

The logo features a brown silhouette of an elk's head with large, branching antlers, facing right. The head is enclosed within a thin brown circular border. Below the circle are three wavy blue lines representing water. The background consists of a light blue gradient with abstract, flowing white and light blue lines on the left side, and a solid light blue area on the right.

City of  
**Elk**  
**River**

**Economic  
Development  
Energy Incentive  
Program Policy**

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

## **I. 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. 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. The total amount of the incentive provided to the applicant shall not exceed \$149,999.

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.

## **3. Eligible Businesses**

Projects proposed may be eligible as further defined herein:

- Data Centers and Manufacturing, Distribution and Warehouse Facilities are only eligible to apply.
- Unless otherwise stated, must be a for-profit corporation, partnership, limited liability company, or sole proprietorship.
- Must be new construction, expansion or addition projects only.
- Located within eligible ERMU area within the City of Elk River. Religious, political, and pornographic enterprises are not eligible.

Data Center Projects must meet the following requirements:

- Peak electric demand greater than 500kW per month

- Minimum New Job Creation of 15 FTE Employees within 2 years
- Wages greater than \$18 per hour
- Minimum Project Size: 25,000 square feet
- Minimum Economic Output: \$5 million through *Implan* software (information provided by Sherburne County)
- Total Annual Property Taxes of at least \$80,000

Manufacturing, Distribution and Warehouse Facilities must follow the following requirements:

- Peak electric demand greater than 50kW per month
- Minimum New Job Creation of 30 FT Employees within 2 years
- Wage Level of greater than \$18 per hour
- Minimum Project Size: 25,000 square feet
- Minimum Calculated Economic Output: \$5 million through *Implan* software (information provided by Sherburne County)
- Total Annual Property Taxes of at least \$60,000

#### **4. Regulation for New Construction**

All buildings which public funds will be used for construction shall conform to City codes and ordinances and the state building code.

#### **5. Timing of Project Expenses**

No project shall commence without final City Council approval of the application. Any costs incurred prior to the approval of the application are not eligible expenditures.

No building construction shall commence until all required permits are secured.

#### **6. 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, and 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 in accordance with Minnesota Statutes, Chapter 13 - Minnesota Government Data Practices Act (MGDPA).

The information provided in an application will be used to assess eligibility for financial assistance. The MGDPA governs whether the information provided 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 it is desirable and in the best interests of the public to provide incentives and/or funding for the project.
5. The EDA 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 will evaluate the project application in terms of the following:

- a. Project Design - Evaluation to 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.
  - e. Peak electric demand.
  - f. Located within the eligible ERMU area.
  - g. Calculated economic output through *Implan* software (information provided by Sherburne County).
  - h. Total annual tax generation.
  - 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.
  - k. Compliance with this Economic Development Energy Incentive Program policy
6. The EDA will recommend approval, denial, or request a resubmission. A recommendation from the EDA will be forwarded for approval or denial to the City Council for final action.

## **7. Policy Review**

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

**8. Right of Refusal**

The EDA shall deny any application found inconsistent with the goals of the City’s Comprehensive Plan, Economic Development Strategic Plan and the 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.

**9. Compliance with the Minnesota Business Subsidy Law**

All developers/businesses receiving financial assistance from the EDA and 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. Any business subsidy agreement will be drafted by the EDA. If the applicant requests any changes to the agreement, the applicant will pay the EDA’s legal costs associated with review of the requested changes and incorporation of any accepted changes by the EDA’s attorney.

**10. Form of Assistance; Repayment**

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

# 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 and a construction timeline for 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) Proposed Increase in Property Taxes
- \_\_\_\_\_ E) Certificate of Good Standing and Applicant's Organizational Documents (for example, articles of incorporation and bylaws)
- \_\_\_\_\_ F) Resume of Owner/Management
- \_\_\_\_\_ G) Letter of Commitment from Applicant Pledging to Complete During the Proposed Project Duration

## 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 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 EDA.

APPLICANT SIGNATURE \_\_\_\_\_

BY \_\_\_\_\_

DATE \_\_\_\_\_

## **Economic Development Energy Incentive Program Policy History**

Adopted by:	On (date)	Item #
EDA	04/15/2019	7.1
City Council	05/06/2019	8.2