- Goods and services that are otherwise not available in the community
- Private financing of at least 50% to 70%
- Owner equity of at least 10%
- City loan not to exceed 50% of the project cost
- Business cannot be the recipient of tax increment financing or tax abatement
- Business cannot be retail
- Property must be zoned for non-residential uses
- Construction must be completed within a specified time period

The loan process involves the business owner submitting an application, especially financial information. This information is reviewed by a qualified individual working for the EDA, probably a financial consultant or an advisory panel. Though the detailed financial information is kept confidential, the financial consultant makes a recommendation to the EDA Board. If approved, a loan agreement would be prepared with the necessary interest rates, terms, and collateral requirements.

4. RECOMMENDATIONS: The Inver Grove Heights Economic Development Authority (EDA) is to discuss a Small Business Loan Program and provide direction to staff.

Enc: City of Oakdale Gap Rehabilitation Loan Program
Woodbury Growth Fund
Brooklyn Park Greenfield Commercial/Industrial Development Incentive
Shakopee Façade Improvement Loan Program
City of Farmington Business Reinvestment Grant Program
South St. Paul Revolving Loan Fund and Commercial Rehabilitation Loan Programs
City of Oakdale Roots Program

cc: Jennifer Gale, Progress Plus
Ellen Watters, Progress Plus

CITY OF OAKDALE'S
GAP REHABILITATION LOAN PROGRAM

Program Overview
The City of Oakdale, through it's Economic Development Committee (EDC), is making funds available to provide subordinated, low-interest rate loans to Oakdale Business owners for the purpose of commercial building renovations. Loans will serve to stimulate private sector investment for the improvement of Oakdale's aging Commercial Building Stock. This loan is intended for structural purposes only.

Loan Amount: Minimum loan is $5,000. Maximum is $20,000. Minimum project size: $25,000. Initially, owners of more than one business are eligible to apply for only one loan at one location. Additional loans for other locations may be available depending on demand for funds and the borrower's ability to qualify

Interest Rate: 3.9%.

Term: Maximum of 15 years

Matching Ratio: The program will provide funding for up to 20% of the total project costs, not to exceed the program maximum. ***Example***: if the project costs total $40,000, the business owner is responsible for contributing $32,000 to the project(s), while the program will provide the remaining $8,000.

Eligible Properties
All businesses located within the City of Oakdale. Properties may not be located in an area designated for redevelopment.

Eligible Borrowers: Only the owner of the property being improved is eligible to apply for funding.

Eligible Improvements: Building improvements and/or additions, (i.e. Roof repair, electrical and plumbing upgrades, HVAC systems, etc) which are necessary to improve the usability and structural integrity of an aging commercial building in Oakdale. Improvements that enhance the marketability and character of a commercial property will be given precedence.

Ineligible Projects: Funds may not be used for the following purposes:
Refinancing existing indebtedness
Personal property items
Working capital
Previously completed projects

Loan Security: Personal and Corporate Guaranty. Mortgages will be taken if the loan amount exceeds $10,000 and/or the loan term exceeds 5 years.

Total Project Cost: It is the borrower's responsibility to obtain the amount of funds necessary to finance the entire cost of the work. In the event the final bill exceeds the original grant amount, the recipient must obtain the additional funds.

Application Processing: Applications will be considered on a first come, first served basis. Applications will then be reviewed and ranked by City staff and the EDC according to the following criteria:

Selection Criteria: All eligible applications received prior to the application deadline will be analyzed and ranked by the EDC sub-committee in each of the following categories:

- Location within the City may affect the priority given to your application.
- Improvement projects which are located in a heavily commercialized area with high visibility.
- Improvement projects which are likely to have a positive "snowball" effect on neighboring businesses.
- Projects which greatly improve the appearance or attractiveness of an area.
- Projects which are part of an overall expansion project.
- Projects which address the safety of residents/employee/customers in extreme cases.

The EDC will then make a recommendation to the City Council on businesses to be funded. Loans will be expected to close no more than 60 days after final loan approval.

Work Completion: All work must be completed within 120 days of the loan closing.

Custody of Funds: City funds will remain in the custody of CEE until payment for completed work.

Disbursement Process: Payment to the contractor (or owner in sweat equity situations) will be made upon completion of work. An inspection will be performed by the City and/or CEE to verify the completion of the work. The following items must be received prior to final disbursement of funds:

- Final proposal or invoice from contractor (or materials list from supplier)
- Final inspection verification by CEE (whenever a permit is not required)
- Completion certificate(s) signed by borrower and contractor
- Lien waiver for entire cost of work
- Verification that contractor has been paid for matching portion of improvement

First Come, First Served

FOR MORE INFORMATION CONTACT

Jim Hasnik (jhasnik@mncee.org)
CEE Financial Resources
1961 Geneva Avenue
Oakdale, MN 55128
Phone Number: (612) 335-5885 Fax Number (612) 335-2650
www.mncee.org

City of Oakdale
Commercial Rehabilitation Gap Loan Program
APPLICATION FORM

Requested Loan Amount: $_____

Business Information:

Name of Business (Legal Name):

_____

Property Address: _____

Business Phone_____ Fax_____

Federal Tax ID#_____

Type of Business: Sole Proprietorship_____ Corporation_____ Partnership_____

Date Established:_____

PRINCIPAL 1:

First Name: _____ Last Name: _____ Soc. Sec. #:_____

Mailing Address:_____

City: _____ State: _____ Zip Code: _____

Home Phone:_____ Work Phone:_____ Work Phone: _____

PRINCIPAL 2:

First Name: _____ Last Name: _____ Soc. Sec. #:_____

Mailing Address:_____

City: _____ State: _____ Zip Code: _____

Home Phone:_____ Work Phone:_____ Work Phone: _____

Proposed Financing Scenario:

Please outline the sources of funds being utilized for the proposed project(s):

1. Bank financing _____
2. Your funds _____
3. City financing _____
4. Total _____

Please describe your project. Include contractors bid and diagram or photo if applicable:

_____

_____

_____

_____

_____

Is this project part of an overall commercial expansion? Please explain.

_____

_____

_____

_____

If the project is for health and safety improvements, please explain the extent of the problems and the plans to eliminate or reduce the problem.

_____

_____

_____

_____

Please complete the application and submit the following information to CEE Financial Resources:

- Articles of Organization and Operating Agreement (if applicable)
- Partnership Agreement (if applicable)
- Resolution
- Bids or estimates for proposed projects
- Verification of Mortgage

SIGNATURES

I/we certify that the statements contained in this application are true and complete to the best of my/our knowledge and behalf.
I/we hereby authorize the release of any information necessary for the lending institution to process this application.

_____ _____

Applicant's signature Co-Applicant's signature

Return application to CEE Financial Resources: 1961 Geneva Avenue, Oakdale, MN 55128.
For information call (612) 335-5885.

Woodbury Growth Fund

Program purpose: To create and retain the highest quality jobs possible with a focus on industrial and technology related companies; to increase the local tax base and improve the economic vitality for all Woodbury residents.

How it works: Loans are provided to new and expanding businesses.

Eligible applicants: Business and industries excluding retail, retail services, passive investment and real estate development projects.

Minimum requirements: All projects must have a private financing match. Owner equity must be 10% or greater. Wage and job goals must be established for projects receiving financing in the amount of $25,000 or more.

Eligible projects: Loans for land, buildings, machinery, equipment and leasehold improvements

Maximum available: $250,000 lending limit to any borrower.

Other funds required: At least 50% of total project costs must be privately financed through owner equity and other lending sources. Most applications approved for funding have at least 70% private financing.

Interest rate: Negotiated.

Terms: Real estate a maximum of 15 years; machinery and equipment a maximum of 10 years.

Collateral requirements: Negotiated. Personal guarantees may be required.

Applications accepted: On a year-round basis using the Woodbury Growth Fund application.

Approval Time: 30 to 60 days from receipt of all information required for a complete application.

Approving authority: Woodbury Economic Development Authority.

Disbursement of funds: As costs are incurred but pro rated with other sources of funding.

Brooklyn Pk

POLICY

GREENFIELD COMMERCIAL / INDUSTRIAL DEVELOPMENT INCENTIVE

The Brooklyn Park Economic Development Authority (EDA) will consider, after staff and consultant evaluation and recommendation, economic assistance to proposed developments on greenfield sites which meet the following criteria:

Comply with:

1. Site planning, zoning (including Section 366.a/2 Highway Overlay) and other regulatory and statutory requirements including the Minnesota Statutes #116J.993 to 116J.995, Business Subsidies Act.

2. Demonstrate a verifiable "gap" in financing resources which are customarily available. Upon demonstrating a need and sufficient qualified cost, the Authority will consider increased assistance as an incentive for higher paying jobs.

3. Will create full time equivalent jobs that pay at least three (3) times the current minimum federal wage measured on a semi or annual basis and results in a job ratio not in excess of $4,000 per job. In addition, these wages must be equal to or greater than the median wage in the Minnesota Department of Employment and Economic Development's most recent salary survey for the Minneapolis/St. Paul Metropolitan Area.

   Since wage determination is complex, staff will interpret occupation codes based on the intent of the policy; however, from time to time, certain judgments will have to be made. In an extraordinary situation, it will be noted as part of the approval process or taken back to the EDA prior to certification and/or the issuance of the tax increment payment.

