

GRAND RAPIDS ECONOMIC DEVELOPMENT AUTHORITY

Thursday, March 26, 2015
4:00pm
Grand Rapids City Hall

NOTICE IS HEREBY GIVEN, that a regular meeting of the Grand Rapids Economic Development Authority will be held in Conference Room 2A in the Grand Rapids City Hall, 420 North Pokegama Avenue, in Grand Rapids, Minnesota on Thursday, March 26, 2015 at 4:00pm.

AGENDA

1. Call to Order
2. Call of Roll
3. Setting of the Regular Agenda - *This is an opportunity to approve the regular agenda as presented or add/delete by a majority vote of the Commissioners present an agenda item.*
4. Approval of minutes from the March 12, 2015 regular meeting
5. Consider approval of claims
6. Consider approving GREDA 2014 Annual Report
7. Consider a recommendation to the City Council regarding adoption of the amended TIF and Tax Abatement Business Subsidy Policy.
8. Updates:
 - a. Swan Machine
9. Adjourn

GREDA Members/terms:

Dale Christy – 12/31/16 (with council term)
Jon Toivonen – 12/31/18 (with council term)
Mike Przytarski – 3/1/21
Cory Jackson – 3/1/17
Mike Stefan – 3/1/18
Chris Lynch – 3/1/19
Sholom Blake – 3/1/19

**GRAND RAPIDS ECONOMIC DEVELOPMENT AUTHORITY
REGULAR MEETING
THURSDAY, MARCH 12, 2015
4:00 P.M.
GRAND RAPIDS CITY HALL – CONFERENCE ROOM 2A
420 NORTH POKEGAMA AVE., GRAND RAPIDS, MINNESOTA**

CALL TO ORDER: Pursuant to due notice and call thereof, a Regular Meeting of the Grand Rapids Economic Development Authority (GREDA) was called to order on Thursday, March 12, 2015 at 4:05 p.m. in Conference Room 2A of City Hall, 420 North Pokegama Avenue, Grand Rapids, Minnesota.

CALL OF ROLL: On a Call of Roll the following members were present: Commissioners: Dale Christy, Jon Toivonen, Cory Jackson, Sholom Blake. Absent: Michael Stefan, Mike Przytarski, Chris Lynch.

SETTING OF REGULAR AGENDA: **Approved with deletion.**

- **DEED Shovel Ready Certification Program-Kevin Kelleher, DEED**

APPROVAL OF MINUTES:

MOTION BY COMMISSIONER TOIVONEN, SECOND BY COMMISSIONER CHRISTY TO APPROVE THE MINUTES OF THE FEBRUARY 12, 2015 REGULAR MEETING. The following voted in favor thereof: Blake, Jackson, Christy, Toivonen. Opposed: None, passed unanimously.

APPROVAL OF CLAIMS:

MOTION BY COMMISSIONER CHRISTY, SECOND BY COMMISSIONER JACKSON TO APPROVE CLAIMS IN THE AMOUNT OF \$36,655.94.

Depot Commons	\$2,500.00	Itasca County H.R.A.	\$32,316.03
League of MN Cities	\$27.00	Miller Dunwiddie Architecture	\$1,812.91

The following voted in favor thereof: Christy, Toivonen, Jackson, Blake. Opposed: None, passed unanimously.

Discuss a request for contribution to the Itasca Community Marketing Taskforce.

Summer Scharringhausen, Itasca Area Community Marketing Taskforce, is requesting a contribution between \$2,500-\$5,000. The CMT launched the Itasca Area Community Portal in 2014 and has provided free communication and marketing services to communities, organizations, and businesses through the website. The Commissioners discussed the request and felt it fell outside the scope of the GREDA.

Updates:

Central School Building and Grounds Assessment- Mr. Mattei noted there was a good turnout for the open house. Miller Dunwiddie put together different concepts for the public to view.

There being no further business the meeting adjourned at 4:36 p.m.

Respectfully submitted:

Aurimy Groom, Recorder

DATE: 03/20/2015
 TIME: 11:02:15
 ID: AP443000.CGR

CITY OF GRAND RAPIDS
 DEPARTMENT SUMMARY REPORT

PAGE: 1

INVOICES DUE ON/BEFORE 03/26/2015

VENDOR #	NAME	AMOUNT DUE

ECONOMIC DEVELOPMENT AUTHORITY		
0918560	IRON RANGE ECONOMIC ALLIANCE	50.00
1105530	KENNEDY & GRAVEN	314.50
	TOTAL	364.50
EDA - CAPITAL PROJECTS		
CENTRAL SCHOOL REDEVELOPMENT		
1309069	MILLER DUNWIDDIE ARCHITECTURE	9,223.11
	TOTAL CENTRAL SCHOOL REDEVELOPMENT	9,223.11
TOTAL UNPAID TO BE APPROVED IN THE SUM OF:		\$ 9,587.61

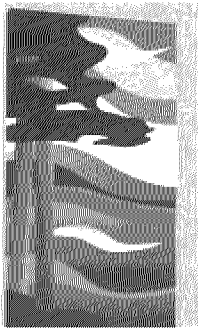
Growing

Restoring

Economic

Developing

Achieving



CITY OF
GRAND RAPIDS
IT'S IN MINNESOTA'S NATURE

2014 Annual Report

Prepared by:

Bob Walter
Director of Community Development /
CIB/DW - Recreation Director

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Mission

The Mission of the Grand Rapids Economic Development Authority (GREDA) is to advance the growth of our local economy through efforts focused on business recruitment, retention and expansion.

As the City's economic development agent, the GREDA strives to provide a high level of service, in order to encourage economic investment and prosperity in the City of Grand Rapids and the surrounding region. The GREDA works closely with businesses to: identify creative solutions to challenging problems, generate enhanced opportunities for growth, and help them achieve their short- and long-term goals.

Governance

The Grand Rapids Economic Development Authority (GREDA) is a public body governed by Minnesota Statute chapter 469, and Enabling Resolutions enacted by the City Council of the City of Grand Rapids.

The management of all of the affairs, property and business of GREDA is vested in a Board of Commissioners consisting of 7 persons, 2 of which must be members of the City Council. The GREDA, on an annual basis, elects its Officers, which include: a President, Vice President, Secretary/Treasurer, and Asst. Treasurer. The GREDA is provided staff support primarily through the Community Development Department, with the Director of Community Development acting as the GREDA Executive Director, and with the Community Development Administrative Assistant acting as the Recorder.

The GREDA Board of Commissioners is currently made up of the following volunteers:

Member	Position	Affiliation/Occupation	Term Expires
Sholom Blake	President	Private Business Owner/CPA	3/1/19
Jon Toivonen	Commissioner	City Council/Business Owner-Operator	12/31/18 Concurrent with Council Term
Chris Lynch	Vice President	Bank Executive	3/1/19
Mike Przytarski	Commissioner	Property Owner/Manager	3/1/21
Cory Jackson	Commissioner	Business Financial Officer	3/1/17
Mike Stefan	Commissioner	Financial Advisor	3/1/18
Dale Christy	Commissioner	City Council/Teacher	12/31/16 Concurrent with Council Term

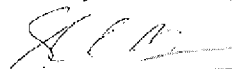
*The City Finance Director serves as the Asst. Treasurer

Also providing valued service to the GREDA during 2014 were former Commissioner/Council Member Joe Chandler.

Article VII, Section 1, of the Bylaws of the Grand Rapids Economic Development Authority establishes that: "GREDA shall prepare an annual report describing its activities and providing an accurate statement of its financial condition, together with additional matters and recommendations it deems advisable for the economic development of the City of Grand Rapids."

This report is intended to summarize the GREDA's activities and financial condition for the year ending December 31, 2014.

Respectfully submitted,



Sholom Blake, Grand Rapids EDA
President



Development Property Assets

Beginning in 1969, the GREDA and its predecessor organization, the Grand Rapids Industrial Park Commission, have invested in the creation of four industrial park areas in Grand Rapids. Those industrial parks have become the home for 24 businesses, providing over 1,000 jobs in our community.

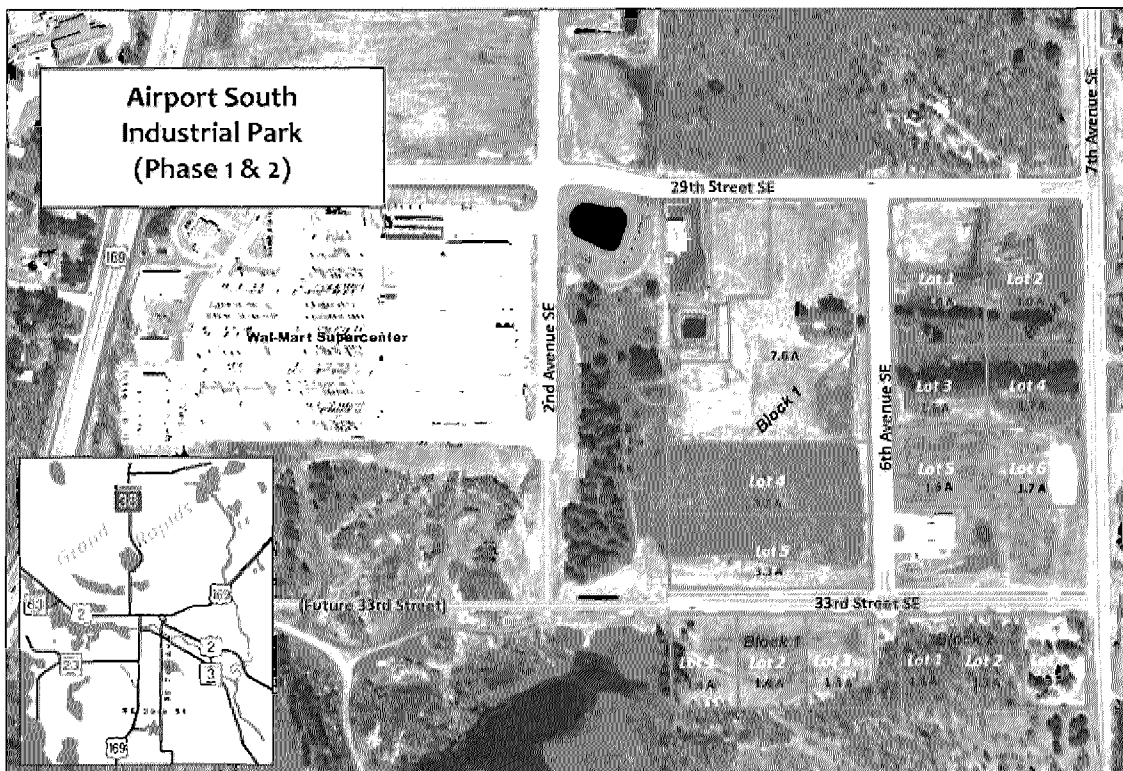
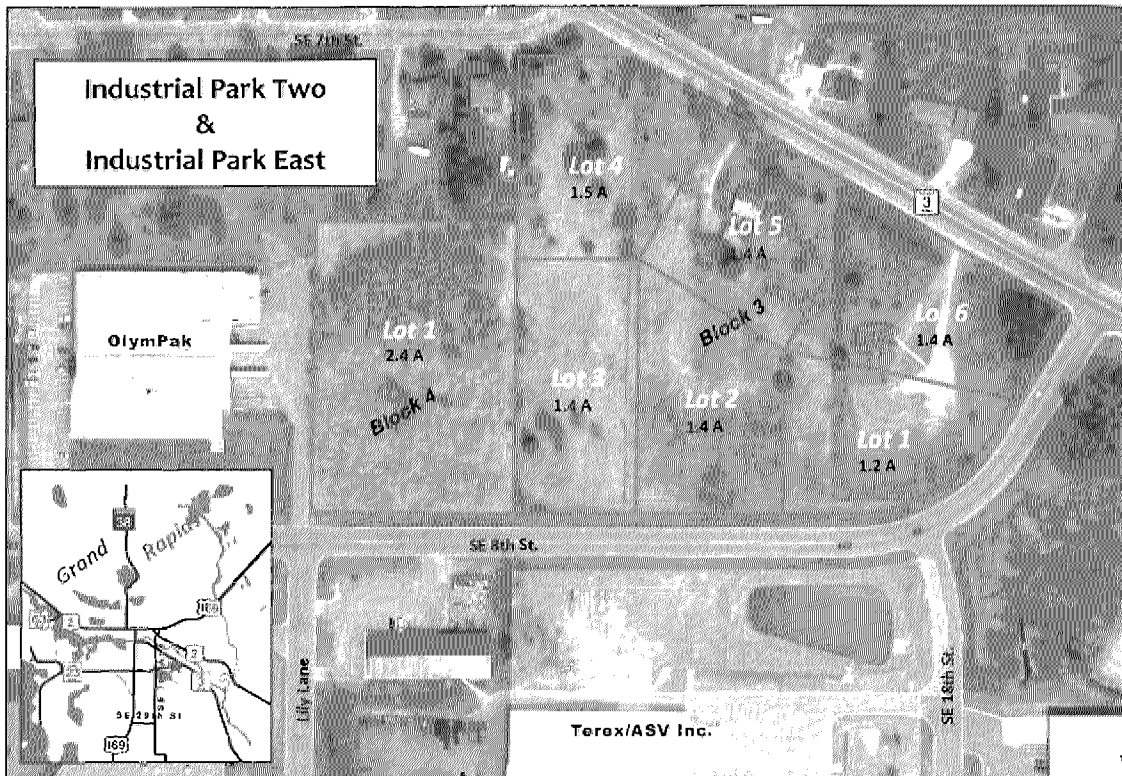
The attraction and location of industrial business in our community is pursued by GREDA within a competitive environment. Communities in the Arrowhead Region, including Grand Rapids, have had to counterbalance weaknesses, such as our distance from major market areas, by providing incentives to businesses for locating in our community. A primary means of providing that incentive involves providing development sites for business location at a competitive rate, most often below actual cost.

