



ECONOMIC DEVELOPMENT AUTHORITY

AGENDA
AUGUST 23, 2021
6:30 PM
DUNDAS CITY HALL/CITY COUNCIL CHAMBERS

1. CALL TO ORDER/ROLL CALL
2. APPROVAL OF AGENDA
Motion by _____, second by _____ to approve agenda
3. APPROVAL OF MINUTES
Motion by _____, second by _____ to approve minutes of June 28, 2021
4. BILLS AND COMMUNICATIONS
5. REPORTS
6. UNFINISHED BUSINESS
7. NEW BUSINESS
 - A. EDA Resolution 2021-02 Adopting a 2022 Budget and Property Tax Levy and Requesting Their Approval by the City Council of the City of Dundas
 - B. Draft Business Subsidy Policy
 - C. Rice County Proposed Single Family Housing Tax Abatement Plan
8. ADJOURN

**CITY OF DUNDAS
ECONOMIC DEVELOPMENT AUTHORITY
MEETING MINUTES OF JUNE 28, 2021
6:00 PM Dundas City Hall**

UNAPPROVED MINUTES

Present: Glenn Switzer, Larry Fowler, Grant Modory, Luke LaCroix, Luke Swartwood
Switzer arrived at 6:47, Fowler arrived at 6:52.

Staff Present: City Attorney Jared Shepherd, City Planner Nate Sparks, City
Administrator Jenelle Teppen

CALL TO ORDER/ROLL CALL

Vice-President LaCroix called to meeting of the meeting to order at 6:40 p.m.
A quorum was present.

APPROVAL OF AGENDA

**Motion by Modory second by Swartwood to approve the agenda. Motion Carried
Unanimously (MCU)**

APPROVAL OF MINUTES

**Motion by Swartwood second by Modory to approve minutes of May 10, 2021.
MCU**

BILLS AND COMMUNICATIONS

No bills or communications presented.

REPORTS

No reports presented.

UNFINISHED BUSINESS

No Unfinished Business presented.

NEW BUSINESS

Discuss Business Subsidy Policy

Teppen provided an overview of the discussion, Shepherd presented the need for updating the Business Subsidy Policy including compliance with current Minnesota State Statutes, Sparks spoke to how the policy can be crafted to align with the City's goals for development that are set forth in the Comprehensive Plan.

Review and Discuss 2022 Draft Budget

Teppen presented the draft 2022 budget explaining the amount allowed to be levied will result in about \$37,800 that will be available to be used for economic development activities.

ADJOURN

Motion by LaCroix, second by Fowler, to adjourn the meeting at 7:00 p.m. MCU

Submitted by:

Attest:

Jenelle Teppen, Secretary

Glenn Switzer, President



REQUEST FOR ECONOMIC DEVELOPMENT AUTHORITY ACTION

TO: Economic Development Authority Members

FROM: Jenelle Teppen, City Administrator

SUBJECT: Consider Resolution 2021-02 Adopting A 2022 Budget and Property Tax Levy and Requesting Their Approval by The City Council of the City of Dundas

DATE: For the EDA Meeting of August 23, 2021

PURPOSE/ACTION REQUESTED

Consider EDA Resolution 2021-02 Adopting a 2022 Budget and Property Tax Levy and Requesting Their Approval by the City Council of the City of Dundas

SUMMARY

The EDA previously reviewed the draft 2022 budget and a copy is attached. There have been no changes since that initial review.

The EDA will need to adopt the Resolution in order for the City Council to consider it at the September 13 meeting when they consider the overall proposed 2022 general fund levy.

RECOMMENDATION

Motion to approve Resolution 2021-02 Adopting A 2022 Budget and Property Tax Levy and Requesting Their Approval by The City Council of the City of Dundas

