



ECONOMIC DEVELOPMENT AUTHORITY AGENDA

PUBLIC MEETING ROOM

THURSDAY, SEPTEMBER 21,
2023

7:00 AM

1. Call to Order
2. Approval of the Minutes
3. Routine Business:
Agenda items below are approved by one motion unless an EDA member requests separate action.
 - A. Monthly Loan and Program Status Report - August 2023
 - B. Permit Activity Update Report
 - C. Budget Status Report
4. Items for Discussion
 - A. 2024 EDA Budget related to City Staff Support
5. Project Updates
6. Adjournment



ECONOMIC DEVELOPMENT AUTHORITY MINUTES

PUBLIC MEETING ROOM

THURSDAY, AUGUST 17, 2023

7:00 AM

Meeting Items

1. Call to Order

The regular meeting of the Economic Development Authority Authority was called to order by Vice Chair Voracek at 7:00 am. Commissioners David Campbell, Will Fort, Chris Jeanes, Thomas Spooner, AJ Smith, and Vice Chair Voracek were in attendance. Also in attendance were Ian Luker, David Wanberg, Tim Murray, and Kari Casper.

2. Approval of the July 20, 2023 Meeting Minutes

Motion by AJ Smith, seconded by Dave Campbell to Approve. Motion Passed.

3. Routine Business: *Agenda items below are approved by one motion unless an EDA member requests separate action.*

Motion by AJ Smith, seconded by Christine Jeanes to Approve. Motion Passed.

A. Monthly Loan Status Report - July 2023

B. Permit Activity Update Report

C. Budget Status Report - July 2023

Budget Status Report

4. Items for Discussion

A. Establish the Preliminary 2024 EDA Work Plan and Budget

Motion by AJ Smith, seconded by Will Fort to Approve. Motion Passed.

B. Resolution 2023-10 Establish the EDA Preliminary Tax Levy for Fiscal Year 2024

The Board agreed to request the maximum amount of the levy dollars available. Motion by Tom Spooner, seconded by Dave Campbell to Approve. Motion Passed.

C. Approve a Draft City Development Loan Program that Uses the EDA as a Pass-Through

There has been a request for the EDA from the City Council to come up with a Loan Program as a pass through. The request is from the Faribault Downtown Center, LLC

for another \$500,000 in the form of a loan for five years. The city has identified the monies and the interest rate will be five percent and two percent above bond for a total of seven percent with the first year being interest only and, agreed to be paid back in the next five years. The EDA has determined that the interest will stay with the EDA to replenish funds. Motion by AJ Smith, seconded by Christine Jeanes to Approve. Motion Passed.

D. Provide Direction on Application Fees and Escrows for MIF and JCF Applications

In the past, when developers applied for funds through the Job Creation Fund (JCF) and the Minnesota Investment Fund (MIF), the funds would have to be run through the EDA. The Board has directed staff to create some thresholds to allow for recovering some of the legal bills that are incurred on a project. Staff should look at other peer communities to compare, look at such things as the number of jobs it will bring, the amount of wages to add to the tax base and the total economic impact on Faribault. Wanberg stated that for an EDIF the standard is \$2,500/job but with one developer, they didn't meet other benchmarks to meet the criteria. No action taken at this time.

5. Project Updates - July 2023

Luker mentioned the soft opening of Twisted Chicken on the 23rd. Storage on 7th will have a grand opening on September 7th. The rest is piggybacking on last month's updates.

6. Adjournment

Motion by AJ Smith, seconded by Tom Spooner to adjourn at 8:08 p.m. Motion Passed.



Request for Action

TO: Faribault Economic Development Authority
FROM: Ian Luker, Economic Development Coordinator
THROUGH: David Wanberg, Director of Community and Economic Development
MEETING DATE: September 21, 2023
SUBJECT: Monthly Loan and Program Status Report - August 2023

BACKGROUND:

The EDA's 2023 Work Plan supports development initiatives through a combination of loans, grants, and programs.