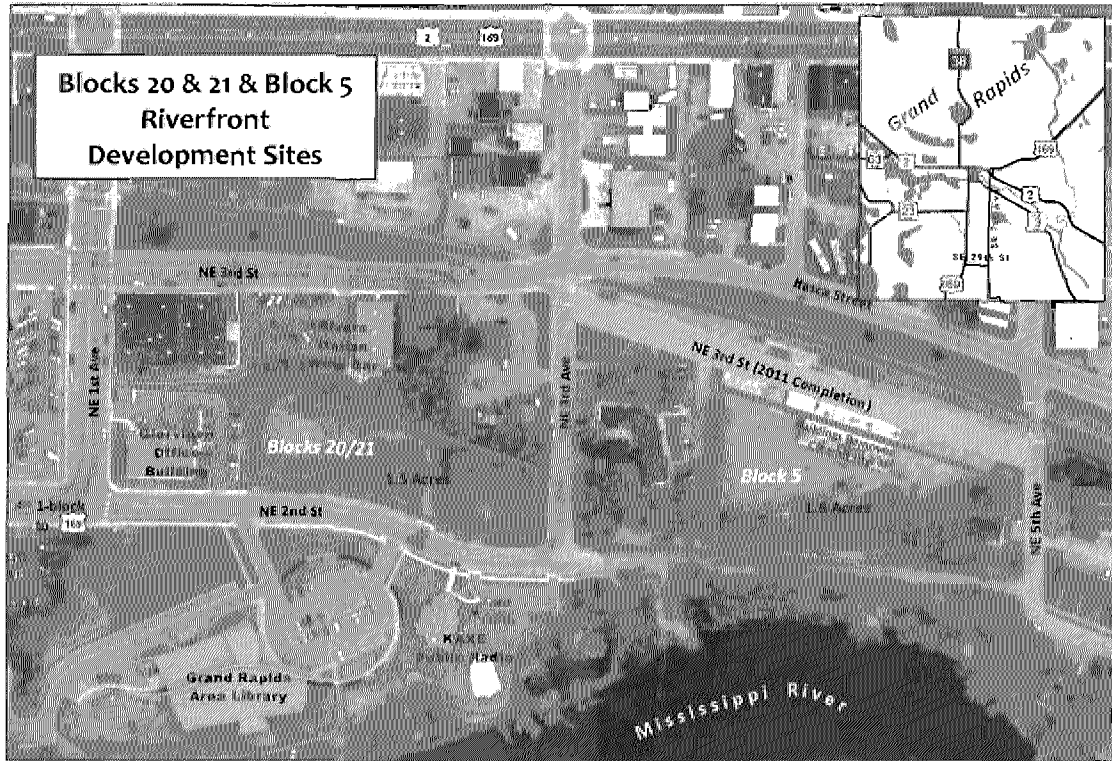
In addition to assembling lands for industrial development, the GREDA has also actively pursued the development of underutilized properties in the Downtown and Mississippi Riverfront areas. As examples, the GREDA has sold land which led to the development of the Glorvigen office building and the KAXE Northern Public Radio station. The GREDA also exercised their authority to purchase and sell lands in support of the private redevelopment of Block 37, located at the corner of TH 2 and TH 169. The GREDA currently owns property in Blocks 20 & 21, immediately north of the Library, which they continue to market to developers interested in creating professional office, residential and other compatible uses. The GREDA also acquired title from the City to the former North Country Recycling property, a site also referred to as the Block 5 Site.

Inventory Summary:

Site Description	Number of Developable Lots (GREDA Owned)	Acreage Total
Industrial Park Two	1	2.38
Industrial Park East	6	8.30
Airport South Industrial Park – Phase 1 & 2	12	20.91
Blocks 20 & 21 Riverfront Dev. Site	1	1.46
Block 5 Riverfront Dev. Site	1	1.8
Totals:	21	34.85







Business Assistance Programs

In order to meet business' needs, GREDA commonly pools their resources together with those of other local, state and federal economic development agencies. Examples of those business assistance programs are listed in the following table:

Provider	Program
Federal EDA	<ul style="list-style-type: none"> ▪ Public Works Grant ▪ Economic Adjustment Grant
Iron Range Resources and Rehabilitation Board	<ul style="list-style-type: none"> ▪ Economic Development Planning Grant ▪ Commercial Redevelopment Program
Department of Employment and Economic Development (DEED)	<ul style="list-style-type: none"> ▪ Public Works Program ▪ Business Financing ▪ Business Development Public Infrastructure Grant ▪ Minnesota Investment Fund ▪ Small Cities Development Program ▪ Redevelopment Grant Program ▪ Contamination Investigation and Cleanup ▪ Job Skills Partnership Program
Itasca Economic Development Corporation (IEDC) City of Grand Rapids	<ul style="list-style-type: none"> ▪ Building Development Loan Program ▪ Tax Increment Financing ▪ Tax Abatement

GREDA Administered Assistance Programs:



JOBZ (Job Opportunity Building Zones) The City of Grand Rapids is a participant in the State's economic development initiative, the Job Opportunity Building Zone (JOBZ) Program. The JOBZ Program is designed to stimulate economic development activity in Greater Minnesota by providing local and state tax exemptions to new and expanding businesses.

For the City of Grand Rapids, the GREDA serves as the economic development agent empowered to solicit, negotiate and form JOBZ business subsidy agreements with qualified businesses locating within the following established Grand Rapids JOBZ subzones.

- ❖ Existing Industrial Parks Subzone (16.8 acres)
- ❖ Airport South Industrial Park Subzone (90 acres)
- ❖ Hwy 38 N. Industrial Subzone (23.3 acres)
- ❖ Blandin West Subzone (126 acres)
- ❖ Airport Grounds Subzone (7.8 acres)

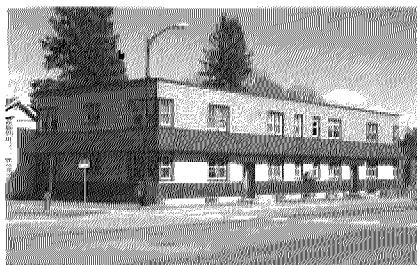
Qualified businesses that operate in a JOBZ subzone, and which enter into a JOBZ business subsidy agreement with the GREDA, qualify for the following exemptions:

- ❖ Individual income taxes
- ❖ Corporate franchise taxes
- ❖ State sales and use tax on qualifying purchases
- ❖ State sales tax on motor vehicles
- ❖ Property taxes on improvements
- ❖ Wind energy production tax



Commercial Building Improvement Loan (CBIL) Program - In certain situations, the underwriting standards used by private financial institutions would constrain their willingness or ability to provide a complete, attractive, financing package to a small business seeking to invest in property improvements. The GREDA has created and maintains a revolving loan fund, named the Commercial Building Improvement Loan (CBIL) Program, which is intended to leverage private sector investment. The GREDA CBIL Program fills this capital market void by providing below market rate financing to eligible commercial enterprises within the City of Grand Rapids.

The CBIL is intended primarily to help building owners and tenants improve the appearance and function of their existing buildings. Secondary benefits include: the removal of blight, increased competitiveness, strengthening of the tax base and improved viability of small businesses in the Grand Rapids commercial districts.



MRM Apartments (2013) - 105 NE 5th St.

Eligible improvements to any retail/commercial building or site are qualified for consideration under the CBIL, within the following business zones: (LB, GB, CBD, SGB, SLB, I-1, SI-1). Program funds may be used for: building construction and expansion, building renovation and remodeling, landscaping and parking lot improvements and signage.

The Commercial Building Improvement Loan Program funds may finance up to 75% of the project cost, or \$40,000, whichever may be less. The interest rate for improvement loans is set at four percent (4%), with a maximum term of 5 years. Loans are amortized over a twenty year period with a balloon payment due at the end of the term, with no penalty for early payment.

This program was largely underutilized until early 2006 when the GREDA took action to redefine and improve the program structure and guidelines. These program changes were well received as loan activity has steadily increased.

In 2013, three loans were satisfied prior to the end of their terms. The early pay-off of these loans reduced the current portfolio to seven loans with a combined principal loan amount of \$156,983.70.

The GREDA has offered enhanced terms for the CBIL, if used as matching funds in a SCDP commercial rehabilitation project. Thus far, these enhanced terms have resulted in three CBIL applications totaling \$57,365.

