



CITY OF CLOQUET

**City Council Agenda
Tuesday, April 18, 2023
6:00 p.m.
City Hall Council Chambers**

1. **Roll Call**
2. **Pledge of Allegiance**
3. **Approval of Agenda**
 - a. Approval of April 18, 2023 Council Agenda
4. **Approval of Council Minutes**
 - a. Minutes from the April 4, 2023 Regular Council Meeting
5. **Public Comments**

Please give your name, address, and your concern or comments. Visitors may share their concerns with the City Council on any issue of public business. Each person will have 3 minutes to speak. The Mayor reserves the right to limit an individual or successive individual's presentation if they become redundant, repetitive, irrelevant, or overly argumentative. All comments will be taken under advisement by the City Council. No action will be taken at this time.
6. **Consent Agenda**

Items on the Consent Agenda are considered routine and will be approved with one motion without discussion/debate. The Mayor will ask if any Council members wish to remove an item. If no items are to be removed, the Mayor will then ask for a motion to approve the Consent Agenda.

 - a. Resolution No. 23-18, Authorizing the Payment of Bills
 - b. Fond du Lac Water Service Agreement
7. **Public Hearings**

None.
8. **Presentations**
 - Stormwater Modeling Study



CITY OF CLOQUET
City Council Agenda
Tuesday, April 18, 2023
6:00 p.m.
City Hall Council Chambers

9. **Council Business**
 - a. Award Bid for the 2023 Sewer Lining Project
 - b. Adopt 14th Street Utility Connection Charges
 - c. Approve Incentivizing Private PLAs in Cloquet EDA Policies Language
 - d. City Hall Summer Hours
10. **Council Comments, Announcements, and Updates**
11. **Adjournment**

Cloquet City Hall Council Chambers
6:00 P.M. March 4, 2023

Roll Call

Councilors Present: Carlson, Keller, Kolodge, Mayor Maki

Councilors Absent: Lamb, Jaakola, Wilkinson

Pledge of Allegiance

AGENDA

MOTION: Councilor Kolodge moved and Councilor Carlson seconded the motion to approve the April 4, 2023 agenda. The motion carried unanimously (4-0).

MINUTES

MOTION: Councilor Carlson moved and Councilor Keller seconded the motion to approve the Regular Meeting minutes of March 21, 2023 as presented. The motion carried unanimously (4-0).

PUBLIC COMMENTS

There were none.

CONSENT AGENDA

MOTION: Councilor Keller moved and Councilor Kolodge seconded the motion to adopt the Consent Agenda of April 4, 2023 approving the necessary motions and resolutions. The motion carried unanimously (4-0).

- a. Resolution No. 23-16, Authorizing the Payment of Bills and Payroll
- b. Year End Transfers for 2022
- c. New License to Sell Tobacco and Tobacco Products – Just Smoking

PUBLIC HEARINGS

There were none.

PRESENTATIONS

There were none.

MINOR SUBDIVISION PLAT OF ELIAS ADDITION FOR ANDREW ELIAS

MOTION: Councilor Kolodge moved and Councilor Carlson seconded the motion to approve **RESOLUTION NO. 23-17, A RESOLUTION APPROVING THE MINOR SUBDIVISION PLAN OF ELIAS ADDITION FOR ANDREW ELIAS.** The motion carried unanimously (4-0).

COUNCIL COMMENTS, ANNOUNCEMENTS, AND UPDATES

There were none.

ADJOURNMENT

On a motion duly carried by a unanimous yea vote of all members present on roll call, the Council adjourned.

Tim Peterson, City Administrator

DRAFT



ADMINISTRATIVE OFFICES

101 14th Street • Cloquet MN 55720
Phone: 218-879-3347 • Fax: 218-879-6555
www.cloquetmn.gov

REQUEST FOR COUNCIL ACTION

To: Mayor and City Council
From: Ann Michaud, Assistant Finance Director
Reviewed by: Tim Peterson, City Administrator *TP*
Date: April 18, 2023

ITEM DESCRIPTION: Payment of Bills

Proposed Action

Staff recommends the Council move to adopt **RESOLUTION NO. 23-18, A RESOLUTION AUTHORIZING THE PAYMENT OF BILLS.**

Background/Overview

Statutory Cities are required to have most claims authorized by the city council.

Policy Objectives

MN State Statute sections 412.271, Claims and Disbursements for Statutory Cities.

Financial/Budget/Grant Considerations

See resolution for amounts charged to each individual fund.

Advisory Committee/Commission Action

Not applicable.

Supporting Documents Attached

- a. Resolution Authorizing the Payment of Bills
- b. Vendor Summary Report
- c. Department Summary Report

**CITY OF CLOQUET
COUNTY OF CARLTON
STATE OF MINNESOTA**

RESOLUTION NO. 23-18

A RESOLUTION AUTHORIZING THE PAYMENT OF BILLS

WHEREAS, The City has various bills each month that require payment.

NOW, THEREFORE, BE IT RESOLVED, BY THE CITY COUNCIL OF THE CITY OF CLOQUET, MINNESOTA, That the bills be paid and charged to the following funds:

101	General Fund	\$	93,534.29
202	Federal CDBG Loan (EDA)		92.00
206	Revolving SCDP (EDA)		1,799.10
231	Public Works Reserve		837.91
403	Capital Projects - Revolving		2,220.00
405	City Sales Tax Capital		46,829.48
600	Water - Lake Superior Waterline		141,909.86
601	Water - In Town System		44,328.23
602	Sewer Fund		3,959.24
605	Stormwater Fund		12.34
614	Cable Television		45.95
	TOTAL:	\$	<u>335,568.40</u>

**PASSED AND ADOPTED BY THE CITY COUNCIL OF THE CITY OF CLOQUET
THIS 18TH DAY OF APRIL, 2023.**

ATTEST:

Roger Maki, Mayor

Tim Peterson, City Administrator

DATE: 04/13/2023
TIME: 11:49:37
ID: AP442000.WOW

CITY OF CLOQUET
VENDOR SUMMARY REPORT

PAGE: 1

INVOICES DUE ON/BEFORE 04/18/2023

VENDOR #	NAME	PAID THIS FISCAL YEAR	AMOUNT DUE
111350	LEXISNEXIS RISK DATA MNGMT INC	2,350.00	200.00
118950	ARAMARK UNIFORM & CAREER	17,121.23	383.32
121000	ARROWHEAD SPRINGS INC	1,832.00	119.00
122958	AUTO ZONE, INC.	1,088.46	82.95
125700	BEST OIL COMPANY	155,507.20	22,893.07
128075	BRAUN INTERTEC CORP	5,750.00	2,220.00
134300	CARLTON COUNTY RECORDER	736.00	92.00
134800	CARLTON COUNTY TREASURER	1,385.25	100.00
135676	CARS TOWING INC	2,699.61	120.75
135710	CAYWOOD OIL & PROPANE, LLC	950.98	119.68
137340	CHAMBERLAIN OIL CO., INC.	19,762.30	350.11
139025	CINTAS	6,183.34	128.07
139030	CINTAS CORPORATION NO 2	13,938.71	126.28
139800	CLOQUET AREA CHAMBER OF COMMER	92,871.25	55.00
142800	CLOQUET SANITARY SERVICE	29,912.85	1,438.27
142925	CLOQUET SERVICE CENTER	1,663.55	137.89
145300	COMMUNITY PRINTING	10,396.08	256.00
145500	COMPENSATION CONSULTANTS, LTD	4,956.00	213.00
151050	DAKOTA SUPPLY GROUP	33,564.87	8,414.91
156400	CITY OF DULUTH COMFORT SYSTEMS	2,702.56	188.71
156575	DULUTH AIRPORT AUTHORITY	1,468.75	1,011.48
162640	ENVENTIS TELECOM INC	696.85	45.95
171100	FRYBERGER, BUCHANAN, SMITH &	273,659.87	11,693.40
171900	GALLS LLC	10,969.82	1,157.49
172300	GARTNER REFRIGERATION COMPANY	37,115.60	703.33
175200	GOPHER STATE ONE CALL INC	1,531.00	13.50
178500	GUARDIAN PEST SOLUTIONS INC	817.77	57.58
179340	HAGENS GLASS & PAINT	35,249.81	48.68
180425	HARRIS COMPUTER SYSTEMS	17,537.16	525.00
180500	HAWKINS INC	141,555.66	4,631.06
195700	KGM CONTRACTORS INC	1,628,230.78	46,829.48
197775	KWIK TRIP INC	1,701.76	160.69
197800	L & M FLEET SUPPLY INC.	40,042.73	1,859.56
198900	LAKE SUPERIOR ENERGY COMPANY	2,003.89	2,700.00
200460	LAKES GAS	814.50	90.50
202100	LAWSON PRODUCTS INC	6,084.22	1,616.52
204250	LIFTPRO	758.48	176.05
205050	LOFFLER COMPANIES INC	3,979.16	61.74
211300	MENARDS INC	274.12	11.08
211400	MENARDS INC	10,400.11	106.50
212400	MICHAUD DIST INC	446.90	11.24
212700	MID-STATE TRUCK SERVICE INC	63,586.58	1,853.36
212800	MID-STATES ORGANIZED CRIME	150.00	150.00
219067	MN DEPT OF ADMINISTRATION	27,450.65	837.91

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CITY OF CLOQUET
VENDOR SUMMARY REPORT

PAGE: 2

INVOICES DUE ON/BEFORE 04/18/2023

VENDOR #	NAME	PAID THIS FISCAL YEAR	AMOUNT DUE
220500	MINNESOTA DEPARTMENT	44,688.00	23.00
222275	MN PEIP	975,586.88	70,576.64
225975	MATHY CONSTRUCTION COMPANY	8,550.59	2,413.64
229500	NAPA AUTO PARTS	15,246.54	1,061.29
240725	O'REILLY AUTO ENTERPRISES LLC	676.24	491.31
244975	PINE KNOT LLC	137,053.70	195.94
245575	PJ'S LUCKY SEVEN GENERAL STORE	511.44	49.95
251475	RAILROAD MANAGEMENT	1,598.03	344.67
268800	STOCK TIRE COMPANY	13,493.92	2,835.12
272565	TENET CORP	1,055.53	44.85
278600	TWIN PORT MAILING	58,125.60	4,593.24
279100	U S BANK EQUIPMENT FINANCE	9,745.06	456.57
284600	FIRST HOSPITAL LABORATORIES	1,264.97	104.82
286900	W L S S D	1,206,706.00	1,804.80
289015	WELLS FARGO CREDIT CARD	156,168.15	5,519.07
291400	WOOD CITY MOTORS	6,324.04	276.16
R0001932	EAGLE TOWING	0.00	245.00
R0002305	SHERMAN INC	0.00	1,799.10
R0002306	ARTHUR L MARTIN	0.00	44.09
TOTAL ALL VENDORS:			206,870.37