"Exhibit A" is a list of the loans/grants and programs. "Exhibit B" is the August breakdown of the fund balances.

City staff are aware of the allocations in place, but the specifics associated with each allocation require further clarity. City staff will work with the EDA in the coming months to review the funds and programs for EDA's 2024 budget.

REQUESTED ACTION:

Receive and file as presented.

ATTACHMENTS:

1. Exhibit A
2. Exhibit B

Loan/Grant/Program
• Placemaking Program for Downtown, or another Downtown Program:
• New program to support EDA Work Plan, focusing on small businesses outside of downtown.
• Economic Development Revitalization: \$250,000 allocated for Phase 2 – Faribo Downtown Central, LLC.
• Micro-Grant Program: (Awaiting confirmation of balance from the Chamber.)
• (Available Land Initiative) ○ Land Options/Assembly – Proactively identify sites along Gateway Corridors for land assembly to support redevelopment, shovel-ready. ○ Infrastructure Enhancements/Airport • (Gateways Initiative) ○ HWY 60 W Projects and Initiatives – Made possible through Xcel grant and contract with Bolton & Menk, Inc. ○ Key Corridors – Development program to make visual impact outside of the downtown. ○ Downtown Investment – Funding for an updated Downtown Exterior Commercial Rehab loan program. • (Workforce Initiative) – ○ Funding for initiatives that support workforce development. • (Small Business Assistance) ○ Funding available to clear hurdles to spur and support development.

Exhibit B
Agenda Item: 3A

Fund	Program Name	Available Balance	Notes
Fund 249	Minnesota Investment Fund (MIF)	<u>\$13,331.10</u>	2018 MN Legislature authorized one-time exception to "cash out" MN MIF funds. The cashed-out funds are now part of the EDA's program budget. Available MIF balance must follow re-use guidelines.
Fund 292	EDA Revolving Loan	<u>\$385,640.90</u>	
	- Commercial Development Loan Program (and Grant)		
	- Façade Improvement Micro Loan		
	- EDIF - Economic Development Incentive Program		As of June 15, 2023, the EDA approved Sage Electrochromics for a \$50,000 EDIF award, but no funds have been distributed.
Fund 243	Industrial Development Loan	\$279,894.94	Last activity was loan for Cry Baby Craig's
TOTAL EDA LOAN FUNDS AVAILABLE		\$678,866.94*	(*Amount is subject to change. City staff is currently reconciling allocations to confirm status, and will update the EDA.)
Fund 290	EDA Operating Fund/Fund Balance	<u>\$1,278,789.27</u>	Includes EDA Program Funds Includes Fund 245 (See below for fund 245)
Fund 245 This fund has been moved into Fund 290, but tracked separately here.	Downtown Commercial Rehab & Exterior Improvement Program	<u>\$61,068.84</u>	2023 – July: The Golf Box was awarded \$2,300, per Resolution 2023-09, but the award is contingent on the owners obtaining a Certificate of Occupancy and closing a permit. No funds have been disbursed.
Fund 248	Federal MIF Loan	<u>\$594.454.50</u>	Funds are difficult to spend. Uses must meet a national (federal) objective, public benefit standard, environmental review, Davis-Bacon, and extra business reporting requirements. The City Council may request that funds are transferred into the Small Cities Development Program (same federal objectives). This required spending plan and DEED/HUD approval



Request for Action

TO: Faribault Economic Development Authority
FROM: Ian Luker, Economic Development Coordinator
THROUGH: David Wanberg, Director of Community and Economic Development
MEETING DATE: September 21, 2023
SUBJECT: Permit Activity Update Report

BACKGROUND:

In August 2023, the Building Code Division issued one commercial and two residential new construction building permits.

Included in the attached table (Exhibit C) are the totals and revenues for August and year-to-date totals for 2023 and 2022.

The complete permit report is available to view on-site.

REQUESTED ACTION:

Receive and file as presented.