4. Will build a facility that results in a valuation at least seventy dollars ($70) / square foot which will be reviewed bi-annually and adjusted as appropriate.

5. Can meet at least one of the following conditions:

   A. Is a proposed single tenant on the EDA's Targeted Sector List (attached and reviewed bi-annually for amendments as appropriate).

   B. Requires environmental, land assembly or infrastructure / reconfiguration remedial action which demonstrates enhancing the value of the resulting development.

   C. Will create a regional or corporate headquarters or campus project with at least 250,000 square feet of building.

Amended August 14, 2006, July 12, 2001 & May 3, 2001
Adopted March 2, 2000

D. Is a Special Purpose Project as designated by the EDA upon a recommendation from staff that such project is necessary or desirable to further Master Plan or Ends Policies objectives.

E. Is a multi-tenant building where the majority of uses are from the EDA's Targeted Sector List on an annual basis.

6. Based on demonstrated evidence, the parameters of a specific project may deviate from the above requirements when the EDA has determined that the total economic benefit exceeds this policy's intent.

7. In order for the City's general fund to benefit from economic incentives, the EDA establishes a goal that by 2011 the City's total tax capacity captured through tax increment districts will be at or below ten (10) percent.

Economic Development Authority's Targeted Sector List

1. Precision Machining

2. Research and Development

3. High Tech Manufacturing

4. Corporate Headquarters

5. Medical and Dental Facilities

6. Professional Office

7. Special Purpose Projects:

   A. Town Center (Master Plan)

   B. Target Corporation Expansion

   C. Other facilities, which promote the T.H. 610 objectives

SHAKOPEE

Dear Property Owner:

We all know that first impressions are important. The exterior of buildings, both historic and more modern, in Shakopee's Downtown and First Avenue play a significant role in creating the first impression many visitors get when they arrive in Shakopee, as well as the impressions of prospective customers who approach your building and business.

The City of Shakopee would like to partner with you and other businesses and property owners in the Downtown and First Avenue corridor to invest in projects that restore and enhance the exterior facades of commercial buildings in these areas. Toward this end, the City has dedicated additional funds to its Façade Improvement Loan Program, and expanded it to include the First Avenue and the Downtown areas. This program provides deferred loads to cover up to 50 percent of the costs of eligible improvements, up to a maximum of $25,000.00 per property.

Under the terms of the program, if the property is retained by its current owner for a period of five years, the loan is then completely forgiven. In the event that the building is sold before five years from the date of the loan, the owner would be required to repay a prorated share of the loan, depending on how many years had passed.

Enclosed you will find a brochure with additional information about the loan program, as well as an application form. Please review the information, and see if the Façade Improvement Program could help you with a project you have been considering.

If you have any questions or would like to discuss how this program might be of assistance to you, please feel free to contact me at (952) 233-9346 or **mleek@ci.shakopee.mn.us**.

Sincerely,

R. Michael Leek
Community Development Director

129 Holmes Street South • Shakopee, Minnesota • 55379-1351 • 952-233-9300 • FAX 952-233-3801 • www.ci.shakopee.mn.us

Repayment Agreement
Shakopee Downtown Façade Improvement Program

THIS AGREEMENT, made and entered into this _____ day of _____, 2008 by and between _____ (hereinafter referred to as "Owner"), and the Economic Development Authority for the City of Shakopee, having its principal office at 129 Holmes St. South, Shakopee, Minnesota 55379 (hereinafter referred to as "Lender").

WHEREAS, on the ____ day of _____, 2008, hereinafter referred to as the "effective date." The Lender agreed to grant to Owner(s) a Deferred Payment Loan, hereinafter referred as "Deferred Loan," relating to the real estate hereinafter described, in the amount of $__,___.00.

NOW THEREFORE, in consideration of the said Deferred Loan the parties do hereby agree as follows:

1. That Owner promises to use the proceeds of the Deferred Loan for the purposes of purchasing and installing _____ and _____ for the building located at _____ in the City of Shakopee, Minnesota.

2. That if Owner sells, transfers or otherwise conveys the real estate hereinafter described, within a period of five (5) years from the effective date of the Deferred Loan (to wit, _____, 2013), Owner will pay to Lender a pro rated share of the Deferred Loan equal to twenty percent (20%) of the amount of the Deferred Loan for each year prior to _____, 2013 that the sale occurs. For example, if Owner sells the real estate hereinafter described in _____, 200_, Owner must pay Lender _____ percent (__%) of the amount of the Deferred Loan.

   That any such repayment shall be made to the Lender no later than the 30th day following such sale, transfer or other conveyance, or on such later date or dates as the Lender, in its sole discretion, may designate.

3. That as security for Owner's obligation of repayment, and subject to the terms and conditions of this Agreement, Owner hereby grants and Lender shall and hereby does have, a lien on the real estate hereinafter described as the full amount necessary to satisfy said repayment obligation and the cost including reasonable attorney's fees, of collecting the same. The real estate subject to said lien is situated in Scott County, Minnesota, is located at _____, Shakopee, MN and is legally described as:

All that part of the _____, City of Shakopee, Scott County, Minnesota, according to the plat of Shakopee City on file and of record in the Office of the Register of Deeds in and for said county and state, described as follows:

4. Promptly after the date of any sale, transfer or other conveyance of the above-described real estate (or, in the event of a sale by contract for deed at least ten (10) days prior to such date of sale), Owner or his/hers heirs, executors, or representatives, shall give the Lender notice thereof.

5. In the event Owner or his/her heirs, executors or representatives shall fail or refuse to make a required repayment within said limited period, the Lender may, with or without notice of Owner, foreclose said lien in the same manner as an action for the foreclosure of mortgages upon said real estate, as by statute provided.

6. Said lien shall terminate and shall be of no further force or effect in the event the Lender has not, on or before _____, 2013 commenced an action in the aforesaid manner to foreclose the same.

7. This Agreement shall run with the aforesaid real estate and shall inure to the benefit of and be binding upon the parties hereto and their respective heirs, executors, representatives, successors and assigns.

8. If this agreement is executed by a contract for deed vendor or a mortgagee of the property, as one of the Owners, such execution shall be deemed for the purpose of establishing and continuing the existence of the indebtedness described herein and the lien granted herein. However, in the event of default of the terms hereof, neither the Lender nor its assignees shall take any action against such contract for deed vendor except such as may be necessary in order to subject to the satisfaction of said indebtedness the property described herein.

IN TESTIMONY WHEREOF, the parties have executed this Agreement as of the day and year first written above.

_____

Borrower: _____

_____

EDA President

_____

Executive Director

_____

EDA Secretary

State of Minnesota)
)
County of Scott)

On the _____ day of _____, 2008, before me, a Notary Public with and for the said County, personally appeared _____ _____, to me known to be the person(s) described in and who executed the foregoing instrument and acknowledging that he/she executed the same as his/her free act and deed.

_____
Notary Public

This instrument is exempt from registration tax under Section 287.06 of Minnesota Statutes.

Drafted by:

City of Shakopee
129 South Holmes Street
Shakopee, MN 55379

Economic Development

Economic Development Authority (EDA)

Available Business Property

News & Events

Location and Demographics

Major Employers

Our Businesses

Utility Billing Information

City Hall
430 Third Street
651.280.6800

Economic Development Staff

Tina Hansmeier
Economic Development Specialist
651.280.6821
thansmeier@ci.farmington.mn.us

Peter Herlofsky
City Administrator
651.280.6801
pherlofsky@ci.farmington.mn.us

Cindy Muller
Executive Assistant
651.280.6803
cmuller@ci.farmington.mn.us

Business Incentive Programs

Business Development Grant

Grant funds are available to help provide financial assistance to business owners who have projects meeting the criteria for the national objective of benefiting low and moderate-income (L/M) persons. The following uses are eligible for grant funding: business expansion assistance, microenterprise assistance and redevelopment assistance for certain parcels owned by the City's Economic Development Authority.

- Development Grant Information
- Grant Application

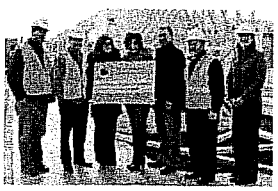
Business Reinvestment Grant Program

Grants are available to assist the local businesses and/or property owners who are making qualified improvements to eligible commercial properties. The following are examples of qualified improvements: correcting code violations, facade improvements, installing a fire suppression system and providing handicap accessibility.

- Business Reinvestment Grant Program Information
- Business Reinvestment Grant Program Application

Please contact Tina Hansmeier, at thansmeier@ci.farmington.mn.us or 651-280-6821 with questions about Business Development and Reinvestment Grants.

Business grant programs are funded with Community Development Block Grant funds received from the Dakota County Community Development Agency [CDA]. The CDA is the distributor of these funds on behalf of the U.S. Department of Housing and Urban Development [HUD].



Anna's Bananas Daycare and Preschool was awarded a business development grant.

Quick Links

2030 Comprehensive Plan

Economic Development Comp Plan Chapter

City Code

Development Opportunities

Business Resources and Partnerships

Development Review Team Contacts

metroMSP.org

City of Farmington

Community Development Block Grant
Business Reinvestment Grant Program

City of Farmington

Community Development Block Grant
Business Reinvestment Grant Program

The City of Farmington has received funding from the Dakota County Community Development Agency in the form of Community Development Block Grant funds. These funds will aid the City in supporting local businesses by assisting with financing for projects that upgrade existing commercial buildings within the community.