City of Cloquet
Vendor Summary Report Reconciliation
Invoices Due On/Before 4/18/2023

Total	206,870.37
Less:	
Library	0.00
Cloquet Area Fire District	<u>(3,010.64)</u>
Total City Bills	<u>203,859.73</u>
Less:	
Payroll benefits	(70,576.64)
Plus:	
Credit Card/PSN Fees	2,704.16
MN Energy Auto Pay	6,422.17
MN Power Auto Pay	191,023.04
MN Sales Tax	1,712.71
Verizon Auto Pay	423.23
Total Bills	<u><u>335,568.40</u></u>

INVOICES DUE ON/BEFORE 04/18/2023

VENDOR #	NAME	PAID THIS FISCAL YEAR	AMOUNT DUE

GENERAL FUND			
00			
222275	MN PEIP	975,586.88	70,576.64
			70,576.64
32	LICENSES & PERMITS		
286900	W L S S D	1,206,706.00	1,804.80
	LICENSES & PERMITS		1,804.80
41	GENERAL GOVERNMENT		
139030	CINTAS CORPORATION NO 2	13,938.71	34.58
142800	CLOQUET SANITARY SERVICE	29,912.85	97.38
145500	COMPENSATION CONSULTANTS, LTD	4,956.00	213.00
171100	FRYBERGER, BUCHANAN, SMITH &	273,659.87	11,693.40
180425	HARRIS COMPUTER SYSTEMS	17,537.16	525.00
211400	MENARDS INC	10,400.11	18.66
212400	MICHAUD DIST INC	446.90	11.24
244975	PINE KNOT LLC	137,053.70	86.62
278600	TWIN PORT MAILING	58,125.60	257.84
279100	U S BANK EQUIPMENT FINANCE	9,745.06	309.54
289015	WELLS FARGO CREDIT CARD	156,168.15	2,825.81
	GENERAL GOVERNMENT		16,073.07
42	PUBLIC SAFETY		
111350	LEXISNEXIS RISK DATA MNGMT INC	2,350.00	200.00
125700	BEST OIL COMPANY	155,507.20	6,100.92
135676	CARS TOWING INC	2,699.61	120.75
139030	CINTAS CORPORATION NO 2	13,938.71	56.02
142800	CLOQUET SANITARY SERVICE	29,912.85	97.38
142925	CLOQUET SERVICE CENTER	1,663.55	137.89
145300	COMMUNITY PRINTING	10,396.08	256.00
171900	GALLS LLC	10,969.82	1,157.49
197775	KWIK TRIP INC	1,701.76	160.69
197800	L & M FLEET SUPPLY INC.	40,042.73	61.95
211400	MENARDS INC	10,400.11	18.65
212800	MID-STATES ORGANIZED CRIME	150.00	150.00
245575	PJ'S LUCKY SEVEN GENERAL STORE	511.44	49.95

INVOICES DUE ON/BEFORE 04/18/2023

VENDOR #	NAME	PAID THIS FISCAL YEAR	AMOUNT DUE

GENERAL FUND			
42	PUBLIC SAFETY		
268800	STOCK TIRE COMPANY	13,493.92	54.00
278600	TWIN PORT MAILING	58,125.60	73.67
289015	WELLS FARGO CREDIT CARD	156,168.15	1,525.59
291400	WOOD CITY MOTORS	6,324.04	276.16
R0001932	EAGLE TOWING		245.00
	PUBLIC SAFETY		10,742.11
43	PUBLIC WORKS		
121000	ARROWHEAD SPRINGS INC	1,832.00	98.00
125700	BEST OIL COMPANY	155,507.20	7,119.36
134800	CARLTON COUNTY TREASURER	1,385.25	100.00
137340	CHAMBERLAIN OIL CO., INC.	19,762.30	350.11
139025	CINTAS	6,183.34	46.43
139030	CINTAS CORPORATION NO 2	13,938.71	11.42
142800	CLOQUET SANITARY SERVICE	29,912.85	116.94
175200	GOPHER STATE ONE CALL INC	1,531.00	6.75
197800	L & M FLEET SUPPLY INC.	40,042.73	487.59
200460	LAKES GAS	814.50	90.50
202100	LAWSON PRODUCTS INC	6,084.22	808.26
204250	LIFTPRO	758.48	176.05
205050	LOFFLER COMPANIES INC	3,979.16	12.35
211300	MENARDS INC	274.12	11.08
212700	MID-STATE TRUCK SERVICE INC	63,586.58	1,853.36
225975	MATHY CONSTRUCTION COMPANY	8,550.59	2,413.64
229500	NAPA AUTO PARTS	15,246.54	877.10
240725	O'REILLY AUTO ENTERPRISES LLC	676.24	491.31
268800	STOCK TIRE COMPANY	13,493.92	161.40
272565	TENET CORP	1,055.53	44.85
278600	TWIN PORT MAILING	58,125.60	73.67
284600	FIRST HOSPITAL LABORATORIES	1,264.97	52.41
	PUBLIC WORKS		15,402.58
45	CULTURE AND RECREATION		
118950	ARAMARK UNIFORM & CAREER	17,121.23	383.32
122958	AUTO ZONE, INC.	1,088.46	12.99
125700	BEST OIL COMPANY	155,507.20	1,617.74
135710	CAYWOOD OIL & PROPANE, LLC	950.98	119.68
139030	CINTAS CORPORATION NO 2	13,938.71	12.84

DATE: 04/13/23
 TIME: 11:50:15
 ID: AP443000.WOW

CITY OF CLOQUET
 DEPARTMENT SUMMARY REPORT

INVOICES DUE ON/BEFORE 04/18/2023

VENDOR #	NAME	PAID THIS FISCAL YEAR	AMOUNT DUE

GENERAL FUND			
45	CULTURE AND RECREATION		
142800	CLOQUET SANITARY SERVICE	29,912.85	1,048.64
172300	GARTNER REFRIGERATION COMPANY	37,115.60	703.33
178500	GUARDIAN PEST SOLUTIONS INC	817.77	57.58
179340	HAGENS GLASS & PAINT	35,249.81	48.68
197800	L & M FLEET SUPPLY INC.	40,042.73	741.05
229500	NAPA AUTO PARTS	15,246.54	111.54
268800	STOCK TIRE COMPANY	13,493.92	2,619.72
	CULTURE AND RECREATION		7,477.11
46	COMMUNITY DEVELOPMENT		
139800	CLOQUET AREA CHAMBER OF COMMER	92,871.25	55.00
244975	PINE KNOT LLC	137,053.70	30.94
278600	TWIN PORT MAILING	58,125.60	36.83
279100	U S BANK EQUIPMENT FINANCE	9,745.06	81.25
289015	WELLS FARGO CREDIT CARD	156,168.15	14.40
	COMMUNITY DEVELOPMENT		218.42
FEDERAL CDBG LOAN (EDA)			
46	COMMUNITY DEVELOPMENT		
134300	CARLTON COUNTY RECORDER	736.00	92.00
	COMMUNITY DEVELOPMENT		92.00
REVOLVING SCDP (EDA)			
36	MISCELLANEOUS REVENUE		
R0002305	SHERMAN INC		1,799.10
	MISCELLANEOUS REVENUE		1,799.10
PUBLIC WORKS RESERVE			
42	PUBLIC SAFETY		
219067	MN DEPT OF ADMINISTRATION	27,450.65	837.91
	PUBLIC SAFETY		837.91

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CITY OF CLOQUET
DEPARTMENT SUMMARY REPORT

PAGE: 4

INVOICES DUE ON/BEFORE 04/18/2023

VENDOR #	NAME	PAID THIS FISCAL YEAR	AMOUNT DUE
CAPITAL PROJECTS - REVOLVING			
81	SPECIAL PROJECTS		
128075	BRAUN INTERTEC CORP	5,750.00	2,220.00
	SPECIAL PROJECTS		2,220.00
CITY SALES TAX CAPITAL			
00			
195700	KGM CONTRACTORS INC	1,628,230.78	46,829.48
			46,829.48
WATER - LAKE SUPERIOR WATERLIN			
50	STATION 1		
156575	DULUTH AIRPORT AUTHORITY	1,468.75	1,011.48
	STATION 1		1,011.48
51	STATION 2		
121000	ARROWHEAD SPRINGS INC	1,832.00	21.00
139025	CINTAS	6,183.34	35.22
220500	MINNESOTA DEPARTMENT	44,688.00	23.00
289015	WELLS FARGO CREDIT CARD	156,168.15	367.87
	STATION 2		447.09
52	LAKE SUPERIOR WATERLINE		
125700	BEST OIL COMPANY	155,507.20	1,851.01
197800	L & M FLEET SUPPLY INC.	40,042.73	35.76
251475	RAILROAD MANAGEMENT	1,598.03	344.67
	LAKE SUPERIOR WATERLINE		2,231.44
57	ADMINISTRATION		
156400	CITY OF DULUTH COMFORT SYSTEMS	2,702.56	188.71
205050	LOFFLER COMPANIES INC	3,979.16	12.35
	ADMINISTRATION		201.06

