



City of
**Elk
River**

**Economic
Development
Energy Incentive
Program Policy**

Elk River Economic Development Energy Incentive Program Guidelines, Policy & Application

1. Policy Purpose

The City of Elk River Economic Development Authority (EDA) and the City of Elk River (City) maintain a goal to stimulate private sector investment for new job creation and tax base growth. The Energy Incentive Program offers a savings to qualified applicants on their Elk River Municipal Utilities (ERMU) electric bills for up to two years.

2. Eligible Businesses

Projects located or proposed to be located within the city limits of the City may be eligible for the program as further defined herein:

- Unless otherwise stated, business must be a for-profit corporation, partnership, limited liability company, or sole proprietorship.
- Business must be a small business as defined by the Small Business Administration.
- Only new construction projects qualify.
- Peak electric demand greater than 50kW per month.
- Located within eligible ERMU area.
- .
- The creation of at least 50 new jobs at \geq \$18.00 per hour
- Calculated Economic Output of \$10 million through *Implan* software (information provided by Sherburne County)
- Project must generate a least \$80,000 in total annual property taxes.
- Religious, political, and pornographic enterprises are not eligible.

3. Regulation for New Construction and Improvements

All buildings which public funds will be used for construction are to conform to city code and ordinances and state building codes.

4. Timing of Project Expenses

No project shall commence without city council approval of the application. Any costs incurred prior to the approval of the application are not eligible expenditures.

No building construction should commence until the required permits are secured.

The applicant will be responsible for all legal, recording, and other fees payable by a \$2,000 processing fee, which is paid at the time of application. In addition to the processing fee, all legal and filing fees shall be paid by the applicant.

5. Procedural Guidelines for Application and Approval

1. The applicant shall obtain information about the Energy Incentive Program and application from the City.
2. The applicant shall complete and submit an application along with a \$2,000 processing fee. The fee covers processing expenses. Any remaining funds will be returned to the applicant. The applicant must provide a letter of commitment for constructing the project.
3. The EDA and the City are governmental entities and must provide access to public data received in accordance with the Minnesota Government Data Practices Act, (Minnesota Statutes, Chapter 13) (the “Minnesota Data Practices Act”). The information provided in an application to the EDA and the City will be used to assess eligibility for financial assistance. The EDA and the City will not be able to process an application without this information. The Minnesota Government Data Practices Act governs whether the information that you are providing to the EDA is public or private. If financial assistance is provided for the project, the information submitted in connection with your application will become public, except for those items protected under Minnesota Statutes, Section 13.59, Subdivision 3(b) or Section 13.591, Subdivision 2. Data deemed by the applicant to be nonpublic data under state law should be so designated or marked by the applicant. See Minn. Stat. Sections 13.59, Subd. 1, respectively.
4. The application will be reviewed to determine conformity to all City policies and ordinances and to consider the following:
 - a. The availability and applicability of other governmental grants and/or microloan programs.
 - b. Whether the proposed project will result in conformance with building and zoning codes.
 - c. Whether it is desirable and in the best interests of the public to provide incentives and/or funding for the project.
5. The Joint Finance Committee of the EDA and EDA Commissioners will review each application for compliance with the City’s Comprehensive Plan, Economic Development Strategic Plan and the goals, requirements and intent of this policy.

The EDA Finance Committee will also evaluate the project application in terms of the following:

- a. Project Design - Evaluation of project design will include review of proposed activities, time lines and a capacity to implement the project.
- b. Letter of Commitment from applicant pledging to complete the project during proposed project duration, if the application is approved.
- c. Project compliance with all City codes, ordinances and policies.
- d. Quality job and wage creation requirements of at least 50 new jobs at a minimum hourly wage of \$18.00.
- e. Peak electric demand greater than 50kW per month.

- f. Located within eligible ERMU area.
 - g. Calculated economic output of \$10 million through *Implan* software (information provided by Sherburne County)
 - h. Project generates a minimum of \$80,000 in total annual property taxes
 - i. The project contributes to the fulfillment of the City’s approved and adopted economic development and/or redevelopment plans.
 - j. All other information as required in the application and/or additional information as may be requested by the economic development staff, in its sole discretion.
6. The EDA Finance Committee will recommend the approval, denial, or request a resubmission. A recommendation from the Finance Committee will be forwarded to the EDA for recommendation of approval, denial to the City Council for final action.

6. Policy Review

The above criteria will be reviewed on an annual basis to ensure that the policies reflected in this document are consistent with the economic development goals set forth by the City.

7. Right of Refusal

The EDA shall deny any application found inconsistent with the goals of the city’s Comprehensive Plan and Economic Development Strategic Plan and intent, requirement and goals of this policy. The City Council shall have final authority to review the application and will make the final determination as to whether the assistance shall be granted. The EDA and the City reserve the right to approve or reject projects on a case-by-case basis, taking into consideration established policies. Meeting policy criteria does not guarantee the award of assistance to the project. Approval or denial of one project is not intended to set precedent for approval or denial of another project.

8. Compliance with the Minnesota Business Subsidy Law

All developers/businesses receiving financial assistance from the City shall be subject to the provisions and requirements set forth by the City’s Business Subsidy Policy as amended and Minnesota Statutes, Sections 116J.993 to 116J.995 (the “Minnesota Business Subsidy Law”) if applicable, including entering into a business subsidy agreement if necessary.