Additional Project Funding

The following table provides a ten year history of the outside funding secured by the GREDA:

Funding Source	Activity	Funding Amount Loan(L)/Grant(G)	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	
Blandin Foundation	Downtown Plan Preparation	\$75,000 G	✓										
	Downtown Land Acquisition Fund	\$1,000,000 L			✓								
	CBIL Program Recapitalization	\$175,000 L				✓							
	Riverfront Plan	\$35,175 G				✓							
	Blocks 20/21 Soil	\$100,000 L						✓					
	MN Intelligent Rural Comm.	\$100,000G						✓					
	R/F Interp. Signs	\$5,000G						✓					
	Central School Feasibility Study	\$12,000G										✓	
	IRRRB	Blandin Bldg. Demo	\$125,000 G				✓						
		DRHH Infrastructure Grant	\$100,000 G					✓					
St. Joe Block Demo. Grant		\$250,000 G							✓				
St. Joe Block Demo. Grant		\$41,000 G								✓			
DC Manufacturing Site Development		\$150,000G								✓		✓	
Hammerlund Const. Site Devel.		\$350,000									✓		
Dept. of Employment and Economic Development (DEED)		Airport S. I/P Infrastructure (6 th Ave. SE)	\$309,000 G	✓									
		Airport S. Industrial Park Infrastructure (33 rd St. SE)	\$250,000 G				✓						
		SCDP Commercial Rehab						✓					
		Itasca Eco-Ind. Park Clean-up Invest. Grant	\$48,800 G					✓					
	Itasca Eco-Ind. Park Clean-up SCDP	\$56,250G						✓					
	SCDP	\$615,552G										✓	
	Federal EDA	Blandin West Ind. Park Planning	\$60,000 G	✓									
		Legislative Appropriation (Taconite Relief Area)	Architectural Pre-design of North Central Tech. Laboratory	\$192,000G		✓							
	Grading of three Airport S. Ind. Lots		\$90,000G				✓						
	Blocks 20/21 Soil Remediation		\$200,000G						✓				
Total Outside Funding Secured Since 2005:		\$ 4,503,152											



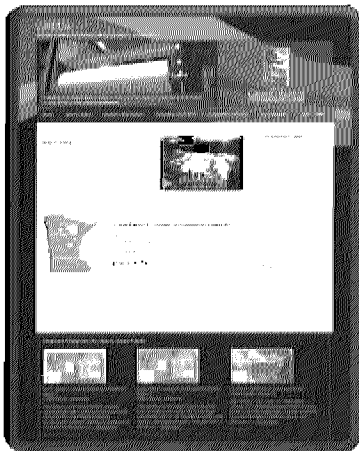
Business Retention and Attraction

GREDA views regular interaction with resident companies, such as through a Business Retention and Expansion (BRE) program of structured interviews, as an important component of the Grand Rapids area economic development action plan. The importance of BRE is underscored by a well-known statistic: “up to 80 percent of new jobs and capital investment in any community is generated by existing businesses”.¹

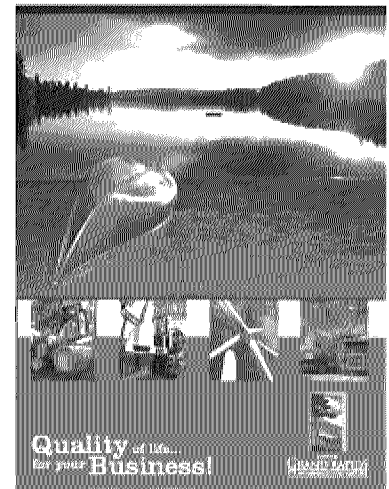
The GREDA supports the ongoing efforts of the Grand Rapids Area Chamber of Commerce in the implementation of their “Grow Itasca” BRE program. The updates provided to GREDA, by the Grow Itasca group, as well as GREDA’s own occasions to interact with local companies, assist GREDA in understanding and serving their needs.

This is not to say, however, that GREDA disregards the value of business attraction efforts, as evidenced by their expanding industrial park areas. With a well rounded inventory of sites to offer, GREDA has begun to dedicate additional resources to their marketing efforts, including:

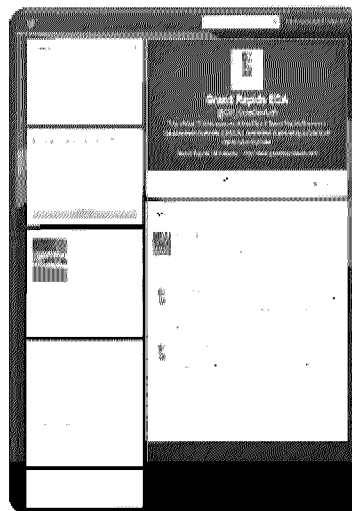
- ❖ Electronic and printed brochures featuring their property
- ❖ An increased presence on the *northlandconnection.com* regional business portal
- ❖ An enhanced presence on the *mnprospector.com* state business portal
- ❖ Fabrication and placement of new, on-site, development signage at all industrial park sites.



- ❖ The development of a new GREDA website launched in September 2011 at www.grandrapidseda.com
- ❖ GREDA twitter account launched October 2012: @GR_EconDevAuth



¹“The Job Generation Process.” Dr. David Birch, MIT Economist

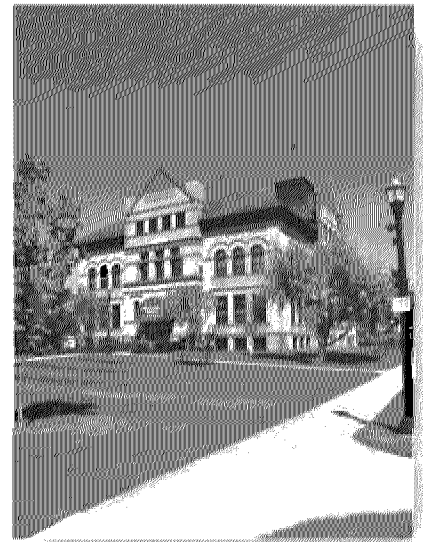


DEED Small Cities Development Program (SCDP) Grant Application

- ❖ Received notice of grant approval May 15th for full amount - \$615,552
- ❖ The activity involves the rehabilitation of 12 owner occupied residential homes at a maximum assistance of \$22,400/unit, 4-15 residential rental units at a maximum assistance of \$21,000/rehabilitation project, and 6 commercial building rehabilitations, with a maximum SCDP assistance of \$32,000/rehabilitation project.
- ❖ GREDA received 5 commercial rehabilitation applications/approved 4 projects ~ 5th project application pending. Residential rehabilitation applications are being received by the Itasca County HRA.
- ❖ GREDA approved 3 Commercial Building Improvement Loans related to SCDP projects.

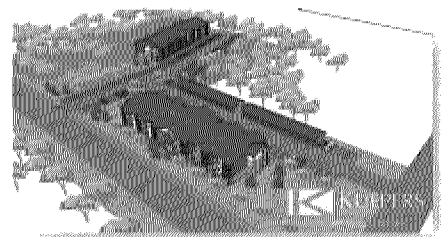
Central School

- ❖ Preliminary Development Agreement with Northrock Development
 - Northrock to explore feasibility of restaurant concept
 - GREDA to complete a building and grounds assessment
- ❖ GREDA received a grant from the Blandin Foundation for Building & Grounds Assessment
- ❖ GREDA contracted with Miller-Dunwiddie for architectural services associated with building and grounds assessment and authorized Phase 1 of the project.
- ❖ 100% of the space is currently leased
- ❖ Continue to work with Arts and Culture Commission to house Artist in Residence program in vacant space on the 3rd floor.



Other Current Areas of Activity

- ❖ December: Closed on Sale of City Land and Development of River Hills Apartments at 21st St. SE/7th Avenue SE
 - Proposed 70-units Multi-Family Residential
- ❖ Approved 2nd Amendment to purchase and development contract between GREDA and Hammerlund Partnership.



**CITY OF GRAND RAPIDS
ECONOMIC DEVELOPMENT AUTHORITY**

COMBINING STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE
FOR THE TWELVE MONTHS ENDING DECEMBER 31, 2014
With Comparative Totals for the Year Ending December 31, 2013

	<u>2013 TOTAL</u>	<u>2014 YTD ACTUAL</u>	<u>2014 ANNUAL BUDGET</u>
Fund Balance 1/1/XX:	\$69,639	\$80,858	\$80,858
<hr/>			
REVENUES:			
Taxes	21,605		
Supplemental Aid	1,535		
Interest - Investments	393	787	750
Interest - Loans	-	-	-
Mortgage Payment	-	-	-
Fund Balance Usage	-		14,750
TOTAL REVENUES	<u>23,533</u>	<u>787</u>	<u>15,500</u>
EXPENDITURES:			
Supplies/Materials	35	17	100
Other Services/Charges	12,279	12,464	15,400
TOTAL EXPENDITURES	<u>12,314</u>	<u>12,481</u>	<u>15,500</u>
REVENUES > EXPENDITURES	<u>11,219</u>	<u>(11,694)</u>	-
<hr/>			
FUND BALANCE			
Fund Balance Usage	11,219	(11,694)	
FUND BALANCE 12/31/XX	<u>\$80,858</u>	<u>\$69,164</u>	<u>\$80,858</u>



**CITY OF GRAND RAPIDS
ECONOMIC DEVELOPMENT AUTHORITY
SCHEDULE OF CHANGES IN REVENUE, EXPENDITURES, AND FUND BALANCE
FOR THE TWELVE MONTHS ENDING DECEMBER 31, 2014**

Fund Balance 1/1/14 \$827,066

REVENUES:

Taxes	55,753
Supplemental Aid	4,084
ST/MN-DEED Grant	15,081
Taconite Production Tax	
Interest- Investments	9,239
Interest- Loans	5,782
Miscellaneous	14,338
Developer Asst Reimbursements	1,968
Payment from Govt Unit	
Principal-Loan Payments	40,928
Sale of Land Held in Inventory	
TOTAL REVENUES	\$147,173

EXPENDITURES:

Annual Single Audit Fee	
Ainsworth Facility Redevelopment	3,292
Community Marketing Taskforce	10,000
Airport South Jobz Zone	18,150
Comm. Building Improvement Loan Program	46
Downtown Block 37	46
Central School Redevelopment	14,168
Downtown Block 18-21	204
DEED Development Programs	15,081
TOTAL EXPENDITURES	\$60,987

2014 REVENUES > EXPENDITURES **\$86,186**

FUND BALANCE 12/31/14 (1) **\$913,252**

Please Note:

(1) The Fund Balance includes designations for the Comm Bldg Imprv Loans of \$136,680



The GREDA recently completed the development of their 2015 Work Plan. The work plan development process first involved a review of the unfinished business from the 2014 Work Plan, and a review of the goals stated within Economic Development Element of the Comprehensive Plan. From that exercise, the GREDA Commissioners identified a list of potential objectives for 2015. Those potential objectives were examined and ranked by the individual GREDA members, and, through additional group discussion, the GREDA approved a list of priorities and a work approach for the issues they will take a lead role in completing, those that they will partner with others on, and those they will provide support to.

In developing the list of priority issues, the GREDA considered the following criteria:

Community impact: If the goal is achieved, will the impact be substantial in the community?

Chances of success: Is the objective reasonably attainable?

Resource availability: Does EDA/City of Grand Rapids possess adequate resources to achieve this goal?

EDA ownership: But for the EDA, will any other entity, commission or department achieve this objective?

The resulting work plan can be found on the following two pages of this report.





Grand Rapids Economic Development Authority 2015 Work Plan

* Results of Issue Identification and Ranking		* Desired Outcomes/Work Approach/Schedule			
Issue/Task/Work Item	Role	Q1	Q2	Q3	Q4
Continue to pursue the development of GREDA properties	Lead	<ul style="list-style-type: none"> ▪ Continue Implementing GREDA Marketing Plan. ▪ Aggressively pursue new development interest <ul style="list-style-type: none"> ○ Swan Machine ○ Others 	<ul style="list-style-type: none"> ▪ Continue Implementing GREDA Marketing Plan. <ul style="list-style-type: none"> ○ Press Releases for SCDP and Other Projects ▪ Aggressively pursue new development interest ▪ Issue RFP seeking development of Blocks 20/21 and Block 5 Riverfront sites. 	<ul style="list-style-type: none"> ▪ Continue Implementing GREDA Marketing Plan. ▪ Aggressively pursue new development interest 	<ul style="list-style-type: none"> ▪ Aggressively pursue new development interest
Continue to implement the DEED SCDP Commercial and Residential Rehab. Grant	Lead	<ul style="list-style-type: none"> ▪ Market/promote 2015 round of applications for additional commercial and rental residential projects. 	<ul style="list-style-type: none"> ▪ Work with Itasca County HRA in the implementation of grant. ▪ Market Enhanced CBIL Program Use. 	<ul style="list-style-type: none"> ▪ Work with Itasca County HRA in the implementation of grant. 	<ul style="list-style-type: none"> ▪ Work with Itasca County HRA in the implementation of grant.
Develop strategies to meet the present and future demand for industrial and commercial development sites.	Lead	<ul style="list-style-type: none"> ▪ Specifically explore potential for the purchase of a large tract for industrial development, given the demonstrated demand for large sites. 	<ul style="list-style-type: none"> ▪ Consider a proactive approach to land investment options. 		
Continue assistance and communication with current and	Lead	<ul style="list-style-type: none"> ▪ Continue to work with current developer interest in a 	<ul style="list-style-type: none"> ▪ Complete purchase and development 		



* Results of Issue Identification and Ranking		* Desired Outcomes/Work Approach/Schedule			
Issue/Task/Work Item	Role	Q1	Q2	Q3	Q4
future developers.		manufacturing operation in either Airport South or Industrial Park East.	agreement with manufacturer.		
Promote Downtown Redevelopment and Renewal.	Partner	<ul style="list-style-type: none"> ▪ Promote/support private investment in Downtown commercial buildings ▪ Administer leasing of Central School. 	<ul style="list-style-type: none"> ▪ Complete the preparation of a Central School Building and Grounds Assessment. ▪ Continue work outlined in the pre-development agreement with Northrock Devel. 	<ul style="list-style-type: none"> ▪ Analyze funding and implementation of Central School building improvements recommended by Building and Grounds Assessment. 	<ul style="list-style-type: none"> ▪ As needed, consider a development agreement with Northrock Development and any other partners interested in pursuing a restaurant in Central School.
Explore opportunities for funding site preparation work on lots in the Airport South Industrial Park.	Lead	<ul style="list-style-type: none"> ▪ Investigate grant opportunities. 	<ul style="list-style-type: none"> ▪ Submit any appropriate grant/funding request 		
Continue working with the City Council on GREDA Levy.	Lead		<ul style="list-style-type: none"> ▪ Document the economic impact of investment in GREDA 	<ul style="list-style-type: none"> ▪ Submit budget request with supporting data. 	