ATTACHMENTS:

1. Exhibit C Permit Status Report (1)

Permit Status Report:

Type of Permit	Period – August 2023	Year-to-Date 2023	Total for 2022
Commercial	1	6	5
Multifamily	0	1	1
Residential	2	10	36
<u>Total permits issued for the period/(2023): 138/971</u> <u>Total permits issued in 2022: 1,908</u>			
<u>Total revenue for period/2023: \$36,443.87/\$497,445.21</u> <u>Total revenue for 2022: \$546,308.71</u>			



Request for Action

TO: Faribault Economic Development Authority
FROM: Ian Luker, Economic Development Coordinator
THROUGH: David Wanberg, Director of Community and Economic Development
MEETING DATE: September 21, 2023
SUBJECT: Budget Status Report

BACKGROUND:

The August 2023 budget status report has been attached for your review.

REQUESTED ACTION:

Receive and file as presented.

ATTACHMENTS:

1. Fund 290 Budget Status - August 2023

General Ledger

Budget Status

User: iluker@ci.faribault.mn.us
Printed: 9/14/2023 - 2:38 PM
Period: 1 to 12, 2023



Account Number	Description	Budget Amount	Period Amount	YTD Amount	YTD Var	Encumbered Amount	Available	% Available
Fund 290	Economic Development Authority							
Dept 290-00000								
R01	Taxes							
290-00000-462-31010	Current Ad Valorem Taxes	322,273.00	170,955.17	170,955.17	151,317.83	0.00	151,317.83	46.95
290-00000-462-31020	Delinquent Ad Valorem Taxes	0.00	1,565.41	1,565.41	-1,565.41	0.00	-1,565.41	0.00
290-00000-462-31030	Mobile Home Taxes	0.00	0.00	0.00	0.00	0.00	0.00	0.00
290-00000-462-31035	Delinquent Mobile Home Taxes	0.00	107.98	107.98	-107.98	0.00	-107.98	0.00
290-00000-462-31040	Excess Tax Increment	0.00	0.00	0.00	0.00	0.00	0.00	0.00
290-00000-462-31500	PILOT	0.00	0.00	0.00	0.00	0.00	0.00	0.00
290-00000-462-31550	Green Acres	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	R01 Sub Totals:	322,273.00	172,628.56	172,628.56	149,644.44	0.00	149,644.44	46.43
R02	Permit & Licenses							
290-00000-462-36215	Loan Interest	383.00	258.40	258.40	124.60	0.00	124.60	32.53
	R02 Sub Totals:	383.00	258.40	258.40	124.60	0.00	124.60	32.53
R03	Intergovernmental Revenue							
290-00000-462-33402	Market Value Homestead Credit	0.00	0.00	0.00	0.00	0.00	0.00	0.00
290-00000-462-33422	Other State Grants & Aids	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	R03 Sub Totals:	0.00	0.00	0.00	0.00	0.00	0.00	0.00
R04	Charges for Services							
290-00000-462-34108	Administrative Fees	0.00	0.00	0.00	0.00	0.00	0.00	0.00
290-00000-462-34700	Application Fees	2,500.00	800.00	800.00	1,700.00	0.00	1,700.00	68.00
	R04 Sub Totals:	2,500.00	800.00	800.00	1,700.00	0.00	1,700.00	68.00
R06	Miscellaneous Revenue							
290-00000-462-36200	Other Miscellaneous Revenue	500.00	15,095.00	15,095.00	-14,595.00	0.00	-14,595.00	0.00
290-00000-462-36210	Interest on Investments	6,600.00	19,637.36	19,637.36	-13,037.36	0.00	-13,037.36	0.00
290-00000-462-36211	Interest Market Value	0.00	6,753.58	6,753.58	-6,753.58	0.00	-6,753.58	0.00
290-00000-462-36240	Refunds & Reimbursements	0.00	275.00	275.00	-275.00	0.00	-275.00	0.00
290-00000-462-36400	Loan Principal	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	R06 Sub Totals:	7,100.00	41,760.94	41,760.94	-34,660.94	0.00	-34,660.94	0.00