	Account Description	2019 Amt	2020 Amt	2021YTD Amt	2021Budget	Proposed 2022 Budget
Fund 235 EDA						
	Dept 46500 Economic Development					
	E 235-46500-100 Salaries and Wages	\$0.00	\$0.00	\$0.00	\$0.00	9,640.00
	E 235-46500-121 PERA	\$0.00	\$0.00	\$0.00	\$0.00	720.00
	E 235-46500-122 Payroll Taxes	\$0.00	\$0.00	\$0.00	\$0.00	740.00
	E 235-46500-131 Employer Paid Health	\$0.00	\$0.00	\$0.00	\$0.00	890.00
	E 235-46500-133 Employer Paid Dental	\$0.00	\$0.00	\$0.00	\$0.00	10.00
	E 235-46500-134 Employer Paid Life	\$0.00	\$0.00	\$0.00	\$0.00	-
	E 235-46500-151 Worker s Comp Insurance Prem	\$0.00	\$0.00	\$0.00	\$0.00	40.00
	E 235-46500-200 Supplies	\$0.00	\$0.00	\$0.00	\$0.00	
	E 235-46500-301 Auditing and Acct g Services	\$0.00	\$0.00	\$0.00	\$0.00	2,220.00
	E 235-46500-304 Legal Fees	\$0.00	\$0.00	\$0.00	\$0.00	1,000.00
	E 235-46500-313 Planning Fee s	\$0.00	\$0.00	\$0.00	\$0.00	4,000.00
	E 235-46500-430 Miscellaneous	\$0.00	\$0.00	\$0.00	\$0.00	
		\$0.00	\$0.00	\$0.00	\$0.00	\$19,260.00
Fund 235 EDA		\$0.00	\$0.00	\$0.00	\$0.00	19,260.00

**CITY OF DUNDAS
COUNTY OF RICE
STATE OF MINNESOTA**

RESOLUTION NO. EDA 2021-02

*A Resolution Adopting A 2022 Budget and Property Tax Levy and
Requesting Their Approval by The City Council of the City of Dundas*

WHEREAS, the Economic Development Authority of the City of Dundas (the “EDA”) undertakes redevelopment and housing activities in the City of Dundas, Minnesota (the “City”); and

WHEREAS, pursuant to authority granted by Minnesota Statutes, Section 469.02 and the enabling resolution of the EDA, the EDA exercises all of the powers of a housing and redevelopment authority (“HRA”) as described in Minnesota Statutes, Section 469.001 to 469.047 (the “Act”); and

WHEREAS, under Section 469.033 Subdivision 6 of the Act, an HRA is authorized to levy and collect special benefit taxes on all taxable property under the jurisdiction of the HRA, that is, property in the City; and

WHEREAS, the permitted levy is 0.01813 percent of the estimated market value of the property in the City.

NOW THEREFORE BE IT RESOLVED by the Economic Development Authority of the City of Dundas as follows:

1. The EDA hereby adopts a 2022 budget for housing and redevelopment in the amount of \$19,310.
2. The EDA hereby adopts a 2022 property tax levy of \$37,800 for the purpose of funding the adopted budget in conformance with Section 469.033, Subdivision 6 of Minnesota Statutes.
3. The Secretary is authorized and directed to transmit a certified copy of this Resolution to the City Council of the City of Dundas for its consent and approval as provided by Section 469.033 of the Act and for certification to the Property Tax & Elections Director of Rice County.

ADOPTED, by the Economic Development Authority of the City of Dundas, Minnesota, on this 23rd day of August, 2021.

Glenn Switzer, President

Jenelle Teppen, Secretary



PLANNING MEMO

TO: Dundas Economic Development Authority
Jenelle Teppen, City Administrator

FROM: Nate Sparks

REPORT DATE: August 20, 2021

RE: Draft Business Subsidy Policy

Background

The City adopted a business subsidy policy in 2001. The statutes regarding such policies have since changed. Therefore, a new policy has been created that incorporates the changes in the statutes and also incorporates some stated goals of the City into the policy.

Policy Objectives

The objective of the policy is to give the City some criteria for evaluating requests for a business subsidy. There are general minimum criteria listed in Section IV, one of which is a requirement that there is a stated public purpose. Then, what constitutes a stated public purpose is listed in Section V. This latter list are the concepts pulled from the previous policy, comprehensive plan, and discussions with the Council. So, if it meets one of these public purpose objectives, it can be stated that the business subsidy meets a public purpose.

Job & Wage Goals

In Section VI, job and wage goals are identified. For this, the minimum standards used are from Rice County's policy, which is a minimum of one full time job at the rate of 110% of minimum wage (also known as a "living wage"). This can be made to a higher requirement, if desired.

Faribault uses 1 job at 110%, as well. Others use 110% of the Federal poverty rate. Some require 120% of minimum wage. There are policies that require more than one job, as well. The intent was to generally match Rice County, as those seeking subsidies from the City would also likely be seeking assistance from the County. The previous policy simply listed a job meeting the minimum wage would have to be provided.