*Economic Development Policies
City of Grand Rapids, Minnesota*

May 2002

Amendment Draft: February/March 2015



CITY OF
GRAND RAPIDS
IT'S IN MINNESOTA'S NATURE

*Business Subsidy
Tax Abatement
Tax Increment Financing*

Minnesota Offices

Corporate Headquarters

85 East Seventh Place, Suite 100
St. Paul, MN 56101-2687
651 223 3000
651 223 3002 Fax

520 Marquette Avenue, Suite 900
Minneapolis, MN 55402-1122
612 333 9177
612 349 5230 Fax

Iowa Office

100 Court Avenue, Suite 204
Des Moines, IA 50309-2257
515 244 1358
515 244 1508 Fax

Kansas Office

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Overland Park, KS 66212 2257
913 345 8082
913 341 8807

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Prepared by:

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Minnesota Offices

Corporate Headquarters

85 East Seventh Place, Suite 100
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651 223 9002 Fax

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612 349 6230 Fax

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515 244 1508 Fax

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City of Grand Rapids Business Subsidy Policy

The following business subsidy criteria are intended to satisfy the requirements of Minnesota Statutes, §§ Sections 116J.993 through 116J.995, as amended (the "Act"). The term "City" means the City of Grand Rapids. The term "project" means the property proposed improvements with respect to which the business subsidy is provided.

A. MANDATORY CRITERIA

All projects must comply with the following criteria:

1. But For Test. There is a substantial likelihood that the project would not go forward without the business subsidy. This criterion may be met based solely on representations of the recipient of the business subsidy.
2. Wage Policy. If the project results in the creation of any living wage jobs, defined as a job which pays wages and benefits that total at least 110% of the current federal poverty rate for a family of four or such greater amount as the City may require for a specific project, the living wage for each part-time and full-time job created must be paid within two years of the date assistance is received (as defined in the Act), at least equal to 75% of the most recent average weekly wage figures for Itasca County as published by the Minnesota Department of Economic Security or the Federal Bureau of Labor Statistics or such greater amount as the City may require for a specific project.
3. Economic Feasibility. The recipient must demonstrate to the satisfaction of the City that it has adequate financing for the project and that the project will be completed in a timely fashion.
4. Compliance with Act. The business subsidy from the City must satisfy all requirements of the Act.

B. POLICY

1. The City recognizes that the creation of good-paying living wage jobs is a desirable goal which benefits the community. Nevertheless, not all projects assisted with subsidies derive their public purposes and importance solely by virtue of job creation. In addition, the imposition of high job creation requirements and high wage level requirements may be unrealistic and counter-productive in light of economic conditions in the Grand Rapids area the face of larger economic forces of influence and the financial and competitive circumstances of an individual business. In determining the requirements for a project under consideration for a business subsidy, the determination of the number of jobs to be created and the wage levels therefore will be guided by the following principles and criteria:
 - a. The evaluation of projects will take into consideration the project's importance in and benefit to the community from all perspectives, including created or retained jobs.
 - b. If a particular project does not involve the creation of jobs, but is nonetheless found to be worthy of support and subsidy, assistance may be approved without any specific job or wage goals, if permitted by applicable law.

- c. In cases where the objective is the retention of existing jobs, the recipient of the subsidy will be required to provide evidence which demonstrates that the loss of those jobs is specific and demonstrable.
 - d. The setting of wage and job goals will be informed by (i) prevailing wage rates, (ii) local economic conditions, (iii) external economic forces over which neither the City nor the recipient of the subsidy has control, (iv) the financial resources of the recipient and (v) the competitive environment in which the recipient's business exists.
2. Because it is not possible to anticipate all the needs and requirements of every type of project and the ever-changing needs of the community and in order to retain the flexibility necessary to respond to all proposed projects, the City retains the right to approve projects and business subsidies which may vary from the principles and criteria set forth herein.

C. PROJECT EVALUATION CRITERIA

The project review and evaluation criteria are the following:

- 1. Jobs and Wages
 - a. New and Retained Jobs. The minimum net number of direct full time equivalent jobs to be created or retained by the proposed project for a period of at least two years from the estimated benefit date.
 - b. Payroll. The minimum annual net payroll (including employer contributions for health benefits) to be generated at the end of the third anniversary date of the estimated benefit date.
- 2. Tax Base
 - a. Increase in Tax Base. The net increase in property taxes estimated to be generated by the project in the first full year of operation.
- 3. Land Use
 - a. Compliance with Comprehensive or Other Plans. Whether, apart from any needed services to the community described in section 5 below, the project is more compatible with the comprehensive plan than other permitted uses for the property. For example, the project may involve a "clean" industry such as a technology or service business which is preferred over other permitted uses.
 - b. Marginal Property. Whether the project is located on property which needs but is not likely to be developed or redeveloped because of blight or other adverse conditions of the property. For example property may be so blighted that the cost of making land ready for redevelopment exceeds the property's fair market value.
 - c. Design and/or Other Amenities. Whether, as a result of the business subsidy, the project will include design and/or amenity features not otherwise required by law. For example, the project may, at the request of the City, include: public art, landscaping,

open space, public trails, employee work out facilities or day care facilities which serve a public purpose but are not required by law.

4. Impact on Existing and Future Public Investment
 - a. Utilization of Existing Infrastructure Investment. Whether and to what extent (a) the project will utilize existing public infrastructure capacity and (b) the project will require additional publicly funded infrastructure investments.
 - b. Direct Monetary Return on Public Investment. Arrangements made or to be made for the City to receive a direct monetary return on its investment in the project. For example, the business subsidy may be in the form of an interest bearing loan or may involve a project sharing arrangement.
5. Economic Development
 - a. Leveraged Funds. For every dollar of business subsidy to be provided for the project, the minimum amount of private funds which will be applied towards the capital cost of the project.
 - b. Spin Off Development. The dollar amount of non-subsidized development the project is expected to generate in the surrounding area and the need for and likelihood of such spin off development.
 - c. Growth Potential. Based on recipient's market studies and plans for expansion, whether and to what extent the project is expected within five years of its completion, be expanded to produce a net increase of full time equivalent jobs and of payroll, over and above the minimum net increase in jobs and payroll described in section 1 above.
6. Quality of Life
 - a. Community Services. Whether the project will provide services in the community and the need for such services. For example, the project may provide health services, retail convenience services such as a nearby grocery store, or social services needed in the community.
 - b. Natural Environment. Whether the project will add to, or detract from, the environment. The natural environment surrounding our community plays an integral part in the local tourist and forest based economy. It is a reflection of what is important to the community - clean air and water, beautiful scenery, recreational opportunities, and a strong desire to pass along these attributes to future generations.
7. Other
 - a. Other Factors. Depending on the nature of the project, such other factors as the City may deem relevant in evaluating the project and the business subsidy proposed for it.

D. ADDITIONAL CONSIDERATIONS

The City will give consideration to one or more of the issues listed below in determining whether to provide financial or other assistance to a project as a business subsidy:

1. The City may consider the requirements of any other business subsidy received, or to be received, from a grantor other than the City.
2. If the business subsidy is a guaranty, the amount of the business subsidy may be valued at the principal amount of the guaranteed payment obligation.
3. If the business subsidy is real or personal property, the amount of the subsidy will be the fair market value of the property as determined by the City.
4. If the business subsidy is received over time, the City may value the subsidy at its present value using a discount rate equal to an interest rate which the City determines is fair and reasonable under the circumstances.

As used herein "benefit date" means the date the business subsidy is received. If the business subsidy involves the purchase, lease, or donation of physical equipment, then the benefit date occurs when the recipient puts the equipment into service. If the business subsidy is for improvements to property, then the benefit date refers to the earliest date of either: when the improvements are finished for the entire project, or when a business occupies the property.

E. FINANCIAL ASSISTANCE NOT CONSIDERED A BUSINESS SUBSIDY

"Business subsidy" means a local government agency grant, contribution of personal property, real property, infrastructure, the principal amount of a loan at rates below those commercially available to the recipient, any reduction or deferral of any tax or any fee, any guarantee of any payment under any loan, lease, or other obligation, or any preferential use of government facilities given to a business.

The following forms of financial assistance are not a business subsidy that would require a public hearing as per Minnesota Statutes, §§116J.993, Subd.3:

1. A business subsidy of less than \$25150,000;
2. Assistance that is generally available to all businesses or to a general class of similar businesses, such as a line of business, size, location, or similar general criteria;
3. Public improvements to buildings or lands owned by the state or local government that serve a public purpose and do not principally benefit a single business or defined group of businesses at the time the improvements are made;
4. Redevelopment property polluted by contaminants as defined in section 116J.552, subdivision 3;

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5. Assistance provided for the sole purpose of renovating old or decaying building stock or bringing it up to code and assistance provided for designated historic preservation districts, provided that the assistance is equal to or less than 50 percent of the total cost;
6. Assistance to provide job readiness and training services if the sole purpose of the assistance is to provide those services;
7. Assistance for housing;
8. Assistance for pollution control or abatement, including assistance for a tax increment financing hazardous substance subdistrict as defined under section 469.174, subdivision 23;
9. Assistance for energy conservation;
10. Tax reductions resulting from conformity with federal tax law;
11. Workers' compensation and unemployment compensation;
12. Benefits derived from regulation;
13. Indirect benefits derived from assistance to educational institutions;
14. Funds from bonds allocated under chapter 474A, bonds issued to refund outstanding bonds, and bonds issued for the benefit of an organization described in section 501(c)(3) of the Internal Revenue Code of 1986, as amended through December 31, 1999;
15. Assistance for a collaboration between a Minnesota higher education institution and a business;
16. Assistance for a tax increment financing soils condition district as defined under section 469.174, subdivision 19;
17. Redevelopment when the recipient's investment in the purchase of the site and in site preparation is 70 percent or more of the assessor's current year's estimated market value;
18. General changes in tax increment financing law and other general tax law changes of a principally technical nature;
19. Federal assistance until the assistance has been repaid to, and reinvested by, the state or local government agency;
20. Funds from dock and wharf bonds issued by a seaway port authority;
21. Business loans and loan guarantees of \$75,000 or less; and
22. Federal loan funds provided through the United States Department of Commerce, Economic Development Administration, and
23. Property tax abatements granted under section 469.1813 to property that is subject to valuation under Minnesota Rules, chapter 8100.
- 22.

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Notwithstanding the definitions listed above under 1 and 21, "business subsidies" as defined also includes the following forms of financial assistance and is subject to this policy, with the exception of a public hearing as the amount of assistance is less than \$150,000, with limited reporting forms required.