The Dakota County Community Development Agency (CDA) distributes the funds on behalf of the Federal Department of Housing and Urban Development (HUD). Projects that receive Community Development Block Grant (CDBG) funds are subject to HUD requirements.

The following policies and procedures have been developed for projects undertaken with CDBG dollars in the City of Farmington. These policies are subject to change as recommended by the Dakota County Community Development Agency and/or the Federal Department of Housing and Urban Development.

Program Purpose
To provide financial assistance to property owners who are making eligible improvements to eligible commercial properties within the City of Farmington.

Type of Assistance
CDBG Grant funding.

Grant Terms & Requirements
No more than one grant may be granted per property or per applicant during a funding year which currently runs from July 1st until June 30th. A 1:1 match is required by the applicant. For every dollar contributed to funding eligible project costs by the Business Reinvestment Grant Program, the applicant must contribute one dollar. The amount of grants to be awarded shall be $5,000 or greater, but not to exceed $15,000.

Program Objectives

a. To prevent deterioration of commercial properties and discourage blight;
b. Encouraging projects that correct code violations and eliminate accessibility restrictions;
c. To help maintain and expand the variety of options for business uses in existing commercial space within the City.

Eligible Recipients

1. The property must be located within a commercially zoned district or a district that has a commercial component. This would include the following zoning districts: B-1, B-2, B-3, B-4, SSC, Business/Commercial Flex, Mixed Use and R-T.

2. All individuals having an ownership interest in such structure or an interest as purchaser in a contract for deed must join in the application and sign the grant agreement with the City, including the contract holder.

3. Leaseholders are eligible to make application for CDBG funds. The Farmington Economic Development Authority and City Council, on a case-by-case basis, will review such applications to determine their eligibility for funding, based on the length of the lease on the property and length of time the business has operated in Farmington. The property owner must join in the application and comply with Program requirements.

4. Projects that would result in permanent displacement of either residential or business tenants will not be financed with CDBG program funds. Any temporary displacement of tenants resulting from project activities shall be the responsibility of the property owner. Tenants shall be fully informed of the project plans, and the expected impact on them, and shall receive a Notice of Nondisplacement or Displacement, as appropriate, prior to the start of rehabilitation. Property owners will be required to provide relocation assistance to tenants as required under the Uniform Relocation and Real Property Acquisition Policies Act of 1970.

5. No member of the governing body of the locality, or official, employee, or agent of the local government who exercises policy, decision-making function or responsibilities, including members of the Economic Development Authority, Planning Commission and Farmington City Council, in connection with the planning and implementation of the Business Reinvestment Grant Program shall directly or indirectly benefit from this program. This prohibition shall continue for one (1) year after an individual's relationship with the local government ends. Any potential conflicts of interest under Minnesota Statues 412.311 and 471.87-471.89 or Federal Regulations 24 CFR, Part 570, Uniform Administration Requirements, shall be evaluated on the basis of a legal opinion to be requested from the Farmington City Attorney.

6. Ineligible project costs include but are not limited to interior remodeling improvements, furniture, financing fees, business or operating costs, equipment, removable fixtures and building acquisition costs. <u>Costs incurred prior to the application date are not eligible for program funding.</u>

7. Eligible projects must comply with Federal Anti-Pirating Regulations. Any assisted business relocating to the City of Farmington must not relocate more than twenty-five jobs from any other labor market area or 0.01% of jobs in the

Labor Market Area, unless forced to relocate by an action under the Uniform Relocation Act. Farmington is part of the Minneapolis-St. Paul Metropolitan Statistical Area Labor Market Area.

8. An eligible business must have service or manufacturing operations that do not engage predominantly in retail sale of goods to end users. Retail sales are defined as sales not for resale, but for use and consumption by the purchaser.

Program Definitions

Program Administrator
The Program Administrator shall be the Dakota County Community Development Agency (CDA), 1228 Town Centre Drive, Eagan, MN 55123, Phone (651) 675-4400. Staff shall work with the Project Coordinator in administration of all aspects of the Program.

Applicant
Any person seeking to obtain assistance under the terms of this Program.

Building Official
The Building Official for the program shall be a City of Farmington employee and shall provide plan review and technical expertise relating to inspections, construction quality, code compliance and scope of work to be accomplished.

Project Coordinator
The Project Coordinator for the Program shall be an employee of the City of Farmington and shall provide assistance and management relating to improvement activities. The Project Coordinator is responsible for program marketing, application intake, scheduling of inspections, preparation of contracts and grant documents, and processing of payment requests. The Project Coordinator serves as the contact person for rehabilitation from application to project close-out and shall be available during regular business hours.

Target Area
Locations that are in commercial zoning districts or districts with a commercial component, including: B-1, B-2, B-3, B-4, SSC, Business/Commercial Flex, Mixed Use, and R-T.

Eligible Improvements: Façade improvements, corrections of code violations, code improvements and correction of handicap accessibility issues.

Special Conditions

Contractors: All project work undertaken with CDBG funds must be completed by bona fide contractors who are licensed (as applicable) and provide proof of insurance.

Historic Properties
The City of Farmington is a Certified Local Government under the Historic Preservation Act. Each project submitted for review will follow the procedures outlined in the handbook for Historic Preservation in Farmington. Eligible "historic properties" are those which have been designated or determined eligible for designation as Farmington Heritage Landmarks; within or immediately adjacent to the boundaries of a historic district; or listed on the National Register of Historic Places. The City will work in conjunction with the State Historic Preservation Office to implement Federal preservation guidelines as they relate to eligibility and certification of work. If the building or the unit was originally built prior to 1950, the property will be evaluated for historical significance by the Historic Preservation Commission (HPC) using the eligibility criteria in the Farmington City Code. If it has been determined that the property is eligible for Farmington Heritage Landmark Designation, a review of the proposed rehabilitation work is necessary, and the work must be in conformance with the Secretary of the Interior's Standards for Rehabilitation and Guidelines for Rehabilitating Historic Buildings. Once work is approved by the Historic Preservation Commission and applicable preservation standards have been met, a Certificate of Appropriateness will be issued by the HPC.

Davis-Bacon Wage Rates: All contracts in excess of $2,000 that will be funded through the CDBG program require compliance with the Federal Labor Standards Provisions of the Davis-Bacon Act. Contractors are to pay their employees the prevailing wage rate as determined by the U.S. Department of Labor. Appropriate wage information must be included in the bid selections and contract documents. The Project Coordinator must approve all payrolls prior to the release of funds.

Fair Housing & Equal Opportunity
The City of Farmington and the Project Coordinator will work affirmatively to ensure that all persons, regardless of race, color, creed, national origin, sex, religion, marital status, age, handicap, familial status or reliance on public assistance will be treated fairly and equally for purposes of participation in the Program. Access to program information and materials will not be denied to any person for any reason. The City will encourage the participation of women and minority-owned businesses and local businesses and suppliers who meet Section 3 Criteria.

Lead Based Paint
The program will conform to the requirements of the Residential Lead Based Paint Hazard Reduction Act of 1992 for any assisted property that contains residential

dwelling units. All program applicants must provide notification of the hazards of lead based paint to impacted tenants. The Building Official shall inspect for defective paint surfaces at the time the property is being inspected for code compliance. All defective surfaces will be corrected in accordance with the regulations in 24 CFR Part 35 and Minnesota statutes and safe work practices. Additionally, contracts for rehabilitation work will include language explicitly prohibiting the use of lead based paint.

Data Privacy
All information provided by applicants under the Business Reinvestment Grant Program shall be maintained in accordance with the Minnesota Data Practices Act and the City's Subrecipient Agreement with the Dakota County Community Development Agency.

Procedures

Application Intake
Applications are accepted on an ongoing basis and are reviewed based upon funds availability. Applications will be reviewed for participation in the program based upon the following guidelines:

1. Whether the applicant has clear title to the property to be improved. Prior to project approval, the following will be ascertained:
   a. Title verification;
   b. All real estate taxes and any City fees or charges are current;
   c. All individuals having an ownership interest, including contract holders, have agreed in writing to join in the application;
2. The extent to which the project meets the program objectives;
3. The degree of the project's overall impact on the surrounding area.

If necessary, applications competing for limited funds may be selected based upon these criteria. Projects that are not financially feasible within the constraints of available funding will be eliminated from consideration.

Property Inspections
Upon determination that a property owner applying for rehabilitation assistance is eligible based on the program guidelines, the Building Official shall conduct an inspection of the property to determine the corrective actions necessary for the property to conform to City of Farmington building code standards.

Scope of Work
The Scope of Work will have two (2) components:

1. Upon completion of the initial inspection, the Building Official shall prepare a report indicating the work necessary to bring the property into compliance with Farmington building codes inclusive of the Minnesota Energy Efficiency Standards. This report, and any improvements deemed necessary by the Project Coordinator for the

project to satisfy the intent of the Program, shall be included as a part of the Scope of Work.

2. The property owner shall provide a report or elevation drawing indicating any planned exterior improvements. This report will be reviewed by the City of Farmington and the Historic Preservation Commission if applicable (see historic properties).