Account Number	Description	Budget Amount	Period Amount	YTD Amount	YTD Var	Encumbered Amount	Available	% Available
R07	Other Sources							
290-00000-462-39100	Sale of Land	0.00	0.00	0.00	0.00	0.00	0.00	0.00
290-00000-462-39200	Transfer In	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	R07 Sub Totals:	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Revenue Sub Totals:	332,256.00	215,447.90	215,447.90	116,808.10	0.00	116,808.10	35.16
	Dept 00000 Sub Totals:	-332,256.00	-215,447.90	-215,447.90	-116,808.10	0.00		
Dept 290-46500	Economic Development							
E02	Supplies							
290-46500-462-42110	General Supplies	0.00	0.00	0.00	0.00	0.00	0.00	0.00
290-46500-462-42115	Meeting	250.00	0.00	0.00	250.00	0.00	250.00	100.00
290-46500-462-42420	Minor Computer Equipment	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	E02 Sub Totals:	250.00	0.00	0.00	250.00	0.00	250.00	100.00
E03	Other Services & Charges							
290-46500-462-43030	Engineering Fees	0.00	0.00	0.00	0.00	0.00	0.00	0.00
290-46500-462-43040	Legal Fees - Civil Process	20,000.00	4,048.95	4,048.95	15,951.05	0.00	15,951.05	79.76
290-46500-462-43080	Indirect Cost Allocation	0.00	0.00	0.00	0.00	0.00	0.00	0.00
290-46500-462-43090	Expert & Professional Services	75,000.00	1,650.00	1,650.00	73,350.00	0.00	73,350.00	97.80
290-46500-462-43095	Software Maintenance & Support	0.00	246.56	246.56	-246.56	0.00	-246.56	0.00
290-46500-462-43130	EDA Program Budget	650,000.00	30,000.00	30,000.00	620,000.00	0.00	620,000.00	95.38
290-46500-462-43140	Training & Education	3,500.00	0.00	0.00	3,500.00	0.00	3,500.00	100.00
290-46500-462-43220	Postage	0.00	0.00	0.00	0.00	0.00	0.00	0.00
290-46500-462-43250	Other Communications	0.00	0.00	0.00	0.00	0.00	0.00	0.00
290-46500-462-43310	Travel Expense	4,500.00	0.00	0.00	4,500.00	0.00	4,500.00	100.00
290-46500-462-43430	Advertising - Other	45,000.00	10,000.00	10,000.00	35,000.00	0.00	35,000.00	77.78
290-46500-462-43510	Legal Notices Publishing	500.00	124.20	124.20	375.80	0.00	375.80	75.16
290-46500-462-43520	Recording Fees	1,000.00	345.00	345.00	655.00	0.00	655.00	65.50
290-46500-462-43610	Insurance & Bonds	1,951.00	1,640.00	1,640.00	311.00	0.00	311.00	15.94
290-46500-462-43810	Electric Utilities	0.00	0.00	0.00	0.00	0.00	0.00	0.00
290-46500-462-43860	Storm Water Utilities	40.00	0.00	0.00	40.00	0.00	40.00	100.00
290-46500-462-44330	Dues & Subscriptions	24,000.00	21,705.00	21,705.00	2,295.00	0.00	2,295.00	9.56
290-46500-462-44370	Miscellaneous Charges	0.00	0.00	0.00	0.00	0.00	0.00	0.00
290-46500-462-44390	Taxes & Licenses	50.00	0.00	0.00	50.00	0.00	50.00	100.00
290-46500-462-44600	Loans & Grants	345,000.00	10,000.00	10,000.00	335,000.00	0.00	335,000.00	97.10
	E03 Sub Totals:	1,170,541.00	79,759.71	79,759.71	1,090,781.29	0.00	1,090,781.29	93.19
E04	Capital Outlay							
290-46500-462-44160	Rents & Leases	0.00	0.00	0.00	0.00	0.00	0.00	0.00
290-46500-462-45100	Land	0.00	0.00	0.00	0.00	0.00	0.00	0.00