1. a business subsidy of \$25,000 or more; and
2. business loans and guarantees of \$75,000 or more.

The definition of a "business subsidy" is in compliance with the Act and is subject to any amendments that may occur.

Adopted by: _____
Date of Adoption: _____
Date of Public Hearing: _____

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City of Grand Rapids Tax Abatement and Tax Increment Financing Policy

A. PURPOSE

The purpose of this policy is to establish the City's position relative to the use of Tax Abatement and Tax Increment Financing (TIF), also referred to in this document as the *business assistance programs*, or *business assistance*. This policy shall be used as a guide in the processing and review of applications requesting the use of Tax Abatement and Tax Increment Financing. It is the expressed intent of the City to minimize the risk and amount of business assistance to a project and to leverage its public dollars to maximize private sector funding.

The City is granted the power to utilize the business assistance programs by Minnesota Statutes ~~Sections 2001~~ chapters 469.1812 through 469.1815 and ~~Sections~~ chapters 469.174 through 469.17940, as amended. The fundamental purpose of the business assistance programs is to encourage desirable private development or redevelopment within the City that would not occur *but for* the assistance provided.

The City will approve or reject requests for business assistance on a case by case basis taking into consideration established policies, project criteria, and the project's demonstrated public purpose. Meeting all policy criteria does not guarantee approval of the requested business assistance. The City maintains its ability to approve or deny the request at its discretion.

B. PUBLIC PURPOSE OBJECTIVES

The City will consider the use of business assistance programs which demonstrate the achievement of one or more of the following public purpose objectives:

- ~~1. To encourage redevelopment within the Central Business District.~~
- 2.1. To retain local jobs and/or increase the number and diversity of jobs that offer stable employment and/or attractive wages and benefits.
- 3.2. To enhance and/or diversify the City's economic base.
- 4.3. To encourage additional unsubsidized private (re)development.
- 5.4. To remove blight and/or encourage (re)development of commercial and industrial areas.
- 6.5. To create housing opportunities for senior and low to moderate income families.
- 7.6. To provide a diversity of housing types adjacent to the ~~Central Business District~~ cultural, recreational, economic, natural, education and transportation systems.

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Commented [RM1]: This is the same as #5, we have other area, not in the CBD that are in great need of redevelopment

~~8. To provide a variety of family housing ownership alternatives and housing choices.~~

Commented [RM2]: Redundant with #6

~~9.7. To promote neighborhood stabilization and revitalization by the removal of blight and the upgrading of existing housing stock in residential areas.~~

~~8. To accomplish other public policies which may be adopted, such as in particular projects that are consistent with those community values and objectives described within the Comprehensive Plan.~~

~~10. the promotion of quality urban or architectural design, energy conservation, and decreasing capital and/or operating costs of local government, or any of the following:~~

~~* Utilization of architectural and landscaping techniques that will enable the components of the project to blend with the natural environment.~~

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~~* Mitigation of project impact on the natural environment.~~

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C. POLICY POSITIONS

1. Business assistance shall be provided primarily through pay-as-you-go financing in order to minimize the risk of public participation.

2. Business assistance requests for up-front project financing through the sale of bonds or other internal sources will require personal guarantees of the developer. These requests shall be addressed on a case by case basis and be limited to the following highest priority projects:

- Projects ~~proposed~~ related to redevelopment of the Central Business District.
- Projects ~~proposed~~ which will remediate environmentally contaminated sites where such costs exceed the fair market value of the property.

~~3. Business assistance requests for Tax Increment Financing shall only be considered after a determination that Tax Abatement will not generate a subsidy sufficient to complete the project.~~

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~~4.3. Business assistance shall not be provided for projects without a minimum developer equity injection of 2010%.~~

Commented [RM3]: This is not consistent with our approach. We equally consider the advantages/disadvantages of each

~~5. Business assistance shall not be provided for projects requiring land and/or building purchases at prices in excess of fair market value.~~

Commented [RM4]: SBA 504 loans, sometimes used, require 10% equity

~~6.4. Business assistance shall only be provided for projects with a demonstrated market demand.~~

Commented [RM5]: In redevelopments, especially when acquisition from multiple property owners is necessary, it is common that a premium, beyond market value, is paid to assemble the site

~~7.5. Business assistance shall not be provided in cases where it would create an unfair competitive advantage for the assisted project(s).~~

- 8.6. Business assistance shall not be provided to developers/projects that cannot adequately demonstrate an ability to complete the proposed project on time and on budget.

D. PROJECT REQUIREMENTS

All projects requesting business assistance must demonstrate the following:

1. That the project is not financially feasible but for the use of Tax Abatement or Tax Increment Financing.
2. That the project will comply with all provisions set forth in Minnesota Statute chapters ~~446j116j.993~~ through ~~446j116j.995~~, as amended (Business Subsidies), if applicable.
3. That the business assistance request complies with all provisions set forth in Minnesota Statutes, ~~2001 chapters~~ Sections 469.1812 through 469.1815 as amended (Tax Abatement), ~~and or Sections chapters~~ 469.174 through 469.1799- 1794 as amended (Tax Increment Financing), as applicable.
4. That the project is consistent with the City's comprehensive plan, land use plan, and zoning ordinances.

E. APPLICATION PROCESS

1. Applicant submits a Business Assistance Application (Exhibit A) to the Community Development Office of the City.
2. Staff reviews the application and completes the Application Review Worksheet (Exhibit B/C).
3. Staff submits results of the Worksheet for review by the EDA (commercial/industrial project), or the HRA (housing project), or both if appropriate for a mixed use project.
4. EDA and/or HRA review proposal, provide comments, and make an advisory recommendation to the City Council on denial or approval of the request within 30 days.
5. If advisory approval is granted, staff prepares all necessary notices, resolutions and certificates.
6. City Council holds public hearing(s) on the proposed project to consider the advisory recommendation(s).
7. The City Council grants final approval or denies the request.

**EXHIBIT A
BUSINESS ASSISTANCE APPLICATION**

A. APPLICANT INFORMATION

Name of Corporation/Partnership _____

Address _____

Primary Contact _____

Address _____

Phone _____ Fax _____ E-mail _____

Type of business assistance requested (select one):

Tax Abatement Tax Increment Financing

Have you been, or are you currently, involved in any bankruptcy proceedings or lawsuits related to other development projects with which you have been involved? If yes, please provide an explanation.

Yes No

On a separate sheet, please provide the following:

- Brief description of the corporation/partnership's business, including history, principal product or service, etc. **Attach as Part 1.**
- List names of officers and shareholders/partners with more than five percent (5%) interest in the corporation/partnership. **Attach as Part 2.**
- Brief description of the proposed project. **Attach as Part 3.**
- A *but for* analysis and narrative. **Attach as Part 4.**

Attorney Name _____

Address _____

Phone _____ Fax _____ E-mail _____

Contractor Name _____

Address _____

Phone _____ Fax _____ E-mail _____

Engineer Name _____

Address _____

Phone _____ Fax _____ E-mail _____

Architect Name _____

Address _____

Phone _____ Fax _____ E-mail _____

B. PROJECT INFORMATION

1. The project will be: (Check all that apply)

- Industrial: (New Construction Redevelopment/Rehab Expansion)
- Office/research facility: (New Construction Redevelopment/Rehab Expansion)
- Commercial: (New Construction Redevelopment/Rehab Expansion)
- Housing: (New Construction Redevelopment/Rehab Expansion)
- Other _____

2. The project will be: Owner Occupied Leased Space

- If leased space, please attach a list of names and addresses of future tenants and indicate the status of commitments or lease agreements. **Attach as Part 5.**

3. Project Address _____

- Include Legal Description and PID number(s). **Attach as Part 6.**

4. Site Plan Attached: Yes No

5. Current Real Estate Taxes on Project Site:\$ _____

6. Estimated Real Estate Taxes Upon Completion:	Phase I	\$ _____	•
	Phase II	\$ _____	
	Phase III	\$ _____	
	Total:	\$ _____	

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7. Construction Start Date: _____

8. Construction Completion Date: _____

If Phased Project: _____ % Completed in _____ years
 _____ % Completed in _____ years
 _____ % Completed in _____ years

C. PUBLIC PURPOSE OBJECTIVES

It is the policy of the City of Grand Rapids that the business assistance should result in a public benefit as identified in items 1-7 below. Please indicate how the proposed project will accomplish this by checking the appropriate boxes. Attach additional narrative as Part 7.

- 1. To retain local jobs and/or increase the number and diversity of jobs that offer stable employment and/or attractive wages and benefits
- 2. To enhance and/or diversify the City's economic base.
- 3. To encourage additional unsubsidized private (re)development.
- 4. To remove blight and/or encourage (re)development of commercial and industrial areas.
- 5. To create housing opportunities for senior and low to moderate income families.
- 6. To provide a diversity of housing types adjacent to cultural, recreational, economic, natural, education and transportation systems
- 7. To promote neighborhood stabilization and revitalization by the removal of blight and the upgrading of existing housing stock in residential areas.
- 8. To accomplish other public policies which may be adopted in particular projects that are consistent with those community values and objectives described within the Comprehensive Plan.

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- 1. To encourage redevelopment with the Central Business District area.
- 2. To retain local jobs and/or increase the number and diversity of jobs that offer stable employment and/or attractive wages and benefits.
- 3. To enhance and/or diversify the City's economic base.
- 4. To encourage additional unsubsidized private (re)development.
- 5. To remove blight and/or encourage (re)development of commercial and industrial areas.
- 6. To create housing opportunities for senior and low to moderate income families.
- 7. To provide a diversity of housing adjacent to the Central Business District.
- 8. To provide a variety of family housing ownership alternatives and housing choices.
- 9. To promote neighborhood stabilization and revitalization by the removal of blight and the upgrading of existing housing stock in residential areas.
- 10. To accomplish other public policies which may be adopted such as the promotion of quality urban or architectural design, energy conservation, and decreasing capital and/or operating costs of local government.
 - * Utilization of architectural and landscaping techniques that will enable the components of the project to blend with the natural environment.
 - * Mitigation of project impact on the natural environment.

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D. SOURCES & USES OF FUNDS
Attach additional information as Part 8

Table with 2 columns: SOURCES and AMOUNT. Rows include Bank Loan, Other Loans, Owner Equity, Fed Grant/Loan, State Grant/Loan, Tax Abatement, Tax Increment Financing, Industrial Development Bonds, Other, and TOTAL.

Table with 2 columns: USES and AMOUNT. Rows include Land Acquisition, Site Development, Construction, Machinery & Equipment, Architectural/Engineering Fees, Debt Service Reserve, Contingencies, Other, and TOTAL.

Total Amount of business assistance requested from either Abatement or Tax Increment Financing: \$ _____

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E. ADDITIONAL DOCUMENTATION AND CHECKLIST

Applicants will also be required to provide the following documentation.
All personal financial information will be kept private and confidential.

- 1. Written business plan or a description of the business, ownership/ management, date established, products and services, and future plans.
- 2. Financial statements for past two years, including profit and loss statements and balance sheets.
- 3. Two year financial projections, or if housing project, or leased space, include a 10-year operating pro-forma.
- 4. Personal financial statements of all major shareholders (principals) including the most recent 2 years of tax returns.
- 5. Letter of commitment from other sources of financing, stating terms and conditions of their participation in the project.
- 6. Administrative fee of \$5,000. In addition to defraying the cost of staff time, the fee will be used to pay costs associated with processing this request for financial assistance such as legal, engineering and financial analysis. The City reserves the right to stop the processing of the request until additional fees are paid should the original amount be insufficient to pay such costs. That portion which remains unspent, if any, will be returned only if the project is denied approval.
- 7. Attach the following documentation:
 - _____ Part 1 – Corporation/Partnership Description
 - _____ Part 2 – List of Shareholders/Partners
 - _____ Part 3 – Description of Project
 - _____ Part 4 – But For Analysis
 - _____ Part 5 – List of Prospective Lessees
 - _____ Part 6 – Legal Description, Property Identification Numbers, maps of the project area, and project renderings
 - _____ Part 7 – Public Purpose Narrative
 - _____ Part 8 – Sources & Uses of Funds – Additional Information

The undersigned certifies that all information provided in this application is true and correct to the best of the undersigned's knowledge. The undersigned authorizes the City of Grand Rapids to check credit references, verify financial and other information, and share this information with other political subdivisions as needed. The undersigned also agrees to provide any additional information as may be requested by the City after the filing of this application.