Project Approval
The final application will be approved by the Farmington City Council; following review by City of Farmington staff and recommendation by the Economic Development Authority. Improvements approved for CDBG funding will be based on the severity of the correction needed and the ability of the applicant to complete the project with CDBG funds and private funds. The Dakota County Community Development Agency will determine final approval. Verification of availability of private funds will be required before final approval of the project.

Competitive Bidding
A minimum of three (3) competitive bids must be solicited and two (2) competitive bids must be obtained for each improvement project the applicant proposes for CDBG funding. Applicants may use any contractor they choose, as long as the contractor meets the requirements listed below.

All contractors must provide a Certificate of Insurance Coverage. Contractors must also certify that they will comply with the requirements of the Davis-Bacon Act. These rates will be provided to the applicant as a part of the contractor's instructions.

Awarding Contracts
The contract will be between the applicant and the contractor. The contract will be awarded to the lowest bid unless one (1) of the following circumstances occur:

1. The bid is determined to be unrealistically low and the contractor agrees to withdraw the bid;
2. The contractor has failed to follow the procedures as outlined in the instructions to the bidders;
3. The owner does not want the low-bid contractor to perform the work and agrees to pay the difference between the lowest bid and the preferred contractor's bid.
4. There appears to be collusion between two (2) or more contractors, in which case, all bids in the questionable trade category will be thrown out and different contractors will be solicited for bids; and
5. The contractor fails to bid according to the specifications, and it proves impossible to compare that contractor's bid with the other bids received.

Approval by the Economic Development Authority and City Council
Once the applicant has accepted a bid, staff will prepare the information for presentation to the Economic Development Authority. Upon EDA approval, the item will be forwarded to the City Council for final approval. If approved by the

City Council, a Grant Agreement will be signed by the applicant and a designated City official. This Agreement will outline the terms and conditions of the project, including the City's role and the applicant's responsibilities, and any corrective actions to be taken in the event of a dispute.

Notice to Proceed
A preconstruction conference will be held with the Program Coordinator, the Building Official, the applicant and contractors and subcontractors to ensure awareness and compliance with Davis-Bacon requirements and any other requirements necessary to begin the project. A notice to proceed will be issued after the preconstruction conference. The contractor will normally have one (1) year in which to complete the awarded contract. If construction work does not begin within 90 days of the award of contract the Grant Agreement is null and void: however the applicant may apply for one extension if necessary. The length of the extension will be determined on a case-by-case basis.

Change Orders
All change orders to the current contract require the approval of the Project Coordinator as well as the signatures of the owner and contractor.

Acceptance of Work
Interim inspections may be scheduled with the Building Official to monitor work in progress. Final inspection shall be required to ensure that the work has been completed in a satisfactory manner. In the event of a dispute between the owner and contractor concerning the completion of work, the Project Coordinator shall work with both parties to try to negotiate a satisfactory solution. Disputes that cannot be resolved by negotiation, and that result in legal action by either party to the contract, shall be resolved in accordance with applicable State law. CDBG funds shall not be released to either the owner or contractor until such dispute has been settled.

Hold Harmless
The owner and the contractor shall indemnify and hold harmless the City of Farmington, the Farmington Economic Development Authority, and the Dakota County CDA and their respective officers, employees, and officials from any damages or liability arising from, or occurring as a result of, the activities funded through this Program.

CDBG Payment
All CDBG funds will be disbursed by the Dakota County CDA upon authorization by the owner and the City of Farmington. Payments will be made only after all code improvements and exterior work have been completed according to the authorized scope of work, and have been accepted by the owner. Funds will be released once all improvements are complete to the satisfaction of the City Building Official and once title ownership, Davis-Bacon wage payments and other requirements are satisfied with the CDA and the City. The Building Official and City staff will inspect the final project, and a Certificate of Occupancy (CO) or a Temporary Certificate of

Occupancy (TCO) will be issued by the Building Inspections Division. The CO or TCO is required before the CDA releases funds.

Payment may be made directly to the contractor or in reimbursement to the owner, upon presentation of paid receipts for approved work.

The following must be presented to the Project Coordinator in order to process payment:

1. Billing Statement/Paid Receipt
2. Sworn Contractor's Statement
3. Completion Certificate
4. Weekly Payroll Reports

Private Financing

Applicants are responsible for all costs incurred as a result of not accepting the lowest bid, and costs above and beyond the availability of CDBG funds as outlined in the Program.

Applicants shall contact a lending institution of their choice to arrange financing for their portion of the project. Applicants should request a letter of credit or other suitable documentation from the lending institution to prove that private funds have been committed. This letter is to be submitted with the completed application. If an applicant is not using a lending institution, other evidence of committed funds must be presented at the time of application.

Escrow

The property-owner may be requested to establish an escrow account or other private account for deposit of the private funds that will be used to complete the improvement project. The CDBG funds shall be reserved on the Owner's behalf by the Dakota County CDA, but shall be drawn from the U.S. Treasury only when actually needed for disbursement to contractors or vendors, or in reimbursement to the Owner.

Appeals Process

Appeals concerning eligibility for the Business Reinvestment Grant Program or the proposed improvements shall be made in writing and addressed to the Project Coordinator. The Coordinator will contact the applicant and attempt to rectify any concerns. A written response will be made within fifteen (15) days.

Business Reinvestment Grant Program
Grant Application

APPLICANT INFORMATION

NAME OF APPLICANT(S) _____

ADDRESS _____

CITY, STATE, ZIP _____

PHONE _____

SOCIAL SECURITY # _____

BUSINESS INFORMATION

LEGAL NAME OF BUSINESS _____

ADDRESS _____

CITY, STATE, ZIP _____

BUSINESS PHONE _____ FAX _____

FEDERAL TAX ID# _____ DATE ESTABLISHED _____

SOLE PROPRIETORSHIP _____ CORPORATION _____ PARTNERSHIP _____

CONTRACT FOR DEED _____ MORTGAGE PRINCIPAL _____

LESSEE _____ TERMS OF LEASE _____

OWNERSHIP INTEREST OF ALL PARTIES NAMED ON TITLE:

NAME _____ INTEREST _____

NAME _____ INTEREST _____

NAME _____ INTEREST _____

PROPERTY INFORMATION

ESTIMATED DATE OF BUILDING CONSTRUCTION _____

ESTIMATED CURRENT TAX MARKET VALUE _____

NUMBER OF STORIES _____ NUMBER OF BUSINESSES _____

NUMBER OF BUILDINGS _____ NUMBER OF APARTMENTS _____

HAS THIS BUILDING BEEN HISTORICALLY REGISTERED? _____

PROJECT INFORMATION

BRIEF DESCRIPTION OF PROPOSED PROJECT:

_____

_____

_____

_____

ESTIMATED PROJECT COSTS

EXTERIOR/FAÇADE _____ ESTIMATED COST _____

INTERIOR _____ ESTIMATED COST _____

ELECTRICAL _____ ESTIMATED COST _____

PLUMBING _____ ESTIMATED COST _____

MECHANICAL _____ ESTIMATED COST _____

FIRE SUPPRESSION _____ ESTIMATED COST _____

TOTAL ESTIMATED COST _____

FUNDING INFORMATION

TOTAL LOAN AMOUNT REQUESTED $_____

APPLICANT FUNDS $_____

ADDITIONAL SOURCES OF FUNDING $_____

NAME OF FINANCIAL INSTITUTION _____

ADDRESS _____

CITY, STATE, ZIP _____

CONTACT PERSON _____ PHONE # _____

REQUIRED ATTACHMENTS

1. Financial statements - Provide balance sheets and income statements for the past two years
2. Personal financial statements of all principals
3. Current satisfactory credit report of owners/partners
4. Corporate resolution (if applicable)
5. Completed W-9 form
6. Most current property tax statement
7. Letter from the county clerk/treasurer verifying that there are no outstanding judgments or tax liens against the property

I/We declare that the information provided on this application and the accompanying attachments is true and complete to the best of my/our knowledge. I/We understand that any intentional misstatements will be grounds for disqualification and that the City of Farmington has the right to verify this information. I/We agree to provide the project coordinator reasonable access to information and reasonable access to the construction project site so that they may monitor project implementation.

APPLICANT(S)

_____ DATE _____

_____ DATE _____

_____ DATE _____

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South St. Paul Incentives

New Market Tax Credit Financing in South St. Paul – Build New in BridgePoint Business Park

Click here for all the details

Industrial Development Revenue Bonds (IRBs) – Fixed rate, long term, equal or below market rate financing to help industrial businesses with:

- new project land acquisition and construction
- additions to existing facilities
- purchase and renovation of an existing structure
- purchase of production equipment

504 Loan Program – Long term, fixed rate financing (generally 1 to 2 points below market rates) for up to 90% of the necessary capital to help industrial business with:

- purchase of land and buildings
- rehabilitation and construction

- leasehold improvements
- purchase of machinery and equipment

SBA 7 (a) Loan Program – Assist manufacturing firms with fewer than 250 employees and wholesale firms with annual sales of less than $9.5 million in obtaining loans from banks and other lending institutions by guaranteeing 90% of the principal and interest; funds can be used for:

- working capital and inventory
- machinery and equipment
- purchase of land and buildings
- land acquisition
- renovation and construction of facilities

Tax Increment Financing – The South St. Paul Housing and Redevelopment Authority (HRA) administers the Concord Street Redevelopment Project which encompasses approximately 200 acres of land including property designated in the Project Gemini target area. Under this program the HRA will consider incentive financing proposals to stimulate redevelopment, enhance local tax base and create employment opportunities. Project proposals are reviewed on a case by case basis with priority given to value added manufacturing firms that leverage significant private investment.