DATE: 04/13/23
TIME: 11:50:15
ID: AP443000.WOW

CITY OF CLOQUET
DEPARTMENT SUMMARY REPORT

PAGE: 5

INVOICES DUE ON/BEFORE 04/18/2023

VENDOR #	NAME	PAID THIS FISCAL YEAR	AMOUNT DUE

WATER - IN TOWN SYSTEM			
00			
R0002306	ARTHUR L MARTIN		44.09
			44.09
49	CLOQUET		
122958	AUTO ZONE, INC.	1,088.46	69.96
125700	BEST OIL COMPANY	155,507.20	1,830.63
139025	CINTAS	6,183.34	27.86
139030	CINTAS CORPORATION NO 2	13,938.71	6.85
180500	HAWKINS INC	141,555.66	4,631.06
197800	L & M FLEET SUPPLY INC.	40,042.73	497.45
198900	LAKE SUPERIOR ENERGY COMPANY	2,003.89	2,700.00
202100	LAWSON PRODUCTS INC	6,084.22	484.95
211400	MENARDS INC	10,400.11	16.21
229500	NAPA AUTO PARTS	15,246.54	18.78
	CLOQUET		10,283.75
54	BILLING & COLLECTION		
151050	DAKOTA SUPPLY GROUP	33,564.87	8,414.91
278600	TWIN PORT MAILING	58,125.60	4,003.91
279100	U S BANK EQUIPMENT FINANCE	9,745.06	65.78
	BILLING & COLLECTION		12,484.60
57	ADMINISTRATION & GENERAL		
142800	CLOQUET SANITARY SERVICE	29,912.85	38.97
175200	GOPHER STATE ONE CALL INC	1,531.00	4.05
205050	LOFFLER COMPANIES INC	3,979.16	12.35
278600	TWIN PORT MAILING	58,125.60	73.67
289015	WELLS FARGO CREDIT CARD	156,168.15	425.00
	ADMINISTRATION & GENERAL		554.04
ENTERPRISE FUND - SEWER			
55	SANITARY SEWER		

DATE: 04/13/23
TIME: 11:50:15
ID: AP443000.WOW

CITY OF CLOQUET
DEPARTMENT SUMMARY REPORT

PAGE: 6

INVOICES DUE ON/BEFORE 04/18/2023

VENDOR #	NAME	PAID THIS FISCAL YEAR	AMOUNT DUE

ENTERPRISE FUND - SEWER			
55	SANITARY SEWER		
125700	BEST OIL COMPANY	155,507.20	1,383.17
139025	CINTAS	6,183.34	18.56
139030	CINTAS CORPORATION NO 2	13,938.71	4.57
197800	L & M FLEET SUPPLY INC.	40,042.73	35.76
202100	LAWSON PRODUCTS INC	6,084.22	323.31
211400	MENARDS INC	10,400.11	52.98
229500	NAPA AUTO PARTS	15,246.54	53.87
284600	FIRST HOSPITAL LABORATORIES	1,264.97	52.41
	SANITARY SEWER		1,924.63
57	ADMINISTRATION & GENERAL		
142800	CLOQUET SANITARY SERVICE	29,912.85	38.96
175200	GOPHER STATE ONE CALL INC	1,531.00	2.70
205050	LOFFLER COMPANIES INC	3,979.16	12.35
244975	PINE KNOT LLC	137,053.70	78.38
278600	TWIN PORT MAILING	58,125.60	73.65
289015	WELLS FARGO CREDIT CARD	156,168.15	340.00
	ADMINISTRATION & GENERAL		546.04
STORM WATER UTILITY			
57	ADMINISTRATION & GENERAL		
205050	LOFFLER COMPANIES INC	3,979.16	12.34
	ADMINISTRATION & GENERAL		12.34
CABLE TELEVISION			
45	CULTURE AND RECREATION		
162640	ENVENTIS TELECOM INC	696.85	45.95
	CULTURE AND RECREATION		45.95
CLOQUET AREA FIRE DISTRICT			
42	PUBLIC SAFETY		
125700	BEST OIL COMPANY	155,507.20	2,990.24

DATE: 04/13/23
TIME: 11:50:15
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CITY OF CLOQUET
DEPARTMENT SUMMARY REPORT

INVOICES DUE ON/BEFORE 04/18/2023

VENDOR #	NAME	PAID THIS FISCAL YEAR	AMOUNT DUE

CLOQUET AREA FIRE DISTRICT			
42	PUBLIC SAFETY		
289015	WELLS FARGO CREDIT CARD	156,168.15	20.40
	PUBLIC SAFETY		3,010.64
	TOTAL ALL DEPARTMENTS		206,870.37



DEPARTMENT OF PUBLIC WORKS

101 14th Street; Cloquet, MN 55720
Phone: (218) 879-6758 Fax: (218) 879-6555
Street - Water - Sewer – Engineering - Park
www.cloquetmn.gov

REQUEST FOR COUNCIL ACTION

To: Mayor and City Council
From: Caleb Peterson, Director of Public Works
Reviewed by: Tim Peterson, City Administrator *TCP*
Date: April 18, 2023

ITEM DESCRIPTION: Fond du Lac Water Service Agreement

Proposed Action

Staff recommends the City Council move to approve a five-year water service agreement between the City of Cloquet and the Fond du Lac Band of Lake Superior Chippewa.

Background/Overview/Feasibility

The City and FDL first entered into an agreement in 1995 for the provision of municipal water to the Black Bear Casino Hotel and Golf Course. The last agreement has expired, however both parties have expressed interest in continuing the cooperative relationship. The proposed agreement includes a 5-year extension of the term with no other amendments requested by either party.

Note that this agreement is for water service only. The city does not provide Black Bear with sewer or any other services as they are located outside the corporate limits of Cloquet.

Policy Objectives

The City is authorized under State Statute to enter cooperative agreements related to service provision. The agreement addresses the roles and responsibilities of both parties.

Financial/Budget/Grant Considerations

Black Bear is one of the city's 10 largest water customers with annual flows amounting to an estimated revenue of \$100,000 annually. This additional revenue helps offset rate increases to Cloquet residents and businesses while providing an essential service to FDL.

Advisory Committee/Commission Action

N/A.

Supporting Documentation Attached

- Water Service Agreement

**WATER SERVICE AGREEMENT
BETWEEN
THE CITY OF CLOQUET, MINNESOTA
AND
THE FOND DU LAC BAND OF LAKE SUPERIOR CHIPPEWA**

THIS AGREEMENT, dated this 21st day of March, 2023, by and between the City of Cloquet, Minnesota, a municipal corporation of Carlton County, Minnesota, hereinafter referred to as "**Cloquet**", and the Fond du Lac Band of Lake Superior Chippewa, hereinafter referred to as "**the Band**";

WITNESSETH:

WHEREAS, in 1995, the governing bodies of the respective parties to this Agreement established an extension of municipal water service from the City of Cloquet to the Black Bear Casino, Hotel and Golf Course, located at the intersection of I-35 and Trunk Highway 210, pursuant to a document entitled the "Water Service Agreement of March 16, 1995; and,

WHEREAS, in 2006, a new "Water Service Agreement" was entered into for a ten-year period; and,

WHEREAS, in 2016, a new "Water Services Agreement" was entered into for a one-year period commencing on March 15, 2016; and

WHEREAS, in 2017, a new "Water Services Agreement" was entered into for a one-year period commencing on March 15, 2017; and,

WHEREAS, in 2018, a new "Water Services Agreement" was entered into for a five-year period commencing on March 15, 2018; and,

WHEREAS, the water system of Cloquet continues to produce surplus water in quantities sufficient to meet the present needs of the Band and the obligations contemplated by this Agreement and the prior agreements; and,

NOW, THEREFORE, and in consideration of the mutual covenants herein contained, the parties hereto agree as follows:

SECTION 1. SCOPE OF AGREEMENT

That for a five-year period commencing on April 21, 2023, Cloquet agrees to deliver water from the City's municipal water system to the Band, in an amount up to a maximum of two hundred thousand (200,000) U.S. Gallons per day and at a maximum rate of twenty thousand (20,000) U.S. Gallons per hour. The Band agrees to pay for such water in accordance with Sections 4, thru 7 of this Agreement; provided, however, that such rate schedule shall be subject to change by duly adopted resolution of Cloquet's City Council after written notice of the Council's intention to change such rate schedule has been given to the Band pursuant to Section 6 hereof.

Notwithstanding the provisions of the preceding paragraph, the Band may request to purchase water in excess of the two hundred thousand (200,000) U.S. Gallons per day on terms mutually agreeable to the parties. Such request shall be made by the Band to the Director of Public Works of Cloquet. If said Director determines that the sale of the additional water supply requested will not, at the time of the request, or in the future, impair or affect the ability or efficiency of Cloquet's water utility to supply the demands of the City's inhabitants for water, then the Director shall recommend to the City Council that this Agreement be amended to permit the sale of additional water to the Band. The Cloquet City Council's approval or rejection of the Director's recommendation shall be determinative of whether any additional water will be sold to the Band.

SECTION 2. OWNERSHIP

Ownership of the water main extension, as agreed by the parties pursuant to the Water Service Agreement of March 16, 1995, is as follows. Cloquet shall hold all of its right, title, and interest in that portion of the new water main extension and all appurtenances lying within the city limits of Cloquet. This Section will be from the west side of Highway 33 in the area of the Driftwood Motel, south to the Moorhead Road, the present Cloquet city limits. All of the water main extension, the subject to this Agreement, lying outside and south of the city limits of Cloquet running to the Black Bear Casino and Hotel shall be owned by the Band. The Band shall also own the master metering station described in Section 4 of this Agreement.

SECTION 3. MAINTENANCE AND OPERATION

Cloquet shall be responsible for the maintenance and operation of that portion of the pipeline and all appurtenances lying north of the Moorhead Road within the Cloquet city limits which will become part of Cloquet's municipal water distribution system. The Band, at no expense to Cloquet, shall be responsible for the maintenance and operation of the remaining water main extension outside of the city limits of Cloquet located south of the Moorhead Road to the Black Bear Casino & Hotel located on Trunk Highway 210. The maintenance of this portion of the water main extension shall be performed at the Band's expense by the Band's service crews. This maintenance will include, but not necessarily be limited to the following:

The repair of water main leaks or breaks.

The repair or replacement of damaged fire hydrants.

At least one annual hydrant flushing to take place in coordination with the Cloquet Water Department.

The repair and maintenance of the water metering station and equipment located at the Moorhead Road.