Applicant Name _____ Date _____

By _____

Its _____

EXHIBIT B

**BUSINESS ASSISTANCE REVIEW WORKSHEET
FOR COMMERCIAL/INDUSTRIAL PROJECTS
TO BE COMPLETED BY APPLICANT AND CITY STAFF**

A. The project meets which of the following objectives as set forth in Section C of the Business Assistance policy;

A. (Each worth 2 Points)

Points:

- 1. To retain local jobs and/or increase the number and diversity of jobs that offer stable employment and/or attractive wages and benefits
- 2. To enhance and/or diversify the City's economic base
- 3. To encourage additional unsubsidized private (re)development
- 4. To remove blight and/or encourage (re)development of commercial and industrial areas
- 5. To create housing opportunities for senior and low to moderate income families
- 6. To provide a diversity of housing types adjacent to cultural, recreational, economic, natural, education and transportation systems
- 7. To promote neighborhood stabilization and revitalization by the removal of blight and the upgrading of existing housing stock in residential areas
- 8. To accomplish other public policies which may be adopted, in particular projects that are consistent with those community values and objectives described within the Comprehensive Plan
- 9. To promote neighborhood stabilization and revitalization by the removal of blight and the upgrading of existing housing stock in residential areas
- 10. To accomplish other public policies which may be adopted such as the promotion of quality urban or architectural design; energy conservation, and decreasing capital and/or operating costs of local government.
 - Utilization of architectural and landscaping techniques that will enable the components of the project to blend with the natural environment.
 - Mitigation of project impact on the natural environment.

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B. Ratio of Private to Public Investment in Project:

Points:Point

\$

Private Investment

5:

5

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\$	Public Investment (Including other public sources)	4:1	4	*
	Ratio Private : Public Financing	3:1	3	*
		2:1	2	*
		Less than 2:1	1	*

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C. Job Creation:

	Points:			*
Net new living wage jobs (minimum 40 hours per week) w/ health insurance benefits (total FTE)	50+		5	*
	40+		4	*
	25+		3	*
	15+		2	*
	Less than 15		1	*

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D. Job Retention:	Points:	*
_____ Net living wage jobs retained (total FTE)	50+	4 *
	25+	3 *
	10+	2 *
	Less than 10	1 *

E. Project Investment:	Points:	*
_____ Value of Capital Investment (future taxable)	Over \$2 million	5 *
	\$1 - \$2 million	4 *
	\$0.5 - \$1million	3 *
	\$0.1 - \$0.5 million	2 *
	Less than \$0.1 million	1 *

D.F. Wage Level of jobs Created:	Points:	*
Average hourly wage (including non-mandated benefits)	Over \$24.22/hour	5 *
Of new living wage jobs	\$48.20-24.22/hour	4 *
	\$44.16-24.22/hour	3 *
	\$40.13-24.22/hour	2 *
	\$31.15/hour	1 *
	Under \$40.13/hour	1 *

E.G. Ratio Of Business Assistance To New Jobs Created:	Points:	*
\$ _____ Business assistance requested	\$810,000 or less	5 *
_____ Number of net new jobs created	\$10,000 or less	4 *
\$ _____ of business assist. per net new job created	\$1215,000 or less	3 *
	\$1525,000 or less	2 *
	Over \$4550,000	1 *

F.H. Project size:	Points:	*
The project will result in the construction of _____ square feet	7550,000+	5 *
	6030,000+	4 *
	3015,000+	3 *
	45,000+	2 *
	15,000 or less	1 *

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G.I. Type of Project Business Growth Potential:

- _____ 100% Owner-Occupied High
- _____ Mix-Owner-Occupied & Investment Moderate
- _____ Investment Property Low

Points: _____
 _____ 5 *
 _____ 3 *
 _____ 1 *

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H.J. Likelihood that the project will result in unsubsidized, spin-off development:

- _____ High
- _____ Moderate
- _____ Low

Points: _____
 _____ 5 *
 _____ 3 *
 _____ 1 *

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I.K. Impact on tax rate? All things being equal, how much would the City's tax rate hypothetically increase if the project were to proceed with the requested business assistance?

- .01%-.02%
- .03%-.04%
- .05%-.06%
- .07%-.09%
- .10%-.12%

Points: _____
 _____ 5 *
 _____ 4 *
 _____ 3 *
 _____ 2 *
 _____ 1 *

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Sub-Total Points _____ of a possible 40-65 points.

Bonus Points

The project will be 100% *pay-as-you-go* financing

Bonus Points:

_____ 5 *
 _____ *
 _____ 3
 _____ 5 *

If the business has demonstrated a clear and ongoing commitment to the City of Grand Rapids community by providing living wage jobs to their employees and City of Grand Rapids residents.

Total Points: _____

Overall project analysis: High 34-51 - 45-75 points
 Moderate 24-31 - 30-50 points
 Low 14-21 - 20-30 points
 Not Eligible 0 - 10-20 points

EXHIBIT C
BUSINESS ASSISTANCE REVIEW WORKSHEET
FOR HOUSING PROJECTS
TO BE COMPLETED BY APPLICANT AND CITY STAFF

A. The project meets which of the following objectives as set forth in Section C of the Business Assistance policy;

A. (Each worth 2 Points)

Points:

- 1. To encourage redevelopment with the Central Business District.
2. To retain local jobs and/or increase the number and diversity of jobs that offer stable employment and/or attractive wages and benefits.
3. To enhance and/or diversify the City's economic base.
4. To encourage additional unsubsidized private (re)development.
5. To remove blight and/or encourage (re)development of commercial and industrial areas.
6. To create housing opportunities for senior and low to moderate income families.
7. To provide a diversity of housing adjacent to the Central Business District.
8. To provide a variety of family housing ownership alternatives and housing choices.
9. To promote neighborhood stabilization and revitalization by the removal of blight and the upgrading of existing housing stock in residential areas.
10. To accomplish other public policies which may be adopted such as the promotion of quality urban or architectural design, energy conservation, and decreasing capital and/or operating costs of local government.
1. To retain local jobs and/or increase the number and diversity of jobs that offer stable employment and/or attractive wages and benefits
2. To enhance and/or diversify the City's economic base.
3. To encourage additional unsubsidized private (re)development.
4. To remove blight and/or encourage (re)development of commercial and industrial areas.
5. To create housing opportunities for senior and low to moderate income families.
6. To provide a diversity of housing types adjacent to cultural, recreational, economic, natural, education and transportation systems

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- 7. To promote neighborhood stabilization and revitalization by the removal of blight and the upgrading of existing housing stock in residential areas. *
- 8. To accomplish other public policies which may be adopted in particular projects that are consistent with those community values and objectives described within the Comprehensive Plan. *

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C.B. Ratio of Private to Public Investment in Project:

Points:

\$ _____ Private Investment	5:1	5	*
\$ _____ Public Investment	4:1	4	*
_____ Ratio Private : Public Financing	3:1	3	*
	2:1	2	*
	Less than 2:1	1	*

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D.C. Project provides housing that is not restricted to persons 55 years and older:

Points:

3 *

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E.D. Project provides that at least 30% of the total units are three-bedroom or more:

Points:

3

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F.E. Project proposes rehabilitation of existing housing, housing stock, and maximizes utilization of existing infrastructure:

Points:

5

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G.F. Project proposes a location near existing jobs, transportation, recreation, retail services, social services, and schools:

Points:

5

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H.G. Project size:

The project will result in the construction of _____ square feet

Points:

40,000+ 5

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30,000+ 3

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20,000+ 3

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10,000+ 2

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10,000 or less 1

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H.H. Likelihood that the project will result in unsubsidized, spin-off development:

- High
Moderate
Low

Points:

3

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H.I. Impact on tax rate? All things being equal, how much would the City's tax rate hypothetically increase if the project were to proceed with the requested business assistance?

- .01%-.02%
.03%-.04%
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.10%-.12%

Points:

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4

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2

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Sub-Total Points _____ of a possible 34-50 points.

Bonus Points

Bonus Points:

The project will be 100% pay-as-you-go financing

5

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Total Points: _____

	Overall project analysis:	High	31-45 - 30-55 points
		Moderate	21-30 - 30-44 points
		Low	11-15 - 20-29 points
		Not Eligible	0 - 10-14 points

TAX ABATEMENT STATUTE

2001

TAX INCREMENT FINANCING STATUTE

2001

BUSINESS SUBSIDY STATUTE

2001

SAMPLE BUSINESS SUBSIDY AGREEMENT

BUSINESS SUBSIDY REPORTING FORM

2002

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*Economic Development Policies
City of Grand Rapids, Minnesota*

May 2002

Amendment Draft: March 2015



CITY OF
GRAND RAPIDS
IT'S IN MINNESOTA'S NATURE

*Business Subsidy
Tax Abatement
Tax Increment Financing*

Prepared by:

Springsted Incorporated
380 Jackson Street, Suite 300

St. Paul, MN 55101

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City of Grand Rapids Business Subsidy Policy

The following business subsidy criteria are intended to satisfy the requirements of Minnesota Statutes, Sections 116J.993 through 116J.995, as amended (the "Act"). The term "City" means the City of Grand Rapids. The term "project" means the proposed improvements with respect to which the business subsidy is provided.

A. MANDATORY CRITERIA

All projects must comply with the following criteria:

1. But For Test. There is a substantial likelihood that the project would not go forward without the business subsidy. This criterion may be met based solely on representations of the recipient of the business subsidy.
2. Wage Policy. If the project results in the creation of any living wage jobs, defined as a job which pays wages and benefits that total at least 110% of the current federal poverty rate for a family of four or such greater amount as the City may require for a specific project, the living wage for each part-time and full-time job created must be paid within two years of the date assistance is received (as defined in the Act).
3. Economic Feasibility. The recipient must demonstrate to the satisfaction of the City that it has adequate financing for the project and that the project will be completed in a timely fashion.
4. Compliance with Act. The business subsidy from the City must satisfy all requirements of the Act.

B. POLICY

1. The City recognizes that the creation of living wage jobs is a desirable goal which benefits the community. Nevertheless, not all projects assisted with subsidies derive their public purposes and importance solely by virtue of job creation. In addition, the imposition of high job creation requirements and high wage level requirements may be unrealistic and counterproductive in light of economic conditions in the Grand Rapids area and the financial and competitive circumstances of an individual business. In determining the requirements for a project under consideration for a business subsidy, the determination of the number of jobs to be created and the wage levels therefore will be guided by the following principles and criteria:
 - a. The evaluation of projects will take into consideration the project's importance in and benefit to the community from all perspectives, including created or retained jobs.
 - b. If a particular project does not involve the creation of jobs, but is nonetheless found to be worthy of support and subsidy, assistance may be approved without any specific job or wage goals, if permitted by applicable law.
 - c. In cases where the objective is the retention of existing jobs, the recipient of the subsidy will be required to provide evidence which demonstrates that the loss of those jobs is specific and demonstrable.

- d. The setting of wage and job goals will be informed by (i) prevailing wage rates, (ii) local economic conditions, (iii) external economic forces over which neither the City nor the recipient of the subsidy has control, (iv) the financial resources of the recipient and (v) the competitive environment in which the recipient's business exists.
- 2. Because it is not possible to anticipate all the needs and requirements of every type of project and the ever-changing needs of the community and in order to retain the flexibility necessary to respond to all proposed projects, the City retains the right to approve projects and business subsidies which may vary from the principles and criteria set forth herein.