Revolving Loan Fund – The South St. Paul HRA administers a revolving loan fund designed to aid expanding companies. These proceeds may be used for leasehold improvement, machinery and equipment or construction of new facilities. The maximum loan amount is $50,000 with preference given to firms that demonstrate strong private investment and job creation. Terms and rates are negotiable and designed to meet the needs of the company.

Commercial Rehabilitation Loan – The South St. Paul HRA operates a loan program designed to encourage the rehabilitation of existing facilities. Under this program, business/developers may borrow up to $15,000 to upgrade/redevelop structures. This program requires a 1:1 match of private funds.

South St. Paul Futures – A private, for profit, development corporation that will consider fixed asset loans of up to $50,000 to credit worthy firms that are prepared to make substantial capital investment in operations based within the city.

Professional/Technical Assistance – The South St. Paul HRA will provide professional and technical assistance to any firm that demonstrates a willingness and ability to undertake a significant development project within the community. Trained staff and consultants will work with a business to analyze project requirements including planning, zoning, building needs, legal, finance, marketing and related issues. As a part of this service the HRA may work with the client to develop appropriate applications/requests to state or federal agencies.

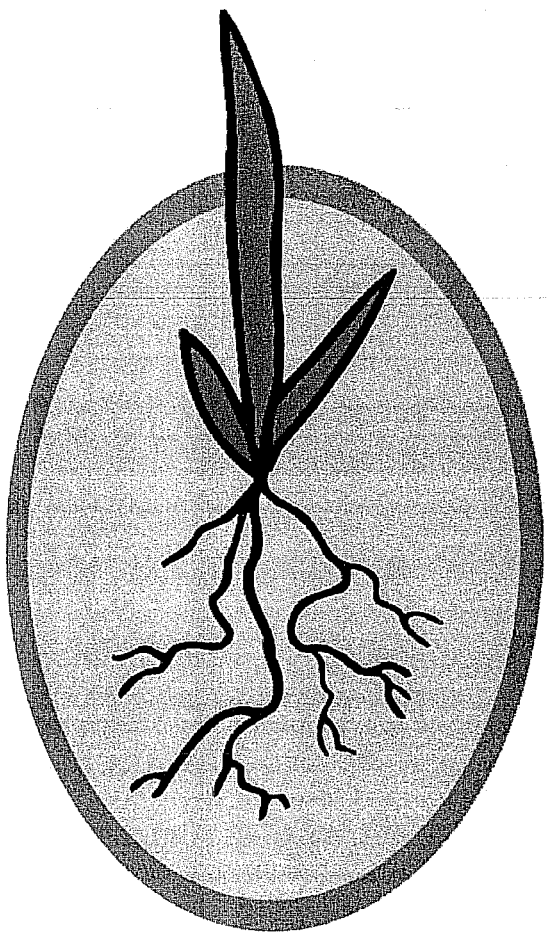
Xcel Energy's Project Gemini – Manufacturing or wholesale trade businesses that expand or locate operations within a certain portion of the South St. Paul industrial area may be eligible to receive reduced electric rates for five years through Project Gemini. The discount is based upon the demand charge according to the following schedule:

Year	Reduction
1-3	50%

City of Oakdale Minnesota

The "Roots" Program

Establish your "roots" in the community of Oakdale



New Business Generation Program

Policies and Application
Adopted: 8/25/09

Conformance with the attached policy does not entitle any applicant to financial assistance under this program. This policy states the current minimum and desired qualifications necessary to approve an application. The City of Oakdale and Oakdale Economic Development Commission retain the right to accept or deny applications on the basis of evaluating additional criteria it deems prudent and necessary. All applicants are subject to approval by the Oakdale City Council at a public hearing. This program may be amended or discontinued at any time without prior notice.

Note: Each application will be evaluated on a case-by-case basis in accordance with the qualifications outlined is this document.

Program Purpose: To attract new businesses to Oakdale whose local operations will do the most to expand the City's economy and job base.

How the Program Works: The program uses a two-tiered evaluation process to: first determine eligibility for incentive financing; and second, to determine the amount of program funds for which a business may be eligible. The maximum amount of funding for this program is $25,000, and will be provided through the City's SEED Fund, which is specifically reserved for economic development activities.

Objectives: The EDC and City Council will consider providing a business incentive to facilitate the locating of a new business into commercial and industrial space within the City limits of Oakdale, Minnesota, and for the public purpose of creating new jobs and employment opportunities in the community. In establishing this program, the City seeks to:

- Increase the number of local jobs in the community.
- Provide employment opportunities for Oakdale residents
- Expand the municipal tax base.

This program is primarily targeted to small businesses and is envisioned to be undertaken on a pilot basis and will be subject to review by the Economic Development Commission and City Council.

Amount Available. Maximum funding amounts are determined based on evaluation of positive economic impact and the number of full-time or full-time equivalent jobs to be located and retained within the City of Oakdale. Funding amounts will range from $1,000 to a maximum $5,000 per business and be provided through an abatement process of the city's share of property taxes for the designated timeframe (2-5 years) up to the defined dollar amount, in accordance with Minnesota State Law.

Eligible Businesses:

- Must be a for profit business.
- Must currently be located outside the Oakdale city limits or starting up in Oakdale as of 9/1/09, and will be starting business operations in the City.
- Must be constructing, purchasing or leasing commercial or industrial space in Oakdale.
- Must be located in an area of Oakdale that is currently not part of an existing tax increment finance district or abatement district.

Eligible Project Costs: The applicant are asked to specify what business related expenses the incentive will be used for in the application materials and provide documentation that the funding was used for the identified purpose.

Ineligible Projects: Business incentive assistance will not be provided to projects that:

- Are not a for-profit business.
- Are currently operating, under construction, or under contract by purchase agreement or lease agreement to locate to in the City of Oakdale as of 9/1/09.
- Are located in a current tax increment finance district or tax abatement district.
- Are currently located and operating in the City of Oakdale. (Please see the existing SEED Program Loan and Commercial Rehabilitation Loan and Gap Loan programs for existing Oakdale businesses.)
- Place extraordinary demands on City services.
- Continue and/or expand a nonconforming uses.
- Conflict with significant City redevelopment priority projects.
- Have outstanding and/or unresolved City Code violations.
- Are not in accordance with the appropriate City zoning and use requirements.

- Involve business activities that are inconsistent with the City's Commercial Rehabilitation Vision Plan, including, but not limited to, sexually oriented businesses, pawn shops, tattoo parlors, off sale liquor stores, tobacco shops, gun shops, check cashing businesses or those considered to create environmental problems due to the type of operation or processes involved in the business operation.

Desired Qualifications: Preference will be given to projects that:

- Provide significant new employment opportunities in the City of Oakdale, with an emphasis on quality wages and benefits.
- Are in accordance with the highest and best use of the property.
- Reduce demands on City services (i.e. Public Safety).
- Fill an unmet market need.
- Are providing significant investment into the commercial or industrial space in the city.

Application Procedure:

1. Contact appropriate City staff to discuss the scope of the new projects. The request will be reviewed by City staff on a preliminary basis as to the conformity with the program guidelines and policies.
2. If the project, in staff's judgment, appears to meet the program's objectives, the applicant may elect to file a formal application for a New Business Generation Incentive with the City and provide the required additional documentation.
3. The application will be brought forward to the Economic Development Commission (or a designated subcommittee of three commissioners), to review the positive impact of the new business and make a recommendation on the amount of incentive for the project ($1,000 – to a maximum of $5,000 per business).
4. Following the recommendation of the EDC, a public hearing will be scheduled for the next applicable City Council meeting, at which time the City Council will make the final determination on whether a New Business Generation incentive is appropriate and approve or deny the application.

Approval Process. The City Economic Development Commission will review applications and make a recommendation to the City Council for their consideration. As the tax abatement statute will be utilized under MN § 469.1813, each request for a business incentive will be subject to a public hearing and be in conformity with the requirements of the statute. The Oakdale City Council will have the final authority of whether to approve an application.

Disbursement:
Payment of the approved incentive will be calculated by City staff upon verification of payment of the business's property taxes (land and improvements), and the business providing verification that employment numbers were created and maintained during the timeframe as agreed to by the business and City Council. The calculation will be based upon the taxes actually paid by the business, according to County tax records, or if a lessee, upon the property tax figure delineated in the signed lease agreement between the property owner and the business (if less than the actual property taxes).

The business incentive will be paid out semi-annually until the agreed incentive dollar amount is reached. The maximum amount to be paid out in each semi-annual payment will be limited to the city's portion of the property tax paid by the business, and will continue until the agreed upon incentive amount has been reached.

Funds will be disbursed to the business upon verification of creation and maintaining job levels during the time frame as agreed to by the business and City Council.

Reauthorization. The program is envisioned as a pilot and will commence for two years after Council approval and will be reviewed by the EDC and City Council if all the funding has been expended or the end date has been reached. No additional funds will be spent without City Council reauthorization.