At the request of the Band, Cloquet may furnish cooperative maintenance services at normal hourly rates for the above items. The Band shall agree to operate and maintain its water main extension and facilities in such a manner as not to jeopardize or disrupt the normal operation of Cloquet's water system and in such a manner as to conform with all laws, rules, and regulations of the State of Minnesota regarding water facilities.

SECTION 4. MEASUREMENT OR METERING OF WATER

All water furnished and delivered by Cloquet to the Band under this Agreement shall be in accordance with the City of Cloquet rules and regulations. This water shall be measured by and through radio read meters, acceptable to Cloquet, to be furnished and maintained by the Band at the Band's expense. This metering station shall be the point of delivery of the water furnished to the Band, and shall be located in the area of the Moorhead Road where the water main extension crosses the city limits of Cloquet. Such meter shall be of suitable make and setting and shall be equipped with by-pass piping and suitable valves so flow may be maintained during meter maintenance and testing. It shall be properly housed and subject to the approval of Cloquet. Cloquet shall have the right to inspect the meter at any time. Such meter shall be subject to testing by Cloquet at any time

for verification of proper operation and accuracy of the meter or meters. All tests shall be conducted under the supervision of a qualified independent testing firm and shall be conducted in accordance with American Water Works Association standards. The Band shall be notified as to the time of meter testing and may, at its own expense, have one of its own representatives present at the time the tests are made. Additional test may be requested by the Band, but such tests and inspections shall be at the Band's expense.

No meters shall be placed in service or allowed to remain in service which have an error in registration in excess of Two Percent (2%) above or below normal operating conditions. Presently the Band pays the City a fixed monthly charge of \$232.10 per month on the two meters monitoring the system. That charge may be adjusted from time to time based upon the size of meters required.

All necessary repairs or modifications of the meters shall be made at the sole expense of the Band. In the event the water meters are not working properly and are not repaired within ten (10) days from receipt of written notice mailed or hand delivered to the Clerk of the Band, Cloquet shall have the right to estimate water use until the meters are properly repaired and approved by the Director. During the period of time that the meters remain un-repaired, Cloquet shall charge an additional \$250.00 monthly, as liquidated damages, in addition to the estimated bill. Water rates, billings, and payments shall be in accordance with Sections 4 thru 7 of this Agreement.

SECTION 5. BILLINGS AND PAYMENT

Monthly readings of the master meter and a bill shall be mailed to the Band on or before the tenth day of the following month. Such bill shall be paid by the Band on or before the due date which is the 5th day of the following month. Late payment charges shall be at a rate consistent with Cloquet city policy, (currently 5% of unpaid balance).

SECTION 6. RATE DETERMINATION

The rates for water delivered by Cloquet to the Band shall be as provided in Section 7. Such rate schedule shall be subject to change by Cloquet's City Council, provided, however, that any increase in the rates charged to the Band shall be consistent with rate increases charged by the City to other customers located outside the Cloquet City limits. The Band shall be given written notice sixty (60) days prior to any change to the water commodity rate charges or minimum monthly charge.

SECTION 7. INITIAL RATES

Unless subsequently modified pursuant to Section 6, the rates for water delivered by Cloquet to the Black Bear Casino, Hotel and Golf Course, under the terms of this Agreement shall be \$5.25 for all or any portion of each thousand (\$5.25/1000) gallons used.

SECTIONS. RESALE OF WATER EXPRESSLY PROHIBITED

All water delivered to the Band under the terms of this Agreement shall be for the sole use of the Black Bear Casino, Hotel and Golf Course and shall not be resold or otherwise provided to any other entity, utility, governmental subdivision, or customer.

SECTION 9. CITY NOT LIABLE FOR FAILURE TO SUPPLY WATER UNDER CERTAIN CONDITIONS

Cloquet shall exercise due diligence in the operation of its water utility. However, if it is unable or is prevented from delivering the agreed upon volume of water to the Black Bear Casino, Hotel and Golf Course for any reason including, but not limited to, fire, explosion, flood, strike, unavoidable accident, rupture of pipe, failure of supply, electrical failures, federal or state regulation or interference, or other such conditions which result in a shutdown or stoppage of water flow to the Band, Cloquet shall not be liable to the Band for any loss or damages (including business loss or loss of profits) resulting from such interruption or suspension of service.

In the event of any interruption or suspension of service, Cloquet agrees to take all reasonable steps and such action as is necessary to resume delivery of the agreed upon volume of water to the Band as soon as possible.

SECTION 10. CROSS CONNECTIONS BETWEEN CITY WATER SUPPLY AND OTHER SOURCES OF SUPPLY FORBIDDEN

The Band shall not permit any person to make a direct cross connection or allow the existence of a direct cross connection between their water system and any other source of supply or cause a cross connection to be made or permit one to exist between their water system and any piping system whatsoever. Where required by the laws or regulations of the State of Minnesota, the Band agrees to provide and maintain adequate back flow control for the protection of public health.

SECTION 11. JOINT USE OF FIRE HYDRANTS

The Band agrees to install and permit the use of fire hydrants by any fire department serving the area for the purpose of extinguishing fires.

SECTION 12. MAXIMUM FLOW RESTRICTION

Except for periods of fire emergencies, the Band agrees to limit its consumption of water from Cloquet's water system (at the point of delivery) to hourly rates that will at no time exceed ten percent (10%) of the agreed maximum hourly water demand as set forth under Section 1 of this Agreement. The parties shall mutually confer in the establishment of a maximum hourly water demand, and will take into consideration such data as the Band shall provide, including average flow information, peak day, and peak hour information, in determining the same. The final determination of the maximum hourly water demand shall be made solely by the Cloquet Director of Public Works. Within ninety days of the commencement of delivery of water by Cloquet, the Band may apply to the Cloquet Director of Public Works for re-determination of the maximum hourly water demand and may provide further data regarding actual consumption. The final determination of the maximum hourly water demand, in the case of an application for re-determination, shall be made solely by the Cloquet Director of Public Works.

The parties have discussed and understand that any consumption of water by the Band which exceeds the agreed maximum hourly water demand as stated under Section 1, by ten percent (10%) or more, may adversely impact Cloquet's delivery of water to its other municipal customers. Accordingly, it is agreed that Cloquet may impose upon the Band a penalty of one hundred dollars (\$100) for each occasion in which the Band's consumption exceeds the agreed maximum hourly water demand as set under Section 1 by ten percent (10%), except in the case of fire emergency. The Band agrees to pay each such penalty within ten days of receipt of written notice from Cloquet that a penalty is due and owing. In addition, if in the sole discretion of the Director of Public Works the excess consumption of water by the Band impacts the water system to such a degree that it adversely affects Cloquet's ability to deliver water to its other municipal customers, the Director of Public Works is authorized to take such steps as are necessary to re-establish proper operation of water service to Cloquet's existing customers. If, as a result of excess consumption of water by the Band, the Director determines that changes are necessary to achieve or maintain conformity with, or avoid

adverse impact upon, Cloquet's current water system, the Band shall pay for all such changes or improvements deemed necessary by the Director.

SECTION 13. INDEMNIFICATION

The Band agrees to indemnify and save harmless Cloquet from any and all claims or demands, including costs of suit, settlement of claims, and reasonable attorneys' fees incurred in negotiating claims prior to suit or resulting in suit, whether said claims shall be justifiable or sham and frivolous, for damages or claims arising out of or which may result from the use of water supplied or the failure to supply said water pursuant to the terms of this Agreement and from the design, construction, inspection, use, installation, maintenance, and repair of its facilities as set forth in this Agreement, or for any other claim whatsoever arising out of this Agreement, without regard to fault or cause, and will assume the defense of any actions arising therefrom in which Cloquet is made a party defendant or thought which Cloquet is required to enter into negotiations for settlement prior to the commencement of litigation. Cloquet shall give the Band prompt written notice of any claims or acts filed against Cloquet as a result of this Agreement. The Band thereafter shall, immediately undertake the defense of said claims and the Band and its legal counsel shall provide copies of all documents and shall keep Cloquet and its City Attorney fully apprised of any and all terms and conditions of the proposed litigation or litigation which may be commenced as a result of this Agreement.

SECTION 14. DEFAULT AND TERMINATION

Cloquet shall have the right to terminate water service to the Band in the event the Band shall fail to properly maintain its water system or comply with any term or condition of this Agreement, including the payment of charges due Cloquet under the terms of this Agreement.

In the event such service shall be terminated under the terms and conditions of this paragraph, notice shall be given in writing, to the business offices of the Band. The Band shall have ten (10) days after delivery of said notice to correct any default set forth in the notice. Failure of the Band to correct the default set forth in the notice of default shall, at the sole option of Cloquet, entitle Cloquet to terminate all water service under the terms of this Agreement.

SECTION 15. RENEWAL

The Band shall have an option to renew this Agreement on the same conditions and provisions as set forth herein, except that the term of any such renewal shall be subject to negotiation and approval by both parties.

SECTION 16. ADDITIONAL CONSIDERATION FOR AGREEMENT; POSSIBLE NEED FOR ADDITIONAL WELL CAPACITY

As additional consideration for the extension of this Agreement, the Band agrees that should the need arise to create more well capacity for purposes of meeting the mutual needs of the parties that it will permit Cloquet to drill, locate and maintain additional well capacity within the boundaries of the Fond du Lac Reservation at such locations as are permitted by the governing body of the Band upon a fair showing that such a need exists; and such permission will not be unreasonably withheld. It is understood that prior to approval, the parties will negotiate and agree upon the terms, location and the allocation of costs of installation and ongoing maintenance.

SECTION 17. PROVISION FOR FUTURE EXPANSION

The parties agree and understand that the need to consider future expansion and development are a foreseeable consequence of extending public services. To the extent it is mutually agreed that the system is able to accommodate additional expansion into areas adjacent to or in the proximity to the present system (including the main line running to the casino owned by the Band) the parties agree to cooperate and consider expansion of the system to such areas or municipalities as the parties deem mutually agreeable. It is understood that prior to approval, the governing bodies of the City and the Band must fairly determine an equitable allocation of costs and ongoing maintenance but the both parties agree that approval of such an expansion will not be unreasonably withheld.