C. PROJECT EVALUATION CRITERIA

The project review and evaluation criteria are the following:

- 1. Jobs and Wages
 - a. New and Retained Jobs. The minimum net number of direct full time equivalent jobs to be created or retained by the proposed project for a period of at least two years from the estimated benefit date.
 - b. Payroll. The minimum annual net payroll (including employer contributions for health benefits) to be generated at the end of the third anniversary date of the estimated benefit date.
- 2. Tax Base
 - a. Increase in Tax Base. The net increase in property taxes estimated to be generated by the project in the first full year of operation.
- 3. Land Use
 - a. Compliance with Comprehensive or Other Plans. Whether, apart from any needed services to the community described in section 5 below, the project is more compatible with the comprehensive plan than other permitted uses for the property. For example, the project may involve a "clean" industry such as a technology or service business which is preferred over other permitted uses.
 - b. Marginal Property. Whether the project is located on property which needs but is not likely to be developed or redeveloped because of blight or other adverse conditions of the property. For example property may be so blighted that the cost of making land ready for redevelopment exceeds the property's fair market value.
 - c. Design and/or Other Amenities. Whether, as a result of the business subsidy, the project will include design and/or amenity features not otherwise required by law. For example, the project may, at the request of the City, include: public art, landscaping, open space, public trails, employee work out facilities or day care facilities which serve a public purpose but are not required by law.

4. Impact on Existing and Future Public Investment

- a. Utilization of Existing Infrastructure Investment. Whether and to what extent (a) the project will utilize existing public infrastructure capacity and (b) the project will require additional publicly funded infrastructure investments.
- b. Direct Monetary Return on Public Investment. Arrangements made or to be made for the City to receive a direct monetary return on its investment in the project. For example, the business subsidy may be in the form of an interest bearing loan or may involve a project sharing arrangement.

5. Economic Development

- a. Leveraged Funds. For every dollar of business subsidy to be provided for the project, the minimum amount of private funds which will be applied towards the capital cost of the project.
- b. Spin Off Development. The amount of non-subsidized development the project is expected to generate in the surrounding area and the need for and likelihood of such spin off development.
- c. Growth Potential. Based on recipient's market studies and plans for expansion, whether and to what extent the project is expected within five years of its completion, be expanded to produce a net increase of full time equivalent jobs and of payroll, over and above the minimum net increase in jobs and payroll described in section 1 above.

6. Quality of Life

- a. Community Services. Whether the project will provide services in the community and the need for such services. For example, the project may provide health services, retail convenience services such as a nearby grocery store, or social services needed in the community.
- b. Natural Environment. Whether the project will add to, or detract from, the environment. The natural environment surrounding our community plays an integral part in the local tourist and forest based economy. It is a reflection of what is important to the community - clean air and water, beautiful scenery, recreational opportunities, and a strong desire to pass along these attributes to future generations.

7. Other

- a. Other Factors. Depending on the nature of the project, such other factors as the City may deem relevant in evaluating the project and the business subsidy proposed for it.

D. ADDITIONAL CONSIDERATIONS

The City will give consideration to one or more of the issues listed below in determining whether to provide financial or other assistance to a project as a business subsidy:

1. The City may consider the requirements of any other business subsidy received, or to be received, from a grantor other than the City.
2. If the business subsidy is a guaranty, the amount of the business subsidy may be valued at the principal amount of the guaranteed payment obligation.
3. If the business subsidy is real or personal property, the amount of the subsidy will be the fair market value of the property as determined by the City.
4. If the business subsidy is received over time, the City may value the subsidy at its present value using a discount rate equal to an interest rate which the City determines is fair and reasonable under the circumstances.

As used herein "benefit date" means the date the business subsidy is received. If the business subsidy involves the purchase, lease, or donation of physical equipment, then the benefit date occurs when the recipient puts the equipment into service. If the business subsidy is for improvements to property, then the benefit date refers to the earliest date of either: when the improvements are finished for the entire project, or when a business occupies the property.

E. FINANCIAL ASSISTANCE NOT CONSIDERED A BUSINESS SUBSIDY

"Business subsidy" means a local government agency grant, contribution of personal property, real property, infrastructure, the principal amount of a loan at rates below those commercially available to the recipient, any reduction or deferral of any tax or any fee, any guarantee of any payment under any loan, lease, or other obligation, or any preferential use of government facilities given to a business.

The following forms of financial assistance are not a business subsidy that would require a public hearing as per Minnesota Statutes, §§116J.993, Subd.3:

1. A business subsidy of less than \$150,000;
2. Assistance that is generally available to all businesses or to a general class of similar businesses, such as a line of business, size, location, or similar general criteria;
3. Public improvements to buildings or lands owned by the state or local government that serve a public purpose and do not principally benefit a single business or defined group of businesses at the time the improvements are made;
4. Redevelopment property polluted by contaminants as defined in section 116J.552, subdivision 3;

5. Assistance provided for the sole purpose of renovating old or decaying building stock or bringing it up to code and assistance provided for designated historic preservation districts, provided that the assistance is equal to or less than 50 percent of the total cost;
6. Assistance to provide job readiness and training services if the sole purpose of the assistance is to provide those services;
7. Assistance for housing;
8. Assistance for pollution control or abatement, including assistance for a tax increment financing hazardous substance subdistrict as defined under section 469.174, subdivision 23;
9. Assistance for energy conservation;
10. Tax reductions resulting from conformity with federal tax law;
11. Workers' compensation and unemployment compensation;
12. Benefits derived from regulation;
13. Indirect benefits derived from assistance to educational institutions;
14. Funds from bonds allocated under chapter 474A, bonds issued to refund outstanding bonds, and bonds issued for the benefit of an organization described in section 501(c)(3) of the Internal Revenue Code of 1986, as amended through December 31, 1999;
15. Assistance for a collaboration between a Minnesota higher education institution and a business;
16. Assistance for a tax increment financing soils condition district as defined under section 469.174, subdivision 19;
17. Redevelopment when the recipient's investment in the purchase of the site and in site preparation is 70 percent or more of the assessor's current year's estimated market value;
18. General changes in tax increment financing law and other general tax law changes of a principally technical nature;
19. Federal assistance until the assistance has been repaid to, and reinvested by, the state or local government agency;
20. Funds from dock and wharf bonds issued by a seaway port authority;
21. Business loans and loan guarantees of \$75,000 or less; and
22. Federal loan funds provided through the United States Department of Commerce, Economic Development Administration; and
23. Property tax abatements granted under section 469.1813 to property that is subject to valuation under Minnesota Rules, chapter 8100.

Notwithstanding the definitions listed above under 1 and 21, "business subsidies" as defined also includes the following forms of financial assistance and is subject to this policy, with the exception of a public hearing as the amount of assistance is less than \$150,000, with limited reporting forms required:

1. a business subsidy of \$25,000 or more; and
2. business loans and guarantees of \$75,000 or more.

The definition of a "business subsidy" is in compliance with the Act and is subject to any amendments that may occur.

Adopted by: _____

Date of Adoption: _____

Date of Public Hearing: _____

City of Grand Rapids Tax Abatement and Tax Increment Financing Policy

A. PURPOSE

The purpose of this policy is to establish the City's position relative to the use of Tax Abatement and Tax Increment Financing (TIF), also referred to in this document as the *business assistance programs*, or *business assistance*. This policy shall be used as a guide in the processing and review of applications requesting the use of Tax Abatement and Tax Increment Financing. It is the expressed intent of the City to minimize the risk and amount of business assistance to a project and to leverage its public dollars to maximize private sector funding.

The City is granted the power to utilize the business assistance programs by Minnesota Statutes, Sections 469.1812 through 469.1815 and Sections 469.174 through 469.1794, as amended. The fundamental purpose of the business assistance programs is to encourage desirable private development or redevelopment within the City that would not occur *but for* the assistance provided.

The City will approve or reject requests for business assistance on a case by case basis taking into consideration established policies, project criteria, and the project's demonstrated public purpose. Meeting all policy criteria does not guarantee approval of the requested business assistance. The City maintains its ability to approve or deny the request at its discretion.

B. PUBLIC PURPOSE OBJECTIVES

The City will consider the use of business assistance programs which demonstrate the achievement of one or more of the following public purpose objectives:

1. To retain local jobs and/or increase the number and diversity of jobs that offer stable employment and/or attractive wages and benefits.
2. To enhance and/or diversify the City's economic base.
3. To encourage additional unsubsidized private (re)development.
4. To remove blight and/or encourage (re)development of commercial and industrial areas.
5. To create housing opportunities for senior and low to moderate income families.
6. To provide a diversity of housing types adjacent to cultural, recreational, economic, natural, education and transportation systems.

7. To promote neighborhood stabilization and revitalization by the removal of blight and the upgrading of existing housing stock in residential areas.
8. To accomplish other public policies which may be adopted, in particular projects that are consistent with those community values and objectives described within the Comprehensive Plan.

C. POLICY POSITIONS

1. Business assistance shall be provided primarily through pay-as-you-go financing in order to minimize the risk of public participation.
2. Business assistance requests for up-front project financing through the sale of bonds or other internal sources will require personal guarantees of the developer. These requests shall be addressed on a case by case basis and be limited to the following highest priority projects:
 - Projects related to redevelopment of the Central Business District.
 - Projects which will remediate environmentally contaminated sites where such costs exceed the fair market value of the property.
3. Business assistance shall not be provided for projects without a minimum developer equity injection of 10%.
4. Business assistance shall only be provided for projects with a demonstrated market demand.
5. Business assistance shall not be provided in cases where it would create an unfair competitive advantage for the assisted project(s).
6. Business assistance shall not be provided to developers/projects that cannot adequately demonstrate an ability to complete the proposed project on time and on budget.

D. PROJECT REQUIREMENTS

All projects requesting business assistance must demonstrate the following:

1. That the project is not financially feasible but for the use of Tax Abatement or Tax Increment Financing.
2. That the project will comply with all provisions set forth in Minnesota Statute chapters 116J.993 through 116J.995, as amended (Business Subsidies), if applicable.
3. That the business assistance request complies with all provisions set forth in Minnesota Statutes, Sections 469.1812 through 469.1815 as amended (Tax Abatement), or Sections 469.174

through 469.1794 as amended (Tax Increment Financing), as applicable.

4. That the project is consistent with the City's comprehensive plan, land use plan, and zoning ordinances.

E. APPLICATION PROCESS

1. Applicant submits a Business Assistance Application (Exhibit A) to the Community Development Office of the City.
2. Staff reviews the application and completes the Application Review Worksheet (Exhibit B/C).
3. Staff submits results of the Worksheet for review by the EDA (commercial/industrial project), or the HRA (housing project), or both if appropriate for a mixed use project.
4. EDA and/or HRA review proposal, provide comments, and make an advisory recommendation to the City Council on denial or approval of the request within 30 days.
5. If advisory approval is granted, staff prepares all necessary notices, resolutions and certificates.
6. City Council holds public hearing(s) on the proposed project to consider the advisory recommendation(s).
7. The City Council grants final approval or denies the request.

EXHIBIT A
BUSINESS ASSISTANCE APPLICATION

A. APPLICANT INFORMATION

Name of Corporation/Partnership
Address
Primary Contact
Address
Phone Fax E-mail

Type of business assistance requested (select one):

- Tax Abatement
Tax Increment Financing

Have you been, or are you currently, involved in any bankruptcy proceedings or lawsuits related to other development projects with which you have been involved? If yes, please provide an explanation.

- Yes No

On a separate sheet, please provide the following:

- Brief description of the corporation/partnership's business, including history, principal product or service, etc. Attach as Part 1.
List names of officers and shareholders/partners with more than five percent (5%) interest in the corporation/partnership. Attach as Part 2.
Brief description of the proposed project. Attach as Part 3.
A but for analysis and narrative. Attach as Part 4.