City of Oakdale
New Business Generation
Program Application*
Establishing "Roots" in Oakdale

akdale Roots Program

Applicant Information

Name _____

Address _____

City _____

State _____ Zip _____

Phone Number _____ Fax Number _____

Name of Principle in Contact _____

Email Address _____

Type of Business _____ Date Established _____

Tax ID Number _____

Project Information

Business Name _____

New Oakdale Street Address _____

Prior Street Address _____

City _____ State _____ Zip _____

* Note: This program is only available to businesses located to the Oakdale that are not currently under a tax increment finance district or abatement district.

Background Information

Please describe how this program will help your business?

When was your company established? _____

If you are not the original owner, when did you gain control of your business?

What products or services to you sell?

Please explain why the assistance is necessary to locate or build in Oakdale?

How will moving into Oakdale affect your business?

Please describe any other economic/social impacts this project is likely to have on the community?

_____
_____
_____
_____
_____

Employment Information

How many full-time equivalent positions (FTE's) and part-time positions do you currently employ at your business? If a start up business, how many FTE's or part time positions do you plan to employ?

Current FTEs _____ Current Part-time: _____

Start Up:
Anticipated FTE: _____ Anticipated Part-time: _____

Do you plan to add any new additional FTE's at your new location in Oakdale, if so, how many?

FTE: _____ Part-time: _____

What is the wage level for FTE's and any part time employment?

FTE: _____ Part-time: _____

PLEASE COMPLETE THE APPLICATION AND PROVIDE THE FOLLOWING FOR PROGRAM VERIFICATION

1. A copy of the existing or proposed purchase agreement or lease agreement in Oakdale.
2. Documentation verifying for-profit business.
3. Evidence of previous location outside of Oakdale or recent start up documentation.
4. Evidence of employment information for your business including verification of full time jobs.
5. If applicable, employment and lease verification upon the terms of the business assistance agreement.
6. General information on why the subsidy is needed.

I certify that the statements contain in this information and information provided is true and complete to the best of my knowledge and behalf.

_____ _____
Applicant's Signature **Date**

Please return to Dave Schaps, Assistant to the Administrator, City of Oakdale.
1584 Hadley Ave N. Oakdale MN, 55128
For more information, please call (651) 730-2722

b.

MEMO

CITY OF INVER GROVE HEIGHTS

TO: Inver Grove Heights Economic Development Authority

FROM: Thomas J. Link, Director of Community Development

DATE: April 14, 2011 for EDA Meeting of May 2, 2011

SUBJECT: Draft 2012 Budget

1. **ACTION REQUESTED:** The Inver Grove Heights Economic Development Authority (EDA) is to discuss a draft 2012 Budget for economic development, as attached.

2. **BACKGROUND/ANALYSIS:** The personnel costs assume that 10% of the Community Development Director's time will be spent on economic development activities. For the time being, the Recording Secretary's attendance will be considered to be part of the regular 40 hour work week, thus avoiding the additional costs of overtime. This would be reconsidered if the Planning Division's workload increases. The draft budget assumes no new or additional personnel costs to the City. Rather, the costs would be shifted from the Community Development Department's budget.

The Professional Services includes the City attorney, bond counsel, financial consultant, and any other consultants. The draft budget anticipates the City attorney's attendance at some of the EDA meetings. It also includes the Progress Plus contribution of $25,000. $8,000 of the Professional Services costs would be additional costs that are not currently in the Community Development Department's budget.

Other Services include the occasional publication of a public hearing notice, membership in the Economic Development Association of Minnesota (EDAM), and attendance at the annual EDAM winter meeting, held in the Twin Cities. Again, none of these costs are new but rather are shifted from the Community Development Department's budget.

The budget also assumes the transfer of $500,000 to an Economic Development account, as budgeted in 2011, and the transfer of Administrative funds from the Tax Increment Financing account. The EDA would determine, at a later date, the use of such funds.

Enclosure: Draft 2012 Budget

ECONOMIC DEVELOPMENT AUTHORITY

DRAFT 2012 BUDGET

REVENUES	
Transfer from Host Community Fund 2011	$500,000
Transfer from Host Community Fund 2012	$500,000
TIF	?
EXPENDITURES	
Personnel	$14,370
10-10 Regular Full-time	
20-10 Benefits	
Professional Services	$33,000
30-00	
30-70	
Other Purchased Services	$545
TOTAL EXPENSES	$47,915

PROGRESS PLUS

Urban-Alternative Space Available

First Quarter Activity in Inver Grove Heights
4-7-11

Adult Day Care

Common Sense Services is negotiating to lease the former bingo hall adjacent to Climb Theater. They will relocate from South St. Paul into approximately 6,000 SF.

Biopharmaceutial Company

A biopharmaceutical company is looking for 24,000 SF including clean rooms. The medical manufacturing building in Inver Grove Heights was offered. The company toured the building but it did not meet its needs.

Biomaterials Manufacturer

A growing manufacturer of biomaterials is looking for 35,000-50,000 square feet. The former medical device building in IGH was suggested. The company elected to lease another space in Eden Prairie.

Large Manufacturing Firm

A company that makes modular walls for the hospitality industry is looking for 70,000-100,000 SF with 38' clear height. One option in Inver Grove Heights was offered. The company toured and is focusing on property in Oakdale.

Large Industrial User

An Eagan based company is looking for 40,000 to 70,000 square feet of high-end manufacturing space. The company would use this as expansion space or potentially relocate. They are open to building but need to own rather than lease. The company is negotiating to remain in Eagan and expand existing space.

500K Distribution Center

A large distribution use is looking for 40-60 acres for a 500,000 SF distribution center (cross docks) in the SE metro. An Inver Grove Heights building is on the short list.

Law Firm

An existing law firm with 15 staff is looking to lease or buy and is looking at two locations in Inver Grove Heights.

Industrial User w Outside Storage

Progress Plus provided an option for a 150,000-200,000 SF industrial user that also needs 2+ acres of outside storage and highway visibility. They prefer South Metro and like the IGH option.

Vehicle Maintenance Facility

Site search for10,000 - 15,000 SF w building with drive-ins (minimum of two) and floor drains/flammable waste traps (need to store vehicles inside). User also would like outside storage but will consider options that include only inside storage. The company has not made a decision.

Short Term Client Requirements

Because of the flood threat in South St. Paul, several businesses explored the potential of leasing space in Inver Grove Heights for 4-6 months.

Excerpts and Summary

NorthMarq Compass Report First Quarter 2011

Hard Landing: Twin Cities Commercial Real Estate Market Hits Bottom, 2011 Turnaround Year

Office

Virtually every submarket saw some evidence of recession-weary space users coming back into the market. Landlords, weary of too few deals and too little cash flow, proved that they were ready to deal.

For the most part, larger space users were the most active, especially those with the wherewithal to lock in long-term leases. Smaller space users seem to be still treading water, economically speaking, and most are just negotiating with their existing landlords.

The West, Southwest and Minneapolis CBD submarkets seem to be best-positioned for growth in 2011, followed by the Northeast and the South/Airport submarkets. The St. Paul CBD and the Northwest submarket will struggle to see a turnaround in 2011.

Industrial

Despite higher levels of leasing and sales transaction activity, tenants continued vacating more space than they leased. The vacancy rate increased to 17.2%, marking the highest rate in more than a decade.

Anytime there is a 20% vacancy rate, the best buildings lease up first at higher rates and the weaker buildings struggle. Many of the deals signed were in higher-quality, 24-foot-clear properties. Tenants with the resources are moving into newer, upgraded buildings while more functionally obsolete properties or those in less-sought-after locations will continue struggling.

Functionally obsolete properties will face an even more challenging market, and more unconventional users could take long-time vacancies moving forward.

Retail

Some national retailers are scouting locations again but are focused on high density, high income areas.