SECTION 18. ARBITRATION

It is the expressed desire of both parties to avoid the cost and delay of litigation in the event that a dispute between them results. Accordingly, in the event of a dispute between the Band and Cloquet pursuant to the terms or obligations contained in this Agreement, the parties hereby agree to submit all disputes to binding arbitration. The parties agree that the American Arbitration Association shall be the arbitration service provider and all rules, then in effect, as adopted by the American Arbitration Association shall govern the proceedings. In addition, both the Band and City

hereby further mutually agree that with regard to disputes arising between them that they agree to waive forever any and all immunity granted to them under any laws or the Constitution of the United States or any state or otherwise from any suits or claims, whether at law or in equity arising from this agreement or any activity undertaken by the parties pursuant to this agreement.

The parties also agree that this agreement shall be governed by and construed in accordance with the laws of the State of Minnesota and that the rights and obligations created under this agreement shall not be assigned without the prior written consent of both the Band and City.

SECTION 19. NOTICES

All communications, demands, notices, or objections permitted or required to be given or served under this Agreement shall be in writing and shall be deemed to have been duly given or served if delivered in person to the other party or its duly authorized agent, (Fond du Lac Reservation Business Committee, 1720 Big Lake Road, Cloquet, MN 55720; Cloquet City Administrator, 101 14th Street, Cloquet, MN 55720) or deposited in the United States Mail, postage prepaid, for mailing by certified or registered mail, return receipt requested, or if telegraphed, by prepaid telegram, and addressed to the other party of this Agreement, to the addresses set forth above. Any party may change its address by giving notice in writing, stating its new address, to any other party as provided in the foregoing manner. Commencing on the tenth day after the giving of such notice, such newly designated address shall be such party's address for the purpose of all communications, demands, notices, or objections permitted or required to be given or served under this Agreement.

SECTION 20. AMENDMENT, MODIFICATION, OR WAIVER

No amendment, modification, or waiver of any condition, provision, or term of the Agreement shall be valid or of any effect unless made in writing, signed by the party or parties to be bound, or its duly authorized representative, and specifying with particularity the extent and nature of such amendment, modification, or waiver. Any waiver by any party of any default of another party shall not affect or impair any right arising from any subsequent default.

SECTION 21. SEVERABLE PROVISIONS

Each provision, section, sentence, clause, phrase and word of this Agreement is intended to be severable. If any provision, section, sentence, clause, phrase, or word hereof is illegal or

invalid for any reasons whatsoever, such illegality or invalidity shall not affect the validity of the remainder of this Agreement.

IT WITNESS WHEREOF, the parties have caused this agreement to be executed by their duly authorized representatives on the date(s) indicated below.

CITY OF CLOQUET:


By: _____
Its Mayor

Date: _____


By: _____
Its City Administrator

Date: _____

FOND DU LAC BAND OF LAKE SUPERIOR CHIPPEWA

By:  VICE CHAIRMAN
Chairman

Date: 03/21/2023

By: 
Secretary/Treasurer

Date: 3/21/23



DEPARTMENT OF PUBLIC WORKS

101 14th Street; Cloquet, MN 55720
 Phone: (218) 879-6758 Fax: (218) 879-6555
 Street - Water - Sewer – Engineering - Park
www.cloquetmn.gov

REQUEST FOR COUNCIL ACTION

To: City Council
 From: John Anderson, Assistant City Engineer
 Reviewed By: Tim Peterson, City Administrator *TP*
 Date: April 18, 2023

ITEM DESCRIPTION: Awarding Bid for the 2023 Sewer Lining Project

Proposed Action

Staff recommends that the City Council move to adopt **RESOLUTION NO. 23-19, A RESOLUTION AWARDING 2023 SEWER LINING BID.**

Background/Overview

On March 7, 2023, the City Council authorized staff to solicit bids for the 2023 Sewer Lining Project. The City Council has planned for Sewer Lining in the Capital Improvement Plan (CIP). The CIP includes item SWP-005 Sanitary Sewer CIPP Lining which budgets \$150,000 in 2023 for sanitary sewer I&I rehabilitation.

The project was bid with a base bid and two alternates to provide some flexibility in awarding the contract. The bidding was set up this way to give the City Council the option of awarding the base bid and the alternates.

The project was advertised and bids were opened on Friday March 10, 2023. The bids received were as follows:

#	Bidder	Base	Alternate A	Alternate B	Total Bid
1	Hydro-Klean, LLC	\$ 151,716.33	\$ 14,765.08	\$ 28,455.54	\$ 194,936.95
2	Veit & Company, Inc.	\$ 183,235.00	\$ 20,848.00	\$ 38,458.50	\$ 242,541.50
	Engineers Estimate	\$ 152,422.00	\$ 24,926.00	\$ 26,968.00	\$ 204,316.00

Policy Objectives

The project’s objectives are to reduce I&I into the sanitary sewer system. With less I&I the operational costs to provide sanitary sewer service to our residents are reduced as our billing from WLSSD are decreased. Additionally, another objective is to provide a system that requires less cleaning maintenance as root intrusion into a lined pipe is substantially reduced.

Financial/Budget/Grant Considerations

The CIP budget for this project is \$150,000. The Engineers Estimate for this work in the base bid and Alternate A is \$177,348.00. The areas covered in this project are shown on the location map attached. The low base bid is just slightly over the budget and given the favorable pricing we received on Alternate A, staff recommends award of the base bid and alternate A to the low bidder, **Hydro-Klean, LLC** for a total of \$166,481.41. Alternate A covers a section of sewer that runs in a backyard and under a garage. This section is very difficult to maintain and has a history of backups. This work is funded through the Sanitary Sewer Enterprise Fund and there are sufficient reserves in that fund to cover the \$16,481.41 amount over budget. This overrun will not impact the general fund or tax levy.

Advisory Committee/Commission Action

N/A.

Supporting Documents Attached

- Resolution No. 23-19
- Location Map (Exhibit A)

**CITY OF CLOQUET
COUNTY OF CARLTON
STATE OF MINNESOTA**

RESOLUTION NO. 23-19

A RESOLUTION AWARDING 2023 SEWER LINING BID

WHEREAS, The City has completed plans and specifications for the rehabilitation of those sewers within the 2023 Sewer Lining project; and

WHEREAS, A resolution of the Council adopted on March 7, 2023 Authorized Staff to solicit bids; and

WHEREAS, The City of Cloquet advertised and received the following bids for the project:

#	Bidder	Base	Alternate A	Alternate B	Total Bid
1	Hydro-Klean, LLC	\$ 151,716.33	\$ 14,765.08	\$ 28,455.54	\$ 194,936.95
2	Veit & Company, Inc.	\$ 183,235.00	\$ 20,848.00	\$ 38,458.50	\$ 242,541.50

AND WHEREAS, The apparent low bid from **Hydro-Klean, LLC** was found to meet the minimum bid requirements.

NOW, THEREFORE, BE IT RESOLVED, BY THE CITY COUNCIL OF THE CITY OF CLOQUET, MINNESOTA, That the bid from **Hydro-Klean, LLC** in the amount of \$166,481.41 for the **Base Bid** and **Alternate A** is hereby accepted.

PASSED AND ADOPTED BY THE CITY COUNCIL OF THE CITY OF CLOQUET THIS 18th DAY OF APRIL, 2023.

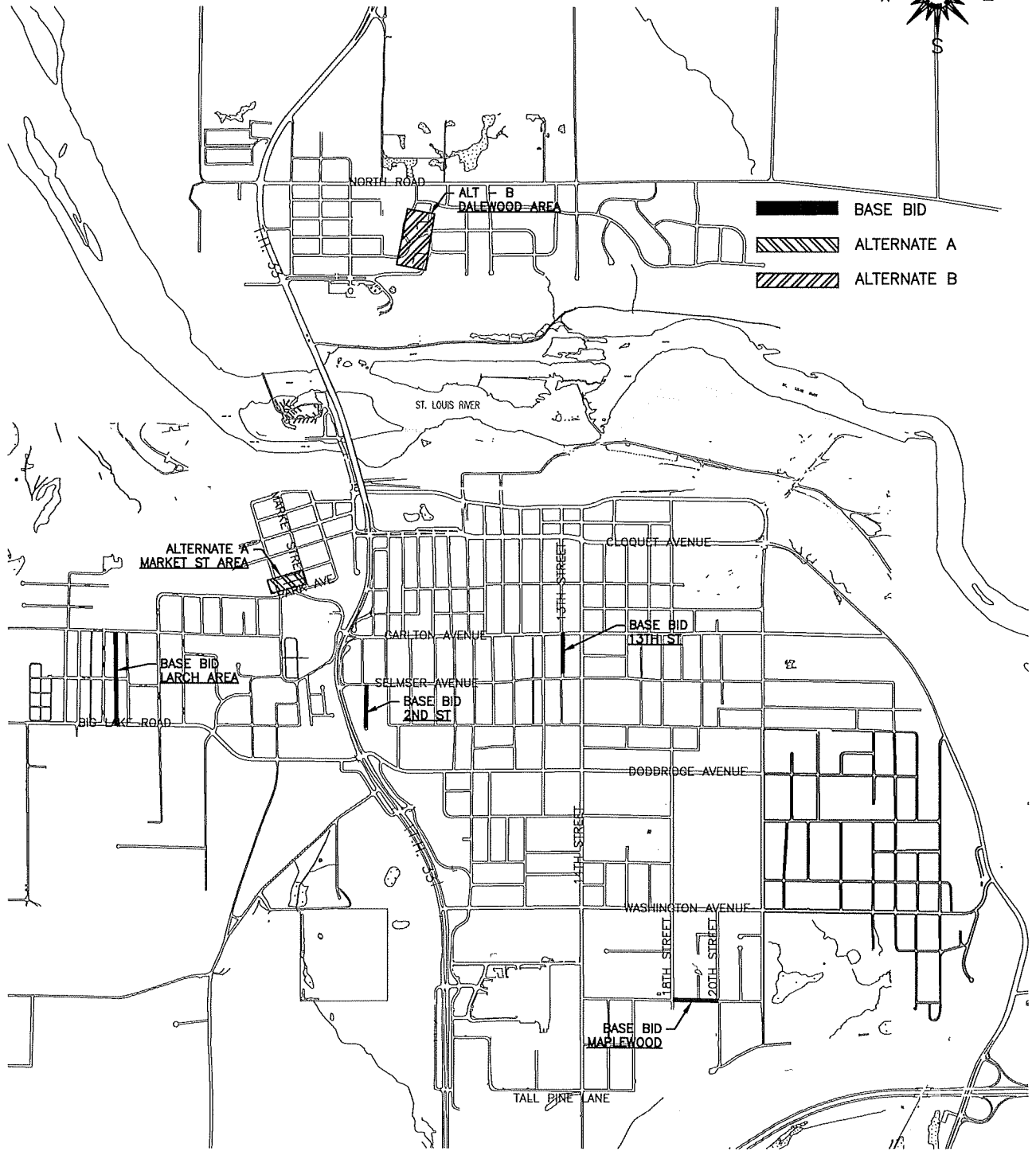
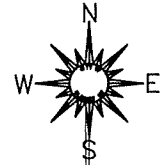
Roger Maki, Mayor

