



City Administrator's Weekly Update

WEEK ENDING SEPTEMBER 29, 2017

Upcoming Events:

October 2, 4:30 pm
Parks Commission
City Hall

October 3, 5:30 pm
Council Work Session
City Hall

October 3, 7:00 pm
City Council Meeting
City Hall

October 4, 8:00 am
EDA
City Hall

October 10, 7:30 am
HRA

October 10, 7:00 pm
Planning Commission
City Hall

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www.cloquetmn.gov

Administration/Finance

We are pleased to announce that Monday, October 2, 2017, our new City Administrator, Aaron Reeves, will begin his position with the City of Cloquet. Currently, he has plans to meet with all department heads in the first week and all should expect to see him out and about as he learns about his new City and responsibilities. Welcome, Aaron!

Automated External Defibrillators (AED) training took place this week in City Hall to orient staff to the placement and use of our new equipment. Expect future sessions to be scheduled soon.

Staff conducted interviews this week to help select a new Administrative Police Secretary. Twelve candidates were interviewed and the final recommendation will be presented to the Council for approval at Tuesday's Council meeting.

Public Works/Parks

Staff meet with our Consultant and Sappi this week to review findings of the reservoir inspection conducted on the 5 million gallon Harris Tank this past spring. The paint/coatings on both reservoirs on the Lake Superior Water Line as well as the elevated tower in town are reaching the end of their useful life. We will need to monitor their condition closely in the coming years.

The Park staff spent time on Dunlap Island this week planning for our seasonal holiday lighting display. With the new improvements taking shape, the group is very excited about the possibilities going forward.

Public Works staff was busy with multiple roofing projects this week. Utilities worked on well houses while the Street Department began some preliminary work at City Hall.

Community Development

Economic Development

Staff was busy this week preparing for the October 4th EDA meeting.

Planning & Zoning

Staff attended the MN Chapter of the American Planning Association's annual conference in Mankato this week. The conference theme is ***Around the Bend: What's Next for Planning***. The focus is striving to understand changes in our community as we identify new and innovative planning tools and techniques.

Building & Housing Code Inspections

Staff attended a local training by the Department of Labor and Industry Training on Smoke and Fire Protection, Commercial Mechanical Inspections, and Commercial Plumbing Inspections. Inspections and enforcement cases continue to keep staff busy.

Library

On Tuesday, October 3, 6:00 p.m., Kathy and Leo Lara will present Latin American Folk Music, a free program being offered for ages 10-adult. Enjoy diverse sounds and stories from Latin American culture as they come to life with Leo and Kathy Lara.

The Friends of the Library Book Sale will be held again over two days, Friday, October 6th from Noon to 5 p.m. and Saturday, October 7th, from 9 a.m. to 1 p.m.

Dave Hallback, Mayor

City Council:

Jeff Rock, Ward 1
David Bjerkness, Ward 2
Roger Maki, Ward 3
Kerry Kolodge, Ward 4
Steve Langley, Ward 5
Adam Bailey, At Large

Aaron Reeves,
City Administrator
1307 Cloquet Avenue
Cloquet, MN 55720
(218)879-3347
areeves@cloquetmn.gov



Other Information Attached:

* Cloquet EDA Incentives Brochure



City of Cloquet Incentives: Helping Your Business Thrive

CITY OF CLOQUET / CLOQUET EDA INCENTIVES

GAP FINANCING REVOLVING LOAN FUNDS

LDO Loan Program: New or expanding businesses in manufacturing, warehousing and distribution, packaging, processing, corporate, professional and technical offices, or retail establishments are eligible if they will create or retain permanent jobs and benefit the community. Loans can be used for land and buildings, construction or renovation, equipment and machinery, or furniture, fixtures and inventory. May fund up to 50% of project costs, minimum equity participation 10%. *(Fund 201)*

Federal CDBG Loan Program: New or expanding businesses in manufacturing, warehousing and distribution, packaging, processing, corporate, professional and technical offices, or retail establishments are eligible if they will create at least one job per \$50,000 of investment and benefit low and moderate income individuals or prevent or eliminate blight. In addition to the eligible costs for other loans, CDBG loans can also be used for working capital and inventory, utilities and infrastructure, workforce development, and microenterprise assistance. May fund up to 50% of project costs. *(Fund 202)*

Economic Development Loan Program: New or expanding businesses in manufacturing, warehousing and distribution, packaging, processing, corporate, professional and technical offices, or retail establishments are eligible if they will create or retain permanent jobs and benefit the community. Loans can be used for land and buildings, construction or renovation, equipment and machinery, or furniture, fixtures and inventory. May fund up to 25% of project costs, minimum equity participation 10%. *(Fund 203)*

MIF Loan Program: Eligible businesses include new or expanding manufacturing, warehousing and distribution, packaging, processing, or corporate, professional and technical offices. Eligible expenses include site improvements, new building construction, building expansion or rehabilitation, land and building acquisitions, equipment, machinery, furniture and fixtures. May fund up to 50% of total project costs. *(Fund 204)*

Small Cities Downtown Façade/Building Rehabilitation Grants: While the City has allocated most of the rehabilitation grants at this time, in the future there may be funding available for downtown buildings from program loan repayments. Please inquire for more information. *(Fund 206)*

Businesses locating or expanding in the Cloquet, Minnesota region have access to a variety of local, county and state programs that can make the process easier and less expensive.