Account Number	Description	Budget Amount	Period Amount	YTD Amount	YTD Var	Encumbered Amount	Available	% Available
E06 290-46500-462-47200	E04 Sub Totals:	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Other Uses							
	Transfer Out	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	E06 Sub Totals:	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Expense Sub Totals:	1,170,791.00	79,759.71	79,759.71	1,091,031.29	0.00	1,091,031.29	93.19
	Dept 46500 Sub Totals:	1,170,791.00	79,759.71	79,759.71	1,091,031.29	0.00		
	Fund Revenue Sub Totals:	332,256.00	215,447.90	215,447.90	116,808.10	0.00	116,808.10	35.16
	Fund Expense Sub Totals:	1,170,791.00	79,759.71	79,759.71	1,091,031.29	0.00	1,091,031.29	93.19
	Fund 290 Sub Totals:	838,535.00	-135,688.19	-135,688.19	974,223.19	0.00		
	Revenue Totals:	332,256.00	215,447.90	215,447.90	116,808.10	0.00	116,808.10	35.16
	Expense Totals:	1,170,791.00	79,759.71	79,759.71	1,091,031.29	0.00	1,091,031.29	93.19
	Report Totals:	838,535.00	-135,688.19	-135,688.19	974,223.19	0.00		



Request for Action

TO: Faribault Economic Development Authority
FROM: David Wanberg, Community and Economic Development Director
THROUGH: David Wanberg, Community and Economic Development Director
MEETING DATE: September 21, 2023
SUBJECT: 2024 EDA Budget related to City Staff Support

BACKGROUND:

The City Council asked that the Economic and Development Authority (EDA) consider ways to address the City's costs to help administer the EDA's programs. Refer to the attached memo from the Community and Economic Development Director to the EDA for additional information.

REQUESTED ACTION:

Recommend to the City Council how the EDA can help reduce the City's costs to administer the EDA and its programs.

ATTACHMENTS:

1. 2024 EDA Budget related to City Staff Support

TO: Faribault Economic Development Authority
FROM: David Wanberg, Community and Economic Development Director
MEETING DATE: September 21, 2023
SUBJECT: 2024 EDA Budget related to City Staff Support

On August 17, 2023, the Economic Development Authority (the "EDA") approved Resolution 2023-10, which requested that the City Council approve a preliminary tax levy for EDA purposes. Per the EDA's request, the tax levy would increase from \$322,273 in 2023 to an estimated \$372,648 in 2024 - the maximum levy allowed by state statute for the Faribault EDA in 2024.

On September 12, 2023, the City Council adopted Resolution 2023-165, approving the EDA's preliminary tax levy request not to exceed \$372,648. However, as the City Council works through its 2024 budget and finalizes the tax levies, the Council can reduce the EDA's requested tax levy to help lessen the tax burden on the community.

The EDA uses its tax levy to support its funds and programs, which the City helps administer. At least in recent years, the EDA levy does not help cover the cost of City staff to help the EDA administer its funds and programs. The City has absorbed those costs.

In the spirit of balancing the burdens and benefits of tax levies on the community, the City Council has asked the EDA to consider ways to cover the City's costs to help administer the EDA and its programs. Here are some options the City Council asked the EDA to consider:

1. **Prepare and execute a contract with the City that covers the City's costs to provide services to the EDA.** There are several ways to structure a contract:
 - A. Provide the City with a retainer. City staff have been tracking their time on EDA efforts in recent months. Staff will use this information to project an annual cost to provide services to the EDA. Then, the EDA, the City Council, and staff can coordinate to determine a reasonable annual retainer for City services. The retainer amount would not fluctuate with an increase or decrease in the EDA's levy.
 - B. Provide the City with a percentage of the EDA's tax levy. The EDA could contribute a percentage of its tax levy to cover (or help cover)

City staff services. The EDA's actual costs would fluctuate based on an increase or decrease in the EDA's levy.