ATTEST:

Tim Peterson, City Administrator

EXHIBIT A

2023 SANITARY SEWER LINING





DEPARTMENT OF PUBLIC WORKS

101 14th Street; Cloquet, MN 55720
Phone: (218) 879-6758 Fax: (218) 879-6555
Street - Water - Sewer – Engineering - Park
www.cloquetmn.gov

REQUEST FOR COUNCIL ACTION

To: Mayor and City Council
From: John Anderson, Assistant City Engineer
Reviewed by: Tim Peterson, City Administrator *TP*
Date: April 18, 2023

ITEM DESCRIPTION: 14th Street Utility Connection Charges

Proposed Action

Staff recommends the City Council move to adopt **RESOLUTION NO. 23-20, ADOPTING CONNECTION CHARGES FOR THE UTILITY IMPROVEMENTS ALONG 14TH STREET.**

Background/Overview

On March 7, 2023, the City Council adopted the Assessment Roll for those properties with sanitary sewer and water services that were improved as part of the two-year reconstruction on 14th Street from Cloquet Avenue to Tall Pine Lane. A few properties had sewer and or water services that were installed to serve potential future connections. Section 10.8 of The City's Assessment Policy as adopted on August 2, 2022 allows for property owners to pay a connection fee at time of connection instead of being assessed for sewer and water services. This is typically applied in the case where a sewer and/or water service stub is extended to a vacant lot. This is usually done in order to avoid digging into the new street in the future to make this connection.

The amount charged for this connection fee is the same as what the assessment cost would have been if the property were included in the assessment roll. The connection fee must be paid in full at the time the connection is made, and the property owner does not have the option to finance this cost with the city as they do with a typical special assessment. Attached is a listing of connections made on this project not assessed and that are intended to be collected at time of connection as a connection fee. This list contains 3 properties with services that were extended but not connected.

Policy Objectives

To adopt Connection Fees for the completed improvements in accordance with current City Code and State Statute.

Financial/Budget/Grant Considerations

N/A

Advisory Committee/Commission Action

N/A

Supporting Documents Attached

- Resolution No. 23-20
- Connection Fee Listing

**CITY OF CLOQUET
COUNTY OF CARLTON
STATE OF MINNESOTA**

RESOLUTION NO. 23-20

**RESOLUTION ADOPTING CONNECTION FEES FOR THE
UTILITY IMPROVEMENTS ALONG 14TH STREET**

WHEREAS, On March 7, 2023 The City Council Adopted the Assessment Roll for Sewer and Water Utility Reconstruction along 14th Street; and

WHEREAS, The Adopted Assessment Roll does not include those properties that sewer and or water services where extended but not connected; and

WHEREAS, In accordance with the City Assessment Policy, section 10.8 The City may collect Connection Fees in place of Special Assessments.

NOW, THEREFORE, BE IT RESOLVED, BY THE CITY COUNCIL OF THE CITY OF CLOQUET, MINNESOTA:

1. Such Connection Fees, a copy of which is attached hereto and made a part hereof, is hereby accepted and shall constitute the connection fee to be collected at time of connection for the lands named therein, and each tract of land therein is hereby found to be benefitted by the improvement in the amount of the connection fee listed against it.
2. Said connection fee shall be payable in full at time of connection
3. Said Connection fee represents the cost of the main and lateral. It does not include other fees due at connection such as water meters, plumbing permits or CAF fee.

**PASSED AND ADOPTED BY THE CITY COUNCIL OF THE CITY OF CLOQUET THIS 18th
DAY OF APRIL, 2023.**

ATTEST:

Roger Maki, Mayor

Tim Peterson, City Administrator

Property Owner	Property Address	City State Zip	Parcel No.	Subdivision	Description	Frontage	Frontage Used	Water Service	Sanitary Service	Water Connection Fee	Sewer Connection Fee	Total Connection Fee	Categories
ZISSOS, JOHN	vacant	CLOQUET, MN 55720	06-390-1500	CITY OF CLOQUET A J WHITES ADDITION	LOT 6, BLOCK 6	100.45	72	1	1	\$ 3,186.72	\$ 2,361.60	\$ 5,548.32	Water - Sewer
ARFMAN, CHARLES E	vacant	CLOQUET, MN 55720	06-095-0380	CITY OF CLOQUET CO AUD SUBD NO 29	LOT 18 EX S 79.66 FT OF N 139.66 FT OF E 38 FT AND...	134.4	72	2	2	\$ 6,373.44	\$ 4,723.20	\$ 11,096.64	Water - Sewer
CLOQUET GOSPEL TABERNACLE	1212 WASHINGTON AVE	CLOQUET, MN 55720	06-510-5601	UNPLATTED	BEG AT THE NW COR OF SAID NW1/4 TH E ON THE N LIN OF SEC 25 A DIST OF 687.77 FT TH S PARALLEL TO THE W LIN OF SAID NW1/4 A DIST OF	497.0	72	1	0	\$ 3,186.72	\$ -	\$ 3,186.72	Water



Community Development Department
101 14th ST • Cloquet MN 55720
Phone: 218-879-2507 • Fax: 218-879-6555

REQUEST FOR COUNCIL ACTION

To: Mayor and Cloquet City Council
From: Holly Hansen, Community Development Director
Reviewed by: Tim Peterson, City Administrator *TCP*
Date: April 18, 2023

ITEM DESCRIPTION: Incentivizing Private PLAs in Cloquet EDA Policies

Background/Overview

On March 21, 2023, the City Council approved the amendment to City Code removing private projects from the PLA mandate and instead place financial incentives into EDA policies to incentivize the use of private project PLAs with city funding assistance (see attached newspaper article for further background).

Policy Objectives

Attached the City Council will find incentive language added into the following policies and applications:

- City/EDA loan funding policies and loan application
- City/EDA Tax Increment Financing (TIF) policy and TIF Application
- City/EDA Tax Abatement policy and Tax Abatement application

The incentive statement added into these policies reads as follows:

- Labor Incentive: if a private project considers utilization of a project labor agreement (PLA) with the regional Duluth Trades Council, and has applied for, and is eligible for, city funding, then city will review the gap financing requested for the project to consider a 15% increase to the city's contribution for this project per program policy terms and availability of funds. The City funding, plus the incentive amount, will be approved only after an executed copy of the private PLA contract with the Duluth Trades Council is provided for the City to review. (Please contact city staff if you would like a current copy of the PLA to review).

Financial/Budget/Grant Considerations

N/A

Advisory Committee Recommendation

On April 12, 2023, the Cloquet Economic Development Authority (EDA) recommended approval to the City Council of all applicable Cloquet EDA policies and applications and program marketing flyers listed below (and attached).

To Mayor and Council
PLA Incentives
April 18, 2023
Page 2

Supporting Documentation:

- Fund 201 LDO Loan Program Policy
- Marketing Flyer Fund 201
- Fund 202 Federal CDBG Loan Program Policy
- Marketing Flyer Fund 202
- Fund 203 Economic Development Loan Program Policy
- Marketing Flyer Fund 203
- Cloquet Loan Programs Application
- City of Cloquet Tax Increment Financing Policy
- Tax Increment / Tax Abatement Financing Final Application
- City of Cloquet & Cloquet EDA Tax Abatement Financing Policy
- Tax Increment / Tax Abatement Financing Final Application



LDO LOAN PROGRAM FUND (#201) POLICIES AND GUIDELINES

Created April 5, 2011

Amended April 18, 2023

Program Overview

The Local Development Organization (LDO) loan program fund was created in 2011 after DEED requested the City correct its enabling resolution for the Cloquet Economic Development Authority to appropriately function as the City's LDO (which the City had identified the EDA to be in 2004). In 2004, the City adopted a resolution requesting this designation from the State which was approved by the State. In 2010, the State notified the City that it had incorrectly designated the Cloquet EDA in its LDO capacity because the EDA was not a standalone agency.

On January 18, 2011 the City approved the corrected enabling resolution for the Cloquet EDA and with the EDA having all authority authorized under state statute, the State requested the City revisit the designation request and reconsider and correct its 2004 resolution. The City Council, at its February 1, 2011 meeting, adopted a resolution re-designating the EDA as an LDO which was sent to the State for approval designation. The Cloquet EDA and City then approved the agreement between the City and EDA acknowledging the LDO responsibilities on March 1, 2011. The State approved the Cloquet EDA LDO designation on March 14, 2011. On April 5, 2011 the Council approved loan fund transfers and created the LDO program fund to begin receiving loan repayments.

By having an LDO, the City is able to take former state and federal loan/grant monies and loan them to local businesses. When paid back to the City, all such funds no longer are required to meet any state or federal regulations that were associated with these monies. The EDA can then use the money in other areas that may have been identified as priorities of the EDA. The City has indicated its desire to have a proactive EDA with broad based support for economic development efforts with the community. The City's Comprehensive Plan also has established goals for enhancing the community through economic development. The re-loaning of funds through the LDO creates future flexibility with loan monies for the EDA. It creates an opportunity for the EDA to evaluate its economic development policies and better allocate funds for its priorities. The City of Cloquet Economic Development Authority (EDA) administers the Economic Development loan program.