Recommended Action

The EDA should review the policy and provide comments. The policy will then be brought to a Council meeting for a public hearing.

City of Dundas

Business Subsidy Policy

DRAFT

Table of Contents

- I. Purpose
- II. Authority
- III. Definitions
- IV. Minimum Criteria
- V. Public Purpose Objectives
- VI. Job and Wage Goals
- VII. Subsidy Agreement and Reporting

I. Purpose

A. The purpose of this business subsidy policy ("Policy") is to establish criteria regarding the use of business subsidies for private development by the City of Dundas (the "City") and the Dundas Economic Development Authority (the "EDA"). The criteria established by this policy shall be used as a guide in the processing and reviewing of all applications requesting business subsidies.

B. This Policy is adopted for purposes of Minnesota Statutes Sections 116J.993 through 116J.995, as may be amended. Terms used in this policy are intended to have the same meanings as if used in the Business Subsidy Act ("Act") and any amendments or modifications to the Act shall amend or modify the definitions and terms of this Policy without further action of the City. This Policy shall apply only with respect to subsidies granted under the Act if and to the extent required thereby.

C. "Business Subsidy" means a state or 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, and as defined by the Business Subsidy Act.

Notwithstanding this definition, "Business Subsidy" as defined also includes the following forms of "Financial Assistance" and is subject to this policy with the exception of the required public hearing, if the amount is less than \$150,000, and limited reporting forms shall be required:

- A Business Subsidy of \$25,000 or more; and
- Business loans and guarantees of \$75,000 or more

D. Business subsidies shall be used to enhance, stabilize, and grow the community by providing resources to increase the tax base, provide necessary goods and services, retain or reuse historically significant properties, remediate pollution, revitalize neighborhoods, retain and increase quality jobs, eliminate blight, implement the Comprehensive Plan, and enhance the economic growth and opportunity in the City.

E. This Policy shall be used as a guide in processing and reviewing business assistance requests. All requests shall be reviewed on a case-by-case basis, focusing on providing the lowest possible level of business assistance, for the least amount of time, to leverage and optimize private investment.

F. Any applicant who is not in good standing with the City, in regards to any

licenses, fees, property taxes, or other specific City charges, shall not be considered for business subsidies.

G. All requests for business assistance must comply with the Act and applicable law.

H. A Business Subsidy Recipient must:

1. Comply with the City's comprehensive plan and any other plans or guides created by the City to guide development,
2. Enter into a business subsidy agreement with the City that complies with the Business Subsidy Act and the requirements set forth herein,
3. Meet a public purpose as described in Section IV below and either achieve job and wage goals as described in Section II. C below or meet the goals described in Section II D. Below,
4. Meet all of the additional polices set forth in Section II. D below, including holding a public hearing if required and complying with payback provisions.

II. Authority

A. The City and EDA's ability to grant business subsidies is subject to the limitations established in the Business Subsidy Act.

B. Unless specifically excluded by the Business Subsidy Act, a business subsidy may include grants by a state or local government agency, loans, forgivable loans, contributions of property or infrastructure, tax increment financing, tax abatement, or any preferential use of government facilities given to a business.

C. The City and EDA retain absolute authority and discretion and reserve the right to amend or waive sections of this policy when necessary or appropriate. Minnesota Statute, Section 116J.994, Subd. 2, allows the City or EDA to deviate from its criteria by documenting in writing the reason for the deviation and attaching a copy of the document to its next annual report to the Department of Employment and Economic Development (the "Department").

D. Minnesota Statute, Section 116J.993, Subd. 3 exempts certain forms of financial assistance from the requirements of the Business Subsidy Act.

E. Incentives will be offered based on the nature of the project and the benefits to the community. Meeting all or a majority of the criteria does not necessarily mean that a business subsidy will be approved by the City or EDA. The City and EDA maintain the ability to approve or deny a business subsidy at their discretion, based on the merits of the project and the overall benefit to the community, using the criteria as a means of measuring the overall benefit. Furthermore, the approval or denial of one project is not intended to set precedent for approval or denial of another project.

F. The City reserves the right to modify the Policy from time to time in accordance with the Act.

G. A Business Subsidy valued at \$150,000 or more requires a public hearing with at least a 10-day notice in the local newspaper. A public hearing for another purpose such as tax increment financing or tax abatement may be combined with the Business Subsidy hearing.