- C. Determine a base tax levy amount – use or (or a percentage of) additional levy above the base to cover the City's costs. For example, if the EDA's levy results in an additional \$50,000 in revenue above the previous fiscal year, then the EDA can contribute that increase (or a portion of that increase) to cover the City's costs.
2. **Tie the EDA levy to a maximum allowed balance in the EDA's funds.** This approach would not necessarily directly affect the City's costs to provide services to the EDA. However, the EDA's tax levy set by the Council could fluctuate based on an approved balance in EDA funds. For example, if the EDA's fund balance exceeds \$1.25 million, then the Council could reduce the EDA's levy.
 3. **Operate the EDA independently of the City.** In this approach, the EDA would function on its own. As an authority, the EDA would be responsible for staffing, office space, equipment, etc. The EDA would operate similarly to other organizations, like the Chamber of Commerce, and coordinate with the City in its efforts.
 4. **Identify ways to reduce the City's costs associated with the EDA.** Some communities combine the HRA and EDA into one functioning body. This reduces staff time and simplifies programs and funding. In most communities in the metro area, the City Council acts as the EDA, which helps reduce staff time and simplifies the administration of the EDA. Also, the EDA could consider eliminating or reducing small loan and grant programs that take time for staff to review, process, and manage. Where possible, the EDA could shift funds from rarely used programs to help cover the City's administrative costs.

The City Council has asked the EDA to discuss the above alternatives (and identify other alternatives, if desired). The Council wishes to coordinate with the EDA to ensure the EDA has sufficient funds to conduct its work in a cost-effective manner that minimizes the community's tax burden. The EDA should recommend to the City Council how the EDA can help reduce the City's costs to administer the EDA and its programs.



Project Updates

TO: Faribault EDA
FROM: Dave Wanberg, Community & Economic Development Director
MEETING DATE: September 21, 2023
SUBJECT: Updates/Project Reports

Prospects/Business Updates:

(Future) Master Plan:	• <u>The Highway 60 West</u> The Highway 60 West Master Plan consultant
From Plans to Action:	• <u>District Boundaries</u> The Heritage Preservation Commission (HPC) surveyed property owners in and adjacent to local heritage preservation district and the national historic districts to gather feedback on whether the two districts should have the same boundary. The HPC will review, compile, and analyze the survey results and offer its findings and recommendations to the Council. • <u>Historic Design</u> The HPC is preparing recommendations to update the Downtown Historic Design Guidelines. • <u>Solar Array</u> The City received multiple proposals to develop a ground-mounted solar array at the City's Public Works Facility. Staff is reviewing the proposals and will review its recommendations at an upcoming Council work session.
Building Codes:	• <u>Rice County Safety Center</u> The exterior is progressing with the roof system nearing completion. Floors were recently poured and installation has begun on the windows. • <u>River Chase Apartments</u> - Siding has been added to the façade.

Building Codes:	• <u>Divine Mercy Catholic School addition Project is Well Underway.</u> Footing and foundation work is being inspected as they progress through the project. • <u>Rick Cashin Construction's Phase II 19-Unit Apartment Project</u> Continues with foundation work and permits have been submitted for fire alarms, electric, and plumbing. • <u>Brighton Hospice Project</u> Steadily progressed over the past month with plumbing, mechanical and electrical rough-ins completed. Contractors have begun applying finish gypsum board and are beginning the installation of fire shutters at the building perimeter. • <u>Tru-Vue Expansion</u> Continued foundation work is underway for the expansion on Airport Dr. On Wednesday, September 13, 2023, the Building Official performed inspections on-site. • <u>Storage on 7th Project</u> The ribbon-cutting ceremony took place during the grand opening on September 7, 2023. • <u>Faribault Apartment Project</u> This project continues to progress with crews moving forward with water piping and foundation work.
More to come...	• <u>Project Poppy</u> Staff are working with beverage company on potential sites. • <u>Project Freeze</u> Potential site for company that is over 50 years old...  •
Community Venture Network:	Staff scheduled to attend Community Venture Network event on September 15, 2023.