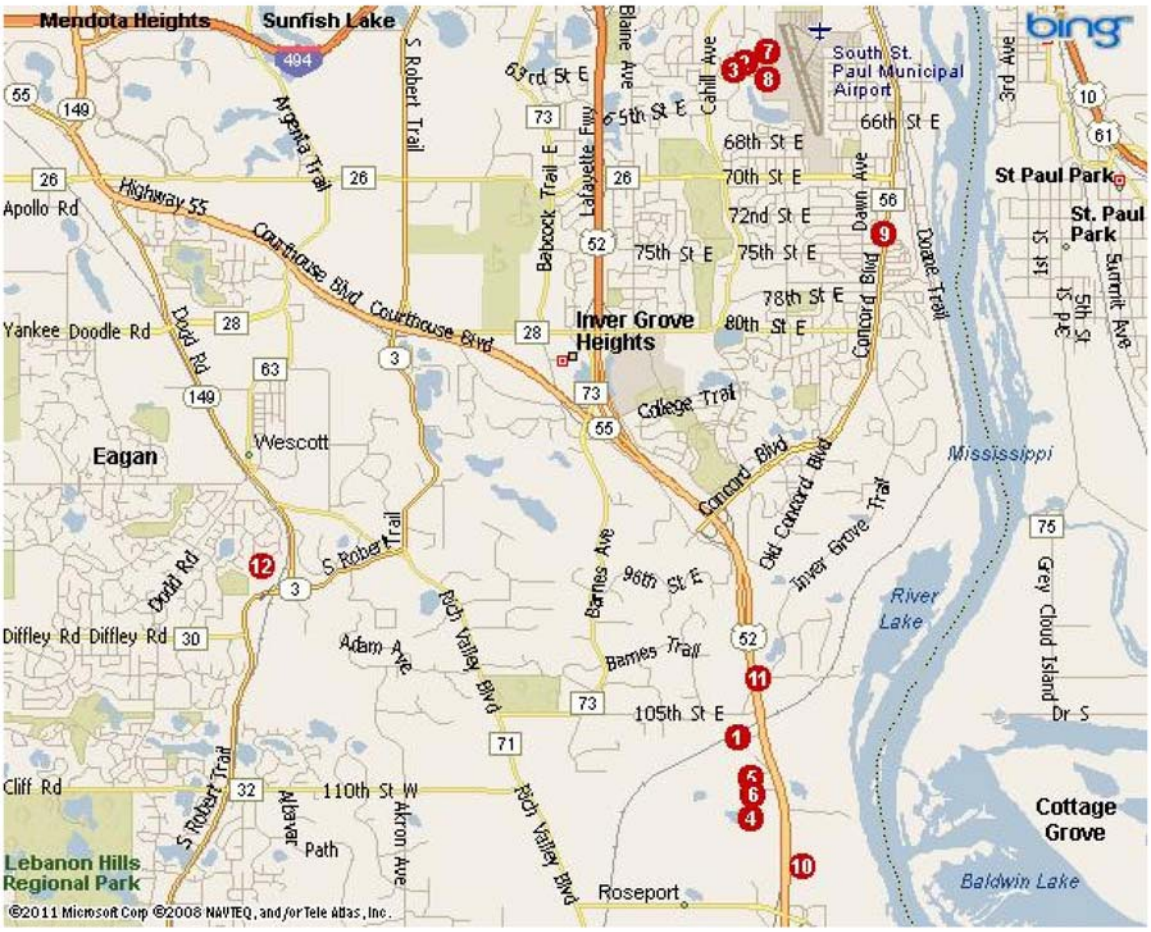
Premier centers are seeing the most activity; as a result, strong centers are becoming stronger and weak centers are becoming weaker. The top-tier properties are holding or pushing rates. Meanwhile, pressure exists to reposition well-located but struggling centers into retail better suited to today's market conditions. Other weaker properties could be "re-purposed" into non-retail uses like schools, churches, or government or medical facilities. The half-empty, antiquated Valley Ridge Shopping Center in Burnsville is slated for redevelopment into senior housing.

Since rates have dropped to the point where they do not support speculative development, most development is user-driven, resulting in the least amount of new development in a decade. The lack of development is expected to continue until the demand for retail space picks up and vacant spaces are backfilled.

PROGRESS PLUS
Urban-Alternative Space Available

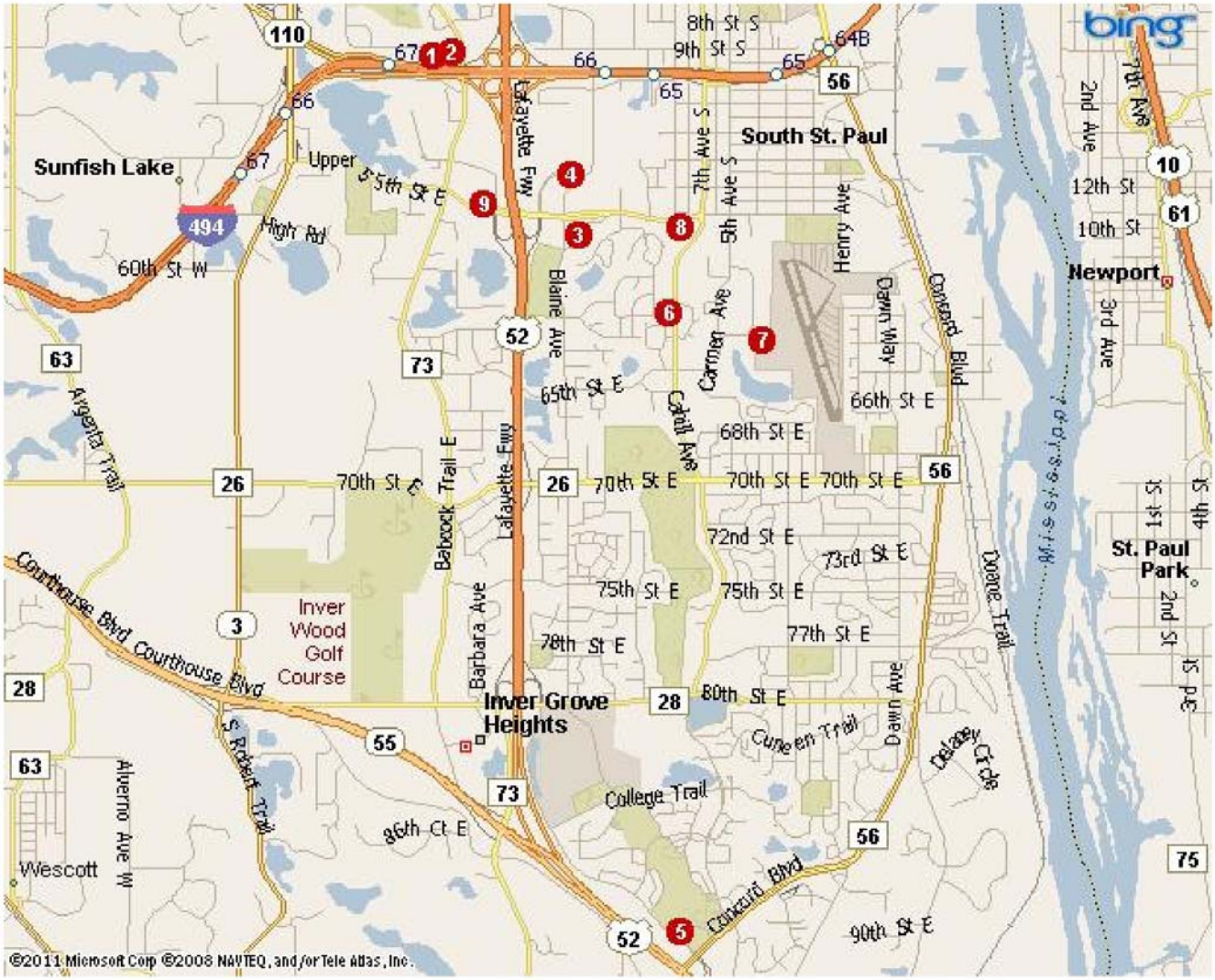
Inver Grove Heights Industrial Properties
4-7-11

Properties	Available SF	Vacancy Rate	Average Price
11 for lease	395,000 SF	47%	$3.50
7 for sale	247,000 SF	49%	$3.29



Inver Grove Heights Office Properties
4-7-11

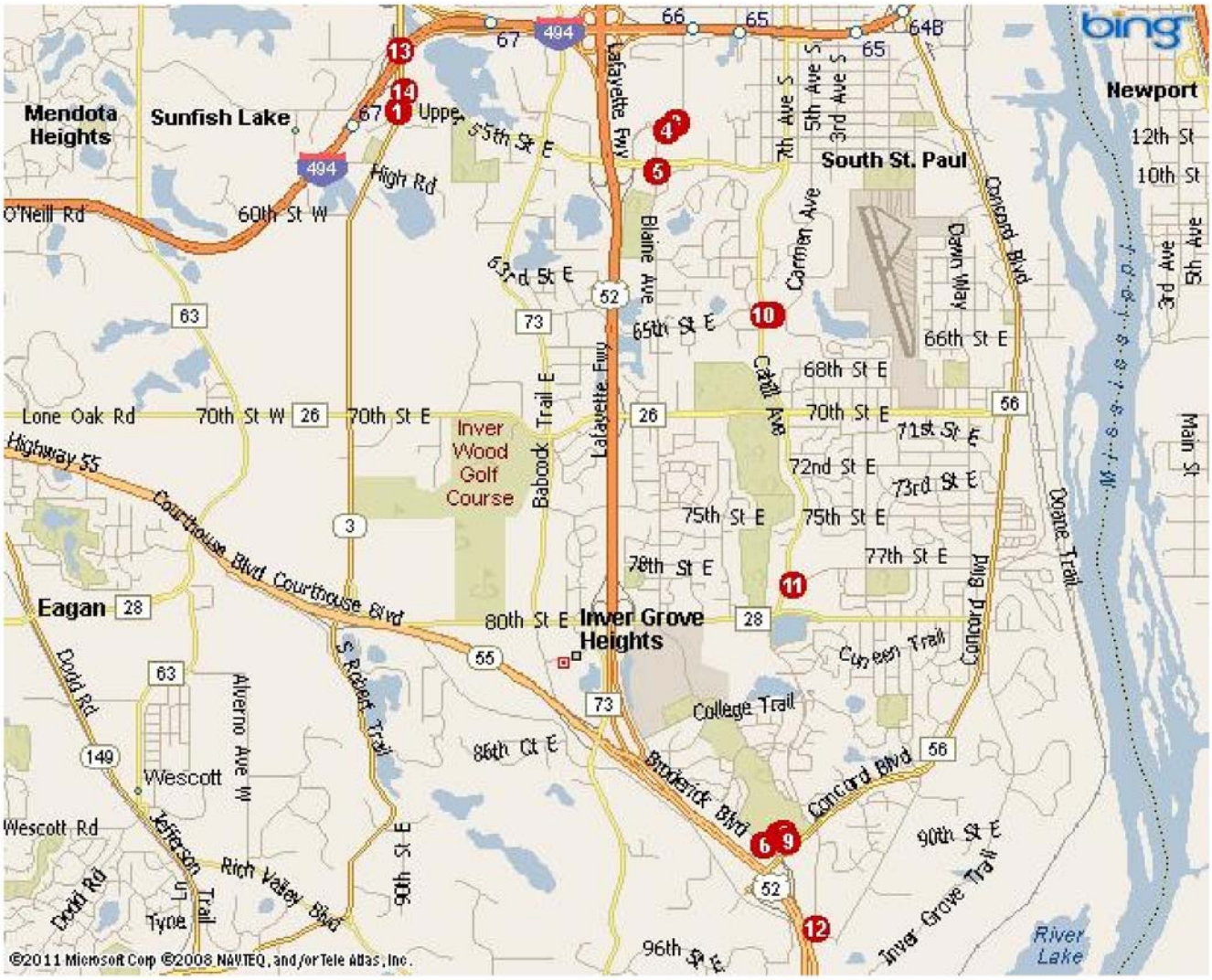
Properties	Available SF	Vacancy Rate	Average Price
8 for lease	46,500	37%	$9.50
3 for sale	11,547	70%	