H. A copy of the Business Subsidy agreement must be on file with the City.

III. Definitions

A. The City and EDA hereby adopt the definitions pursuant to Minnesota Statute, Section 116J.993.

IV. Minimum Criteria

A. In order to be eligible for a business subsidy, all business subsidy requests shall meet the following minimum criteria.

1. The business subsidy request shall be in compliance with the Business Subsidy Act.
2. The project must be consistent with the applicable provisions of the Comprehensive Plan, Zoning Ordinances, Design Guidelines, and any other land use document applicable to the project.
3. All projects must contribute to one or more of the City's goals and policies outlined in the Comprehensive Plan.
4. A business, non-profit, or developer requesting a business subsidy shall complete and submit a Business Subsidy Application, along with an application fee and escrow deposit determined by the City or EDA.
5. For the purposes of evaluating the request, the applicant shall provide all requested market and financial feasibility studies, appraisals, environmental data, private lender commitment and information provided to private lenders regarding the project, and other information requested by the City, EDA or its consultants, in order for the City or EDA to evaluate the proposal and determine whether the request is consistent with this policy.
6. The applicant shall proactively attempt to minimize the amount of public assistance needed through the pursuit of grants, innovative solutions in structuring the deal, and other funding mechanisms.

7. The applicant shall provide adequate financial guarantees to ensure completion of the project and repayment of any business subsidy (if repayment is required), unless an exception is granted by the City or EDA. These may include, but are not limited to, assessment agreements, letters of credit, personal deficiency guarantees, and mortgages.
8. The applicant shall be required to enter into a business subsidy agreement, as stated with the City that complies with the Business Subsidy Act and the requirements of Section VII,
9. All business subsidies must meet a public purpose as described in Section V and, when applicable, the Jobs and Wage Goals in Section VI.

V. Public Purpose Objectives

A. In accordance with the Business Subsidy Act, all business subsidies shall meet a public purpose, and have a measurable benefit to the community. The City or EDA will consider the following public purpose objectives:

1. Diversification of the local economy;
2. Create additional jobs within the City;
3. Retention of local jobs, provided that the job retention is only used as a public purpose in cases where job loss is specific and demonstrable;
4. Removal of blight and/or encouraging redevelopment within the community to obtain high levels of property maintenance and private reinvestment;
5. Encourage additional unsubsidized private development within the community, either directly, or indirectly;
6. Facilitate and promote development on property that could not be developed without assistance;
7. Assist the City is achieving a demonstrated goal of the Comprehensive Plan.
8. Enhance the economic diversity of the City and to provide essential products and services within the City.
9. Increase the City's tax base.
10. Increase and/or diversify the City's housing stock

11. Assist businesses that demonstrate a clear and ongoing commitment to the community.
12. Improve the appearance of buildings within highly visible transportation corridors.
13. Decrease the capital and operating costs of local government.
14. Assist in the development of public improvements of facilities.
15. Promotion of quality urban design and/or quality architectural design.

B. Business assistance funding should not be provided to those projects that fail to meet good public policy criteria as determined by the EDA and City, including, but not limited to:

1. Poor project quality.
2. Projects that are not in accord with the comprehensive plan, zoning, redevelopment plans, and city policies.
3. Project that provide no benefit or improvement to surrounding land use, the vicinity, and/or the City.
4. Projects that do not meet financial feasibility criteria established by the City.
5. Projects that do not meet the highest and best use for the property.
6. Business assistance should also not be used when the developer's credentials, in the judgement of the City, are inadequate due to past record of accomplishment relating to timeliness and quality level of completed projects, credit worthiness, or other relevant considerations by the City.

VI. **Job and Wage Goals**

A. Specific job and wage goals shall be determined by the City or EDA and shall be given consideration based upon the particular form of the business subsidy requested, nature of the development, purpose of the business subsidy, local economic conditions, and other similar factors.

B. The minimum wage for a job to be considered a new or retained job shall not be less than 110% of the State of Minnesota's Minimum Wage, exclusive of benefits.

C. Wage goals may be set to enhance existing jobs through increased wages, which increase shall result in wages higher than the minimum under this Section.

D. In cases where the objective is the retention of existing jobs, the applicant of the business subsidy request shall provide evidence that demonstrates the loss of jobs is imminent.

E. The jobs to be created or retained by the applicant shall result in job creation or retention within the City.

F. In addition to other specific time frames, the job and wage goals shall contain specific requirements to be attained within two (2) years of the benefit date, unless an exception is granted by the City or EDA.