Purpose of the Revolving Loan Fund

This flexible source of loan funds in collaboration with local lenders provides gap financing to achieve the following objectives:

- a) Creation of jobs by attracting new business and promoting the expansion of existing businesses.
- b) Expand the range of goods and services available in Cloquet.
- c) Increase the property tax base of the City and the School District.
- d) Generate a high ratio of private investment to public assistance.
- e) Participate in projects that achieve other community development objectives by attracting development to specific areas of the community and/or promoting other "spin off" private investment.

Eligible Expenditures

LDO loan funds can be used to provide assistance for loans, loan guarantees, interest buy-downs, and other forms of participation with private sources of financing. As public monies the fund is not

subject to any State or Federal requirements, though the applicant must meet all adopted City Business Subsidy requirements.

Business Eligibility

Any new or expanding manufacturing business, distributing, warehousing, packaging and processing facilities, office, industries (including corporate, professional and technical) and retail that create or retain permanent jobs and demonstrate a significant payroll and other long term economic benefits to the City of Cloquet. Other projects as determined by the EDA.

- Currently be operating or relocating within the corporate limits of the City of Cloquet
- Demonstrate the ability to create and/or retain jobs
- Meet the financial (cash flow), collateralization, and credit requirements for borrowing

Eligible Initiatives for Assistance (Use of Proceeds)

LDO loan funds may be used for any or all of the following initiatives subject to the applicant meeting financial (cash flow), collateralization, and credit requirements for borrowing:

- Purchase of equipment and machinery
- Purchase of furniture, fixtures and inventory
- Land and building acquisition
- New building construction or building renovation/rehabilitation
- Building expansion and/or construction of site improvements

Ineligible Use of Proceeds

LDO loan funds may not be used for any of the following:

- Loans may not be used to service or refinance any existing debt.
- Not-for-profit businesses are not eligible.
- Personal property items.
- Working capital.
- Projects started or completed prior to application and EDA approval

Public Benefit

A project using LDO loan funds must meet all adopted Business Subsidy Guidelines.

National Objective

A project using Economic Development loan funds is not required to meet any national objectives.

Slums/Blight

A project using Economic Development loan funds is not required to meet any local/state/federal slum or blight criteria or objectives.

Other Federal Requirements

A project using Economic Development loan funds is not required to meet any other federal requirements, laws, executive orders or regulations.

State Requirements

A project using Economic Development loan funds is not required to meet any other state requirements, laws, executive orders or regulations.

Finance Terms and Conditions

Final loan terms/rates are determined by agreement between the participating lender and City on a case-by-case basis.

- Interest rates shall generally be at Wall Street Journal prime rate -1 percent (based on the credit and project risk); fixed for the term of the loan.
- Loan terms are three to five years on leasehold improvements, office equipment and inventory; five to ten years on manufacturing machinery and equipment; and fifteen to twenty years on real estate (land, buildings, and site improvements) or for terms consistent with and/or required under Federal SBA guidelines or other State and Federal lending requirements.
- The loan fund shall not provide gap financing exceeding 50% of the project total cost and total combined public funding will not exceed 50% of the project total cost.
- Relocation outside the Cloquet area requires immediate and full loan repayment.
- Business pays \$350 application fee to initiate the loan review process and all loan administration and closing costs must be paid on the date of the loan closing.
- Loans must be secured by collateral sufficient enough to assure repayment.
- A personal guarantee from each major principal in the company is required.
- A life insurance policy matching the EDA's loan and naming the City as beneficiary may be required from each major principal in the company.
- Minimum equity participation shall be ten to twenty (10-20%) percent based upon established banking criteria. Existing equity in real property (including real estate and equipment is eligible for meeting equity requirement.)

Application Procedures

An applicant must follow the following procedures in order to qualify and seek funds through the Economic Development Loan Program Loan Fund:

1. Meet with EDA staff to discuss and review the potential project.
2. EDA Staff informs the interested party as the eligibility of the proposed project.
3. Applicant submits the EDA Revolving Loan Fund Application and all attachments identified as part of the application and/or supplemental materials requested by EDA staff and/or its representatives, including \$350 application fee.
4. EDA staff or its representative(s) conducts a loan review and meet with applicant and/or the applicant's primary lender to discuss the analysis.
5. EDA staff prepares a written loan review and report, including recommendation, for the EDA consideration.
 - a. **Labor Incentive:** if a private project considers utilization of a project labor agreement (PLA) with the regional Duluth Trades Council, and has applied for, and is eligible for, city funding, then city will review the gap financing requested for the project to consider a 15% increase to the city's contribution for this project per program policy terms and availability of funds. The City funding, plus the incentive amount, will be approved only after an executed copy of the private PLA contract with the Duluth Trades Council is provided for the City to review.
6. EDA considers application and identifies any/all terms as part of an approval/denial resolution.

7. If approved, staff forwards a copy of the approval resolution to the City Attorney to prepare all loan closing documents.
8. Attorney prepares and provides City and applicant with a loan closing summary detailing any closing costs.
9. EDA and applicant close on loan and execute all required documents, **funds are disbursed**.



Cloquet, Minnesota

LDO Loan Program

(Fund 201)

OVERVIEW

The Cloquet LDO Loan Program was created in 2012 to achieve local goals for development in the community. While all businesses are eligible, the program was created to respond to needs from the commercial/retail business sector. This flexible source of loan funds in collaboration with local lenders provides gap financing to businesses on relocation/expansion projects that encourage the creation of quality jobs and increase new property tax opportunities within the City of Cloquet.

ELIGIBLE BUSINESSES

Any new or expanding manufacturing business, distributing, warehousing, packaging and processing facilities, office, industries (including corporate, professional and technical), and retail that create or retain permanent jobs and demonstrate a significant payroll and other long term economic benefits to the City of Cloquet. Other projects as determined by the EDA.

USE OF PROCEEDS

Eligible activities for assistance include:

- Equipment and machinery.
- Furniture, fixtures and inventory.
- Land and building acquisitions.
- New building construction or building renovation.
- Building expansion or site improvements.

Ineligible use of proceeds:

- Loans may not be used to service or refinance any existing debt.
- Not-for-profit businesses are not eligible.
- Personal property items.
- Working capital.
- Previously completed or started projects.

CONTACT

Additional information and application may be obtained online at www.cloqueteda.com or from:

Holly Hansen, Community Development Director
101 14th ST
Cloquet MN 55720
Ph: (218) 879-2507 ext. 4
Email: hhansen@cloquetmn.gov

LOAN TERMS AND CONDITIONS

Loan Terms

- Final loan terms/rates are determined by agreement between the participating lender and City on a case-by-case basis.
- Interest rates shall generally be at Wall Street Journal prime rate -1 percent (based on credit and project risk); fixed for the term of loan.
- Terms shall generally be: 3-5 years on leasehold improvements, office equipment and inventory; 5-10 years on manufacturing machinery and equipment; and 15-20 years on real estate (land, buildings, and site improvements) or for terms consistent with and/or required under Federal SBA guidelines or other State and Federal lending requirements.

Loan Conditions/Amount

- The loan fund shall not provide gap financing exceeding 50% of the total project cost and total public funding (government) will not exceed 50%.
- Job creation and retention as well as compliance with business subsidy is required.
- Relocation of business outside of Cloquet Area requires immediate and full loan repayment.
- Minimum equity participation shall be 10%.
- **Qualifying private projects utilizing a private project labor agreement (PLA) with the Duluth Trades Council will be reviewed for an increase of 15% of requested City funding.**

Loan Security/Collateral

Loans must be secured by collateral sufficient enough to assure repayment. Acceptable security could include a mortgage or land, building and/or equipment; and in some projects assignment of accounts receivable. A personal guarantee from each major principal in the company is a requirement. A life insurance policy matching the City's loan and naming the City of Cloquet as beneficiary may be required from each major principal in the company.

Origination and Closing Costs

An application fee of \$350 is due on the date of application. There are no service fees. The business must pay all loan administrative and closing costs on the date of the loan closing.



FEDERAL CDBG LOAN FUND (#202) POLICIES AND GUIDELINES

Created 1986

Amended 3/28/11, 6/6/12, April 18, 2023

Program Overview

The Federal CDBG loan program fund was initially created in 1986 through the receipt of a \$300,000 Federal Community Development Block Grant which was originally borrowed to Diamond Brands Company. The fund was supplemented through a second CDBG grant to the company in 1991. As these loans were repaid to the State, the City was allowed to retain a portion of each loan to establish a revolving loan fund replenished only through the re-payment of outstanding principal and interest from business loans. The City of Cloquet Economic Development Authority (EDA) administers the Federal CDBG loan program.

Purpose of the Revolving Loan Fund

Revolving loan funds are to be used for business startups, expansions, and retentions where jobs are created or retained. This may be accomplished by the following means:

- 1) Creation or retention of permanent private-sector jobs in order to create above average economic growth;
- 2) Stimulation or leverage of private investment to ensure economic renewal and competitiveness;
- 3) Increase to the local tax base;
- 4) Improvement of employment and economic opportunity for citizens in the region to create a reasonable standard of living; and
- 5) Stimulation of productivity growth through improved manufacturing or new technologies.

Eligible Expenditures

CDBG funds can be used to provide assistance for infrastructure, loans, loan guarantees, interest buy-downs, and other forms of participation with private sources of financing.

Business Eligibility

Any new or expanding manufacturing business, distributing, warehousing, packaging and processing facilities, office, industries (including corporate, professional and technical) and retail are eligible but must be evaluated upon the existence of the following criteria:

The grant or loan must be based on the following criteria:

- 1) Creation of new jobs or retention of existing jobs;
- 2) Increase in the tax base;
- 3) The project can demonstrate that investment of public dollars induces private funds;
- 4) The project can demonstrate an excessive public infrastructure or improvement cost beyond the means of the affected community and private participants in the project;
- 5) The project provides higher wage levels to the community or will add value to current workforce skills;
- 6) Whether assistance is necessary to retain existing business; and
- 7) Whether assistance is necessary to attract out-of-state business.