For more information and assistance in applying for any of these programs, contact:

**Holly Hansen,
Community
Development Director
(218) 879-3347
hhansen@cloquetmn.gov**



TAX INCREMENTAL FINANCING (TIF)

Developers may apply for TIF assistance for either housing or commercial/industrial construction projects. The tax increment may be spent only for specified purposes permitted in the type of TIF district, but generally includes: land acquisition, site improvements, public and on-site utilities, demolition, relocation and administration. The types of TIF Districts available under Minnesota Redevelopment Districts

- Renewal and Renovation Districts
- Housing Districts
- Economic Development Districts
- Soils Condition Districts
- Hazardous Substance Subdistricts
- Hazardous Waste Extension

TAX ABATEMENT

Tax abatement is available for projects that demonstrate long-term benefits to the community, create and retain full time jobs with good wages and benefits, and contribute to the city's commercial and industrial tax base. Covered costs include new property acquisition, site preparation, streets and utilities, landscaping, and trails.

PRIVATE ACTIVITY REVENUE BOND FINANCING

On a selective basis, the City Council may issue tax-free industrial, commercial, and health care revenue bonds and notes to attract or promote development that benefits the city as a whole (such as housing) or provides significant employment opportunities.

LAND FOR DEVELOPMENT

The city-owned Cloquet Business Park has 120 acres of development-ready lots zoned for both manufacturing and office. The business park is located north of the St. Louis River on Highway 33 and Stark Road, approximately four miles north of I-35. Within 15 miles of the site, companies can also reach Highway 2 and Highway 53.

The average size of lots is one to two acres, and lots may be combined to meet your needs. Fully developed infrastructure includes pavement; curb and gutter, city water and sewer, natural gas, electric, and phone. The park also features 44 acres of green space including walking trails and ponds.

ELECTRIC POWER INCENTIVES

The Cloquet region is served by Minnesota Power, which offers performance incentives under its One Business program to promote energy savings, as well as contract options to help companies defer the cost of extending electrical power to a site.





CARLTON COUNTY EDA INCENTIVES

REVOLVING LOAN FUNDS

Intermediary Relending Program (IRP): The IRP revolving loan fund provides up to 50% gap funding to assist with financing business and economic development activity to create or retain jobs. Eligible costs include constructing, buying or expanding business facilities, land acquisition and development, equipment, machinery and supply costs, startup costs, working capital, pollution control and abatement, and other costs. Eligible projects plan to create one job per \$45,000 borrowed.

Carlton County Revolving Loan Program: These loans stimulate private investment and economic diversification in Carlton County that creates and preserves jobs, increases property tax revenue, and promotes community development. Eligible projects include manufacturing, wholesale, agricultural processing, resorts, tourism related businesses, and information industries and other technologically innovative businesses. The loans can fund land and building purchases, site improvements, building construction, renovation and leasehold improvements, and machinery and equipment acquisition.

RURAL BUSINESS ENTERPRISE (RBE) LOANS

RBE loans benefit small and emerging businesses in rural areas. These loans help finance new and existing businesses with start-up and working capital loans, building and plant renovations, transportation improvements, project planning and a broad range of other business needs. Eligible businesses must have fewer than 25 employees and less than \$1 million in projected gross annual revenue. All of the City of Cloquet meets the program's definition of a rural area.

PROPERTY-ASSESSED CLEAN ENERGY FINANCING (PACE)

The PACE program provides funds to businesses to make comprehensive energy-saving upgrades to existing facilities. Businesses then use the resulting energy cost savings to pay a special property tax assessment. PACE enables businesses to defer the up-front costs of energy-saving improvements. Eligible businesses complete a comprehensive energy audit and have approved upgrade plans.





STATE OF MINNESOTA INCENTIVES

ANGEL TAX CREDIT

Businesses that have yet to raise \$4 million in investments, engage in technological innovation, and meet other criteria may be certified to enable investors to receive a 25 percent tax credit on their investments, up to certain limits.

GREATER MINNESOTA JOB EXPANSION PROGRAM

Businesses are eligible to apply for up to a \$2 million annual sales tax refund on the purchase and use of tangible personal property, taxable services and construction materials. To receive the refund, businesses must be certified and meet requirements for job growth and compensation. The program targets businesses that primarily sell goods and services outside Minnesota.

RESEARCH AND DEVELOPMENT TAX CREDIT

Minnesota's R&D credit is equal to 10 percent of qualifying expenses up to \$2 million, and 2.5 percent for expenses above that level, for new or expanded R&D expenses in Minnesota. Qualifying expenses are the same as for the federal R&D credit as defined in Section 41 of the Internal Revenue Code.

DATA CENTER TAX INCENTIVES

Companies that build data or network operation centers in Minnesota of at least 25,000 square feet and invest \$30 million in the first four years qualify

for a 20-year sales tax exemption on computers, software, energy use, and cooling and energy equipment. In addition, they pay no personal property tax. Also, Minnesota does not tax utilities, Internet access, information services, or custom-created software.

MINNESOTA JOB CREATION FUND (MJF)

The MJF provides job creation awards of up to \$500,000 and capital investment rebates of up to \$500,000 for qualifying manufacturing, warehousing, distribution, IT, or other eligible activities. The firm must partner with a local community, meet minimum investment, job creation, and wage and benefit requirements and have location options outside Minnesota.

INDIAN BUSINESS LOAN PROGRAM

Businesses owned by registered members of a Minnesota Native American tribe or band can receive low-interest loans that cover start-up and expansion costs, including normal expenses such as machinery and equipment, inventory and receivables, working capital, new construction, renovation, and site acquisition. The City of Cloquet is adjacent to the Fond du Lac Band of Lake Superior Chippewa Reservation.

TAXES

- Sales Tax: 6.875%
- Individual Income Tax: 9.85%
- Corporate Income Tax: 9.80 %



TO LEARN MORE, CALL US TODAY! These are brief descriptions of the many attractive incentives Cloquet, Minnesota has to offer your business. To learn more about program features, eligibility requirements, and application procedures for any of these programs, call us today. We can help you navigate the process so your application goes smoothly.

HOLLY HANSEN, Community Development Director
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