PROGRESS PLUS
Urban-Alternative Space Available

Inver Grove Heights Retail Properties
4-7-11

Properties	Available SF	Vacancy Rate	Average Price
13 buildings/38 suites for lease	142,000	26%	$9.88
3 buildings for sale	68,300	17%	



Inver Grove Heights Land For Sale
4-7-11

Properties	Available	Vacancy Rate	Average Price
16 parcels for sale*	151 acres	100%	$168,000 per acre

* includes three residential properties
Price range is $718,000 per acre for Upper 55th and Blaine (retail) to $27,000 per acre for a residential lot in Whistle Tree subdivision.

MEMO

CITY OF INVER GROVE HEIGHTS

TO: Inver Grove Heights Economic Development Authority

FROM: Thomas J. Link, Director of Community Development

DATE: April 14, 2011 for EDA Meeting of May 2, 2011

SUBJECT: City Properties

Enclosed, for the Economic Development Authority's information, is a map showing City properties. The EDA expressed an interest in determining if there are City properties that have development possibilities. The map does not include those sites which have been acquired for right-of-way, easements, and utilities.

The following are three City properties that have development potential:

- Site 1 -The property lies between Blaine Avenue and Highway 52, adjacent to a larger property owned by MNDOT. The City has been working towards the possible acquisition of the MNDOT property. If successful, the City and MNDOT properties could be combined and offered to a developer for an attractive corporate office or major medical clinic. The property is designated as Office on the Comprehensive Plan.

- Site 8 –The site is adjacent to and owned by the City golf course. The Comprehensive Plan designates the property as Public/Open Space. City staff will be discussing the future of this site and Site 9 over this next year and will be bringing it to the City Council and Park and Recreation Commission.

- Site 9 – This property, located at the northwest corner of Babcock Trail and 70th Street, is also owned by the golf course. It had originally been part of the golf course but was physically separated with the realignment of 70th Street. The City Council previously expressed an interest in selling the property but decided to wait until there was further development in the Northwest Area and property values increased. The property is designated as Public/Open Space on the City's Comprehensive Plan.

The following City properties are not developable:

- Site 2, along the west side of the industrial park, is used for stormwater purposes.

- Site 3, along Concord Boulevard, will be sold to George Cameron for his liquor store.

- Site 4, along Concord Boulevard, is a small single-family lot which could be incorporated into a larger development, depending upon the results of the upcoming Concord Study.

- Site 5, on Dickman Avenue, contains the old town hall.

- Site 6, on the Mississippi River, includes the Rock Island Swing Bridge.

- Site 7, on Robert Trail, is a single-family residential property which may have development potential if combined with an adjacent property.

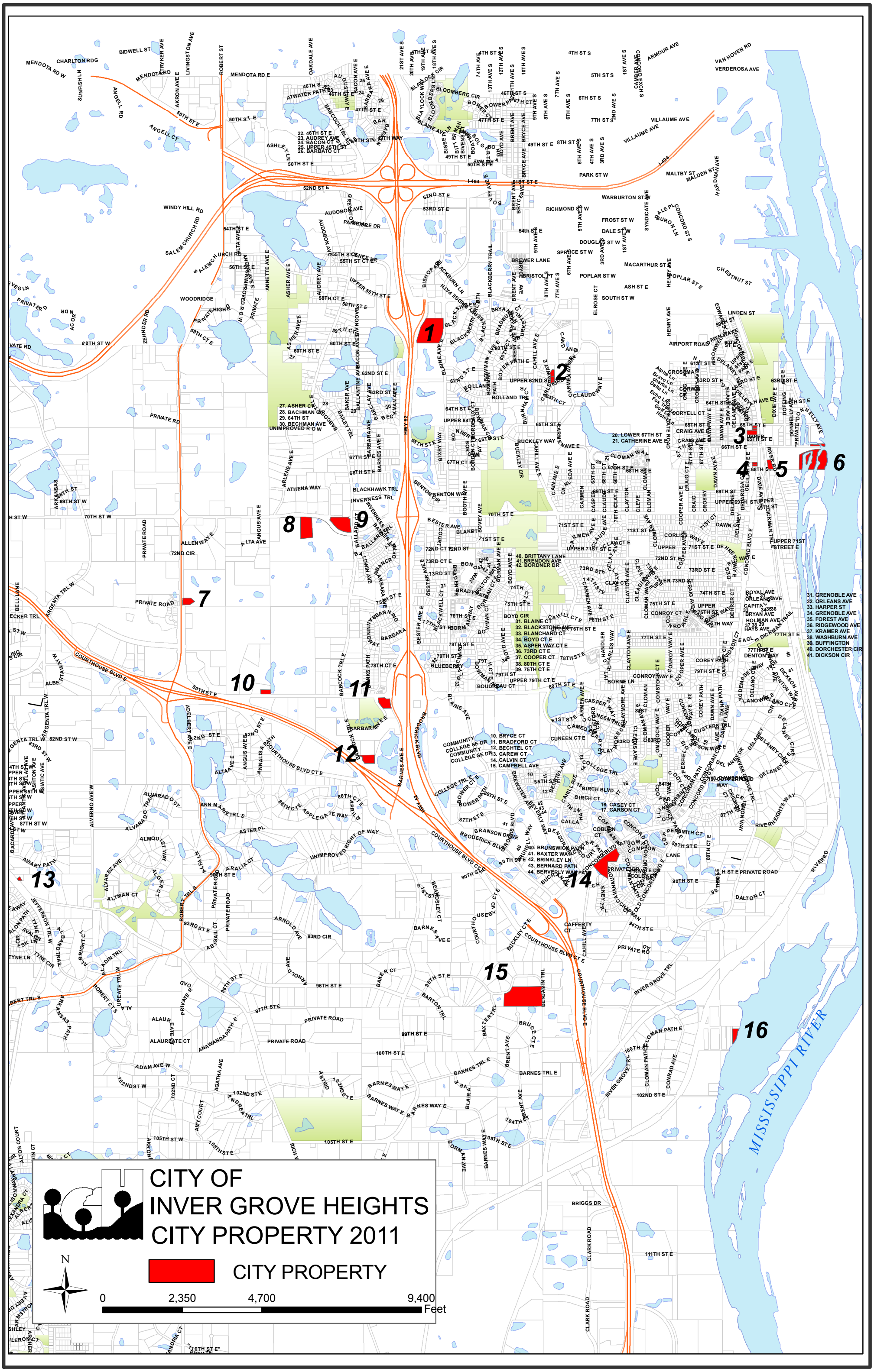
- Site 10, on 80th Street, is the old Schroeder house property. It will most likely be used for stormwater to serve adjacent development.

- Site 11, at the southwest corner of 80th Street and Barbara Avenue, and Site 12, at the end of Babcock Trail, are part of the City Campus and will be used for public purposes related to the Veterans Memorial Community Center, City Hall, or Public Works building.

- Site 13, on Jefferson Trail, is a single-family residential property which may have development potential if combined with an adjacent property.

- Site 14, along the south side of Concord Boulevard, and Site 15 within the Marcott Woods subdivision, are both park sites.

- Site 16, on the Mississippi River, is too small and inaccessible for development.


CITY OF
INVER GROVE HEIGHTS
CITY PROPERTY 2011
CITY PROPERTY
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12
13
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15
16
MISSISSIPPI RIVER
I-494
HWY 52
31. GRENOBLE AVE
32. ORLEANS AVE
33. HARPER ST
34. GRENOBLE AVE
35. FOREST AVE
36. RIDGEWOOD AVE
37. KRAMER AVE
38. WASHBURN AVE
39. BUFFINGTON
40. DORCHESTER CIR
41. DICKSON CIR