9. Compliance with the ERMU Payment in Lieu of Taxes (PILOT) and Other Donations to the City of Elk River Policy

Elk River Municipal Utilities was purchased by the City in 1945 and separate governance was created in 1947. It is typical for a municipal utility to provide a PILOT regardless of the separation of governance. The PILOT is calculated based on eligible electric sales within the City.

As an economic development incentive option, the City agrees to waive the applicable PILOT for an approved applicant and redirect that amount as a credit distributed through the applicant's monthly ERMU electric service bill for up to two years. The amount of the incentive shall be determined by ERMU in its sole discretion in consultation with the City.

For the applicant to be eligible for this incentive, the business must be located within an area of the ERMU electric service territory in which the electric sales are included in the calculation for the PILOT to the City. And for the applicant to be eligible, the project must meet all other applicable provision of the ERMU PILOT policy; the City must be eligible to receive PILOT for the location to be able to waive PILOT for the project.

10. Form of Assistance; Repayment

The incentive will be provided over a period of 2 years starting after the City issues a certificate of occupancy for the project. If the business owner fails to create the number of jobs as set forth in its application within 2 years of the issuance of a certificate of occupancy, the business may be required to repay the amount of assistance provided if required by applicable law.

11. Agreement to Pay Costs of Review

City and EDA policy requires applicants to pay all costs incurred by the city to review and act upon applications so that these costs are not borne by the taxpayers. These costs include all of the city's out-of-pocket costs for expenses, including the City's and the EDA's costs for review of the application by the City's and EDA's financial advisor, attorney, other consultants, recording fees, and necessary publication costs.

The application processing fees cover anticipated costs; costs incurred above the application fee will be invoiced as they are incurred and payment will be due within thirty (30) days. Any unused portion of the application fee will be returned to the applicant. If payment is not received as required by this agreement, the city may suspend the application review process and may deny the application for failure to comply with the requirements for processing the application. Payment for costs will be required whether the application is granted or denied.

Elk River Economic Development Energy Incentive Program Application

I. Contact Information

Legal Name of Business: _____

Project Site Address: _____

City / State / Zip _____

Contact Person(s) _____

Business Phone _____ Fax _____

Home Phone _____ Email _____

Check One: _____ Proprietor _____ Corporation _____ Partnership

Federal ID # _____ State ID # _____

2. Nature of Request

Please give a brief summary of your business and its products or service:

Please give a brief summary of the project:

Please describe how this program will impact your project:

5. Project Contacts

Attorney

Name _____

Address _____

Phone _____

Accountant

Name _____

Address _____

Phone _____

Financing Sources (lenders, partners, etc...)

Name _____

Address _____

Phone _____

Name _____

Address _____

Phone _____

Parent Company

Name _____

Address _____

Phone _____

Others

Name _____

Address _____

Phone _____

Name _____

Address _____

Phone _____

6. Attachment Checklist

Please attach the following:

- _____ A) Application
- _____ B) Projected Electric Usage as calculated by ERMU
- _____ C) Economic Impact Analysis (from Sherburne County)
- _____ D) Certificate of Good Standing and Applicant's Organizational Documents (for example, articles of incorporation and bylaws)
- _____ E) Resume of Owner/Management
- _____ F) Letter of Commitment from Applicant Pledging to Complete During the Proposed Project Duration
- _____ G) Processing Fee of \$2,000

7. AGREEMENT

I/We certify that all information provided in this application is true and correct to the best of my/our knowledge. I/We authorize the city of Elk River and the Finance Committee to check credit references and verify financial and other information. I/We agree to provide any additional information as may be requested by the city and the Finance Committee.

The undersigned has received the city's policy regarding the payment of costs of review, understands that reimbursement to the city of costs incurred in reviewing the application will be required, agrees to reimburse the city as required in the policy and make payment when billed by the city, and agrees that the application may be denied for failure to reimburse the city for costs as provided in the policy.

APPLICANT SIGNATURE _____

BY _____

DATE _____

APPLICATION SCORING WORKSHEET

TO BE COMPLETED BY CITY STAFF

1. The project meets the criteria set forth in the Energy Incentive policy.

- _____ a) Meets the objectives of the program
- _____ c) Consistent with all city plans and ordinances.
- _____ d) Meets the wage requirements as defined in the city's business subsidy policy.

2. Job Creation in the City of Elk River:

Points: _____

_____ Number of new jobs as a result of the project.	50+	5
_____ Total	Less than 50	0

3. Wage Level of jobs created/retained or relocated

Points: _____

Minimum hourly wage	Over \$21/ hour	5
of jobs created/retained: _____	\$19-20 / hour	4
	\$18 / hour	3

4. Project size:

Points: _____

The project will result in the construction	50,000+	5
of square feet _____	40,000+	4
	30,000+	3

5. Tax Base Generation:

Points: _____

The project will result in the annual estimated		
Tax Base Generation	\$100,000+	5
of _____	\$90,000+	4
	\$80,000+	3

Sub - Total Points: _____ of a possible 20 points.

6. Bonus Points

Point Adjustments: _____

_____ The project contributes to the goals of *Energy City*. 3 points

- Product promotes sensible use of energy, OR
- Project utilizes significant energy efficient design &/or materials in construction.

Total Points: _____

Overall project desirability:	High	20-23 points
	Moderate	18-19 points
	Low	12-17 points
	Not Eligible	0-11 points

**Economic Development Energy Incentive Program
Policy History**

Adopted by:	On (date)	Item #
EDA	January 22, 2019	7.7