G. The project shall create and retain at least one full-time equivalent (FTE) job with a minimum wage of at least 100% of the median wage for Rice County for the particular industry sector that the business is categorized by, in accordance with the North American Industry Classification System (NAICS). The wage information will be obtained from the Minnesota Department of Employment and Economic Development (DEED), and shall be equal to or greater than the living wage (110% above the current poverty level for a family of four).

H. If a particular project does not involve the creation of jobs, but is nonetheless found to meet another public purpose of the City, it may be considered without any specific job wage goals, as permitted by Minnesota Statutes. This public purpose shall be

VII. Subsidy Agreement and Reporting

A. In accordance with the Business Subsidy Act, a recipient shall enter into a subsidy agreement with the City or EDA. The subsidy agreement shall include, but is not limited to, the following:

1. A description of the subsidy, including the amount and type of subsidy, and the type of district if the subsidy is tax increment financing;
2. A statement of the public purpose(s) of the subsidy;
3. Measurable, specific and tangible goals for the subsidy;
4. A description of the financial obligation of the recipient if the goals are not met;
5. A statement of why the subsidy is needed;
6. A commitment to continue operations in the jurisdiction where the subsidy is used for at least five (5) years after the benefit date;

7. The name and address of the parent corporation of the recipient, if any;
 8. A list of all financial assistance by all grantors for the project.
- B. A recipient that fails to meet the terms of a subsidy agreement:
1. Must repay the assistance provided with interest, which is set at no less than the implicit price deflator as defined in the Business Subsidy Act, Minnesota Statute, Sections § 116J.993 to 116J.995. Repayment may be prorated to reflect partial fulfillment of goals.
 2. May not receive a business subsidy from any grantor for a period of five (5) years from the date of failure or until a recipient satisfies its repayment obligation, whichever comes first.
 3. A recipient may be authorized to move from the City within five (5) years of the benefit date (as defined in the Business Subsidy Act) only if, after a public hearing, the City or EDA approves the request to move. The City or EDA reserves the right to discontinue the business subsidy if the recipient moves from the City.
- C. All Business Subsidy Recipients must agree to continue operation within the City for at least five years after the benefit date as described in the Business Subsidy Act. After a public hearing, the City may authorize the Business Subsidy Recipient to move outside the City within the first five years of operation.
- D. The City shall monitor the progress by the recipient in achieving the goals contained in the business subsidy agreement, and the recipient shall cooperate in all respects in meeting the reporting requirements contained in Minnesota Statutes Section 116J.994, subd. 7.
- E. The applicant and City or EDA shall comply with the reporting requirements set forth in Section 11 6J.994, Subd. 7 and 8 of the Business Subsidy Act. The City or EDA shall file a report by April 1 of each year with the Department regardless of whether or not they have awarded any business subsidies.



REQUEST FOR ECONOMIC DEVELOPMENT AUTHORITY ACTION

TO: Economic Development Authority Members

FROM: Jenelle Teppen, City Administrator

SUBJECT: Review and Discuss Rice County Tax Abatement Policy for New Construction of Single and Multi-Family Homes

DATE: For the EDA Meeting of August 23, 2021

PURPOSE/ACTION REQUESTED

Review and discuss Proposed Rice County tax abatement policy for new construction of single and multi-family homes.

SUMMARY

A few weeks ago, staff from cities across Rice County were invited to a meeting to hear from Rice County officials regarding their desire to implement a tax abatement policy for new construction of single and multi-family homes modeled after the attached policies from Lyon County and the City of Marshall.

County officials expressed their desire to implement a similar policy for the County in an effort to spur housing development and economic development. They suggested that the cities might consider a policy based on their own needs and desires.

I commented at the meeting that single family housing development in Dundas is occurring in areas that were annexed from Bridgewater Township and that the City pays Bridgewater Township a tax rebate on the property for a period of ten years. Per the annexation agreement the Township could agree to participate in a tax abatement plan but it would be at their discretion.

For those reasons I would not recommend a City policy whereby the City would abate the City's share of taxes. Obviously, the EDA could consider a policy for tax abatement for new construction of single and multi-family homes in areas of the city that are outside of those annexed areas.

Staff was asked to return to their governing bodies to seek feedback.

RECOMMENDATION

The EDA is asked to review and discuss the concept of a tax abatement policy for new construction of single and multi-family homes.