Attorney Name
Address
Phone Fax E-mail

Contractor Name
Address
Phone Fax E-mail

Engineer Name
Address
Phone Fax E-mail

Architect Name
Address
Phone Fax E-mail

B. PROJECT INFORMATION

1. The project will be: (Check all that apply)

- Industrial: (New Construction Redevelopment/Rehab Expansion)
- Office/research facility: (New Construction Redevelopment/Rehab Expansion)
- Commercial: (New Construction Redevelopment/Rehab Expansion)
- Housing: (New Construction Redevelopment/Rehab Expansion)
- Other _____

2. The project will be: Owner Occupied Leased Space

- If leased space, please attach a list of names and addresses of future tenants and indicate the status of commitments or lease agreements. **Attach as Part 5.**

3. Project Address _____

- Include Legal Description and PID number(s). **Attach as Part 6.**

4. Site Plan Attached: Yes No

5. Current Real Estate Taxes on Project Site: \$ _____

6. Estimated Real Estate Taxes Upon Completion:	Phase I	\$ _____
	Phase II	\$ _____
	Phase III	\$ _____
	Total:	\$ _____

7. Construction Start Date: _____

8. Construction Completion Date: _____

If Phased Project: _____ % Completed in _____ years
 _____ % Completed in _____ years
 _____ % Completed in _____ years

C. PUBLIC PURPOSE OBJECTIVES

It is the policy of the City of Grand Rapids that the business assistance should result in a public benefit as identified in items 1-7 below. Please indicate how the proposed project will accomplish this by checking the appropriate boxes. **Attach additional narrative as Part 7.**

- 1. To retain local jobs and/or increase the number and diversity of jobs that offer stable employment and/or attractive wages and benefits
- 2. To enhance and/or diversify the City's economic base.
- 3. To encourage additional unsubsidized private (re)development.
- 4. To remove blight and/or encourage (re)development of commercial and industrial areas.
- 5. To create housing opportunities for senior and low to moderate income families.
- 6. To provide a diversity of housing types adjacent to cultural, recreational, economic, natural, education and transportation systems
- 7. To promote neighborhood stabilization and revitalization by the removal of blight and the upgrading of existing housing stock in residential areas.
- 8. To accomplish other public policies which may be adopted, in particular projects that are consistent with those community values and objectives described within the Comprehensive Plan.

D. SOURCES & USES OF FUNDS

Attach additional information as Part 8

<u>SOURCES</u>	<u>AMOUNT</u>
Bank Loan	\$ _____
Other Loans	\$ _____
Owner Equity	\$ _____
Fed Grant/Loan	\$ _____
State Grant/Loan	\$ _____
Tax Abatement	\$ _____
Tax Increment Financing	\$ _____
Industrial Development Bonds	\$ _____
Other	\$ _____
TOTAL	\$ _____

<u>USES</u>	<u>AMOUNT</u>
Land Acquisition	\$ _____
Site Development	\$ _____
Construction	\$ _____
Machinery & Equipment	\$ _____
Architectural/Engineering Fees	\$ _____
Debt Service Reserve	\$ _____
Contingencies	\$ _____
Other	\$ _____
TOTAL	\$ _____

Total Amount of business assistance requested from either Abatement or Tax Increment

Financing: \$ _____

E. ADDITIONAL DOCUMENTATION AND CHECKLIST

Applicants will also be required to provide the following documentation.
All personal financial information will be kept private and confidential.

- 1. Written business plan or a description of the business, ownership/ management, date established, products and services, and future plans.
- 2. Financial statements for past two years, including profit and loss statements and balance sheets.
- 3. Two year financial projections, or if housing project, or leased space, include a 10-year operating pro-forma.
- 4. Personal financial statements of all major shareholders (principals) including the most recent 2 years of tax returns.
- 5. Letter of commitment from other sources of financing, stating terms and conditions of their participation in the project.
- 6. Administrative fee of \$5,000. In addition to defraying the cost of staff time, the fee will be used to pay costs associated with processing this request for financial assistance such as legal, engineering and financial analysis. The City reserves the right to stop the processing of the request until additional fees are paid should the original amount be insufficient to pay such costs. That portion which remains unspent, if any, will be returned only if the project is denied approval.
- 7. Attach the following documentation:
 - _____ Part 1 – Corporation/Partnership Description
 - _____ Part 2 – List of Shareholders/Partners
 - _____ Part 3 – Description of Project
 - _____ Part 4 – *But For* Analysis
 - _____ Part 5 – List of Prospective Lessees
 - _____ Part 6 – Legal Description, Property Identification Numbers, maps of the project area, and project renderings
 - _____ Part 7 – Public Purpose Narrative
 - _____ Part 8 – Sources & Uses of Funds – Additional Information

The undersigned certifies that all information provided in this application is true and correct to the best of the undersigned's knowledge. The undersigned authorizes the City of Grand Rapids to check credit references, verify financial and other information, and share this information with other political subdivisions as needed. The undersigned also agrees to provide any additional information as may be requested by the City after the filing of this application.

Applicant Name _____ Date _____
By _____
Its _____

EXHIBIT B
BUSINESS ASSISTANCE REVIEW WORKSHEET
FOR COMMERCIAL/INDUSTRIAL PROJECTS
TO BE COMPLETED BY APPLICANT AND CITY STAFF

A. The project meets which of the following objectives as set forth in Section C of the Business Assistance policy:

(Each worth 2 Points)

Points: _____

- 1. To retain local jobs and/or increase the number and diversity of jobs that offer stable employment and/or attractive wages and benefits
- 2. To enhance and/or diversify the City's economic base.
- 3. To encourage additional unsubsidized private (re)development.
- 4. To remove blight and/or encourage (re)development of commercial and industrial areas.
- 5. To create housing opportunities for senior and low to moderate income families.
- 6. To provide a diversity of housing types adjacent to cultural, recreational, economic, natural, education and transportation systems
- 7. To promote neighborhood stabilization and revitalization by the removal of blight and the upgrading of existing housing stock in residential areas.
- 8. To accomplish other public policies which may be adopted, in particular projects that are consistent with those community values and objectives described within the Comprehensive Plan.

B. Ratio of Private to Public Investment in Project:

Points: _____

\$ _____	Private Investment	5:1	5
\$ _____	Public Investment (Including other public sources)	4:1	4
_____	Ratio Private : Public Financing	3:1	3
		2:1	2
		Less than 2:1	1

C. Job Creation:

Points: _____

Net new living wage jobs (total FTE)	50+	5
	40+	4
	25+	3
	15+	2
	Less than 15	1

D. Job Retention:	Points:	
_____ Net living wage jobs retained (total FTE)	50+	<u>4</u>
	25+	<u>3</u>
	10+	<u>2</u>
	Less than 10	<u>1</u>

E. Project Investment:	Points:	
_____ Value of Capital Investment (future taxable)	Over \$2 million	<u>5</u>
	\$1 - \$2 million	<u>4</u>
	\$0.5 - \$1million	<u>3</u>
	\$0.1 – \$0.5 million	<u>2</u>
	Less than \$0.1 million	<u>1</u>

F. Wage Level of Jobs Created:	Points:	
Average hourly wage (including non-mandated benefits)	Over \$22/hour	<u>5</u>
of <i>new</i> living wage jobs _____	\$20-22/hour	<u>4</u>
	\$16-19/hour	<u>3</u>
	\$13-15/hour	<u>2</u>
	Under \$13/hour	<u>1</u>

G. Ratio Of Business Assistance To New Jobs Created:	Points:	
\$ _____ Business assistance requested	\$10,000 or less	<u>5</u>
_____ Number of net <i>new</i> jobs created	\$10,000 or less	<u>4</u>
\$ _____ of business assist. per net <i>new</i> job created	\$15,000 or less	<u>3</u>
	\$25,000 or less	<u>2</u>
	Over \$50,000	<u>1</u>

H. Project size:	Points:	
The project will result in the construction	50,000+	<u>5</u>
of _____ square feet	30,000+	<u>4</u>
	15,000+	<u>3</u>
	5,000+	<u>2</u>
	5,000 or less	<u>1</u>

I. Business Growth Potential:	Points:	
_____ High		<u>5</u>
_____ Moderate		<u>3</u>
_____ Low		<u>1</u>

J. Likelihood that the project will result in unsubsidized, spin-off development:

- _____ High
- _____ Moderate
- _____ Low

Points: _____

_____	5
_____	3
_____	1

K. Impact on tax rate? All things being equal, how much would the City's tax rate hypothetically increase if the project were to proceed with the requested business assistance?

- .01%-.02%
- .03%-.04%
- .05%-.06%
- .07%-.09%
- .10%-.12%

Points: _____

_____	5
_____	4
_____	3
_____	2
_____	1

Sub-Total Points _____ of a possible 65 points.

Bonus Points

Bonus Points:

The project will be 100% *pay-as-you-go* financing

_____	5

If the business has demonstrated a clear and ongoing commitment to the City of Grand Rapids community by providing living wage jobs to their employees and City of Grand Rapids residents.

_____	5

Total Points: _____

Overall project analysis:	High	51 - 75 points
	Moderate	31 - 50 points
	Low	21 - 30 points
	Not Eligible	0 - 20 points

EXHIBIT C
BUSINESS ASSISTANCE REVIEW WORKSHEET
FOR HOUSING PROJECTS

TO BE COMPLETED BY APPLICANT AND CITY STAFF

A. The project meets which of the following objectives as set forth in Section C of the Business Assistance policy:

(Each worth 2 Points)

Points: _____

- 1. To retain local jobs and/or increase the number and diversity of jobs that offer stable employment and/or attractive wages and benefits
- 2. To enhance and/or diversify the City's economic base.
- 3. To encourage additional unsubsidized private (re)development.
- 4. To remove blight and/or encourage (re)development of commercial and industrial areas.
- 5. To create housing opportunities for senior and low to moderate income families.
- 6. To provide a diversity of housing types adjacent to cultural, recreational, economic, natural, education and transportation systems
- 7. To promote neighborhood stabilization and revitalization by the removal of blight and the upgrading of existing housing stock in residential areas.
- 8. To accomplish other public policies which may be adopted, in particular projects that are consistent with those community values and objectives described within the Comprehensive Plan.

B. Ratio of Private to Public Investment in Project:

Points: _____

\$ _____ Private Investment	5:1	<u>5</u>
\$ _____ Public Investment	4:1	<u>4</u>
_____ Ratio Private : Public Financing	3:1	<u>3</u>
	2:1	<u>2</u>
	Less than 2:1	<u>1</u>

C. Project provides housing that is not restricted to persons 55 years and older:

Points: _____

3

D. Project provides that at least 30% of the total units are three-bedroom or more:

Points: _____

3

E. Project proposes rehabilitation of existing housing, housing stock, and maximizes utilization of existing infrastructure:

Points: _____

5

F. Project proposes a location near existing jobs, transportation, recreation, retail services, social services, and schools: **Points:** _____
5

G. Project size: **Points:** _____
 The project will result in the construction of _____ square feet 40,000+ 5
30,000+ 3
20,000+ 3
10,000+ 2
10,000 or less 1

H. Likelihood that the project will result in unsubsidized, spin-off development: **Points:** _____
 _____ High 3
 _____ Moderate 2
 _____ Low 1

I. Impact on tax rate? All things being equal, how much would the City's tax rate hypothetically increase if the project were to proceed with the requested business assistance? **Points:** _____

<input type="checkbox"/>	.01%-.02%	5
<input type="checkbox"/>	.03%-.04%	4
<input type="checkbox"/>	.05%-.06%	3
<input type="checkbox"/>	.07%-.09%	2
<input type="checkbox"/>	.10%-.12%	1

Sub-Total Points _____ **of a possible 50 points.**

Bonus Points **Bonus Points:** _____
 The project will be 100% *pay-as-you-go* financing 5

Total Points: _____

Overall project analysis:

High	45 - 55 points
Moderate	30 - 44 points
Low	15 - 29 points
Not Eligible	0 - 14 points