The grant or loan cannot be made based solely on a finding that the conditions in clause 6) or 7) exist. A finding must be made that a condition in clause 1), 2), 3), 4), or 5) also exists.

Eligible Initiatives for Assistance (Use of Proceeds)

CDBG loan assistance may be used for any or all of the following initiatives subject to the applicant meeting financial (cash flow), collateralization, and credit requirements for borrowing:

- Purchase of equipment and machinery, furniture and fixtures
- Building expansion and/or construction of site improvements
- Working capital (targeting initiatives outlined in company business plan)
- Land and building acquisition
- New building construction or building renovation/rehabilitation
- Purchase Inventory
- Lease space in or purchase an existing building
- Public facilities and improvements and privately owned utilities

The EDA itself may also use these monies to assist the project through the construction of utilities or infrastructure. The fund may also be used for workplace development (including job training and placement) or microenterprise assistance.

Ineligible Use of Proceeds

CDBG loan assistance may not be used for any of the following:

- Acquisition of land for which a specific use has not been identified (i.e. land banking)
- New housing construction or repair of existing housing.
- To service or refinance any existing debt.
- Not-for-profit businesses
- Personal property items
- Projects started or completed prior to application and EDA approval
- Operation or expansion of casino
- Professional sports team sports facility
- General promotion of community
- Privately owned recreation facilities serving high income clientele
- Planning for economic development projects
- Job training that is not a part of a eligible activity

Public Benefit

A project using CDBG loan funds must meet all adopted Business Subsidy Guidelines and show a minimum level of public benefit. The amount of assistance must not exceed \$50,000 per full-time equivalent, permanent job (created or retained).

National Objective

A project using CDBG loan funds must meet at least one of two national objectives. These objectives are: benefit to low and moderate income, (LMI) or prevention or elimination of slums or blight.

Low and Moderate Income

Job Creation/Retention

The business to be assisted must commit to the creation and/or retention of jobs with 51% of the jobs to be made available to or held by LMI persons. When jobs will be retained, the business must document that the jobs would be lost without the RLF assistance and that one or both of the following applies to at least 51% of the jobs:

- a) The job is held by a LMI person; or
- b) The job can reasonably be expected to turn over within the following 2 years and steps will be taken to ensure that the job will be filled by, or made available to, a LMI person.

A position is "Available to" LMI persons if the following criteria applies to the position:

- a) The job does not require special skills that can only be acquired with substantial training, work experience or education beyond high school.
- b) The business agrees to hire unqualified persons and provide training; and
- c) The city and the assisted business take actions to ensure that LMI persons receive first consideration for filling such jobs.

A job that is "Taken by" an LMI person if his/her household income is within the Section 8 income guidelines. (See attached Job Information form)

Retained Jobs

In order to consider jobs retained as a result of this assistance, there must be "clear and objective" evidence that permanent jobs will be lost without such assistance. For these purposes "clear and objective" evidence means that jobs will be lost would include:

- a) Evidence that the business has issued a notice to affected employees or made a public announcement to that effect, or
- b) Analysis of relevant financial records which clearly and convincingly shows that the business is likely to have to cut back employment in the near future without the planned intervention.

To meet the LMI standard, 51% or more of the retained jobs must be either:

- a) Known to be held by LMI persons at the time this assistance is provided and/or
- b) Jobs not known to be held by LMI persons, but which can be reasonably expected to "turn over" to LMI persons within 2 years. (This would involve the grant recipient or business taking actions to ensure that such a job, upon turnover, will be either taken by or made available to a LMI person in a manner similar to that pertained to a newly created job.

Slums/Blight

An economic development project, such as commercial rehab, which aid in the prevention or elimination of slums or blight in a designated area may qualify under the Slum/Blight National Objective.

To qualify, the economic development activity must take place in an area that:

- 1) Has been designated by the City as meeting a definition of a slum, blighted, deteriorated or deteriorating area under state or local law; and
- 2) Has a substantial number of deteriorated or deteriorating buildings, or the public improvements are in a general state of deterioration.

The assisted activity must address the conditions that contributed to the deterioration of the delineated area.

The City must maintain documentation on the boundaries of the area and the condition which qualified the area when it was designated under state or local law.

Other Federal Requirements

A project using CDBG loan funds is required to meet a variety of other federal requirements, laws, executive orders or regulations as follows:

The RLF policies and procedures must comply with the following Federal laws, executive orders and regulations:

1. FAIR HOUSING AND EQUAL ACCESS

- a) Title VI of the Civil Rights act of 1964, as Amended (42 U.S.C. 2000d et seq.) (24 CFR Part 1)
No person may be excluded from participation in, denied the benefits of, or subjected to discrimination under any program or activity receiving Federal financial assistance on the basis of race, color or national origin.
- b) The Fair Housing Act (42 U.S.C. 3601-3620) (24 CFR Part 100-115)
Prohibits discrimination in the sale or rental of housing, the financing of housing or the provision of brokerage services against any person on the basis of race, color, religion, sex, national origin, handicap or familial status. Furthermore, section 104 (b) (2) of the Act requires that each grantee certify to the secretary of HUD that it is affirmatively furthering fair housing. The certification specifically requires grantees to conduct a fair housing analysis, develop a fair housing plan, take appropriate actions to overcome the effects of any impediments identified and maintain records on the analysis, plan and actions in this regard.
- c) Equal Opportunity in Housing (Executive Order 11063, as amended by Executive Order 12259) (24CFR part 107)
Prohibits discrimination against individuals on the basis of race, color, religion, sex or national origin in the sale, rental, leasing or other disposition of residential property, or in the use or occupancy of housing assisted with Federal funds.
- d) Age Discrimination Act of 1975, As Amended (42 U.S.C. 6101) (24 CFR Part 146)
Prohibits age discrimination in programs receiving Federal financial assistance.
- e) Section 109 of Title I of the Housing and Community Development Act of 1974
Requires that no person shall be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity funded with CDBG funds on the basis of race, color, religion, national origin or sex.

- f) Americans with Disabilities Act (ADA) (42 U.S.C. 12131; 47 U.S.C. 155,201,218 and 225)
 Provided comprehensive civil rights to individuals with disabilities in the areas of employment, public accommodations, state and local government services and telecommunications. The Act also states that discrimination includes the failure to design and construct facilities that are accessible to and usable by persons with disabilities and requires the removal of architectural and communication barriers that are structural in nature in existing facilities.
- g) Section 504 of the Rehabilitation Act of 1973
 Prohibits discrimination in Federally assisted programs on the basis of handicap. It imposes requirements to ensure that "qualified individuals with handicaps" have access to programs and activities that receive Federal funds.
- h) Architectural Barriers Act of 1968 (942 U.S.C. 4151-4157)
 Requires certain Federally funded buildings and other facilities to be designed, constructed or altered in accordance with standards that ensure accessibility to, and use by, physically handicapped people.

2) EQUAL OPPORTUNITY

- a) Equal Employment Opportunity, Executive Order 11246, as amended (41 CFR part 60)
 Prohibits discrimination against any employee or applicant for employment because of race, color, religion, sex or national origin. Provisions to effectuate this prohibition must be included in all construction contracts exceeding \$10,000.
- b) Section 3 of the Housing and Urban Development Act of 1968
 Requires that, to the greatest extent feasible, opportunities for training and employment arising from CDBG will be provided to low-income persons residing in the program service area. Also, to the greatest extent feasible, contracts for work (all types) to be performed in connection with CDBG will be awarded to business concerns that are located in or owned by persons residing in the program service area.
- c) Minority/Women's Business Enterprise (Executive Orders 11625, 12432, 12138) (24 CFR 85.36(e))
 City must prescribe procedures for a minority outreach program to ensure the inclusion, to the maximum extent possible, of minorities and women, and entities owned by minorities and women, in all contracts.

3. LABOR REQUIREMENTS

All contracts for construction and installation of equipment must comply with the following:

- a) Davis-Bacon and Related Acts (40 USC 276 (A)-7)
 Ensures that mechanics and laborers employed in construction work under Federally assisted contracts are paid wages and fringe benefits equal to those that prevail in the locality where the work is performed.
- b) Contract Work Hours and Safety Standards Act, as amended (40 USC 327-333)
 Provides that mechanics and laborers employed on Federally assisted construction jobs are paid time and one-half for work in excess of 40 hours per week, and

provides for the payment of liquidated damages where violations occur. It also addresses safe and healthy working conditions.

- c) Copeland (Anti-Kickback) Act (40 USC 276c)
Governs the deductions from paychecks that are allowable. Makes it a criminal offense to induce anyone employed on a Federally assisted project to relinquish any compensation to which he/she is entitled, and requires all contractors to submit weekly payrolls and statements of compliance.
- d) Fair Housing Standards Act of 1938, As Amended (29 USC 201, et.seq.)
Establishes the basic minimum wage for all work and requires the payment of overtime at the rate of at least time and one-half. It also requires the payment of wages for the entire time that an employee is required or permitted to work, and establishes child labor standards.

In accordance with 24 CFR Part 5, CDBG funds may not be used to directly or indirectly employ, award contracts to or otherwise engage the services of any contractor or subrecipient during any period of debarment, suspension or placement of ineligibility status. Grantees should check all contractors, subcontractors, lower tier contractors and subrecipients against the Federal publication that lists debarred, suspended and ineligible contractors. See internet site at <http://www.arnet.gov/epl/>.

4. PROCUREMENT

The procurement standards of 24 CFR 85.36 apply.

5. CONFLICT OF INTEREST

For the procurement of property and services, the conflict of interest provisions at 24 CFR 85.36 and 24 CFR 84.42 apply. This requires the City to maintain written standards governing the performance of their employees engaged in awarding and administering contracts. At a minimum, these standards must:

- a) Require that no employee, officer, agent of the city or its subrecipient shall participate in the selection, award or administration of a contract supported by CDBG if a conflict of interest, either real or apparent, would be involved;
- b) Require that grantee or subrecipient employees, officers and agents not accept gratuities, favors or anything of monetary value from contractors potential contractors or parties to subagreements; and
- c) Stipulate provisions for penalties, sanctions or other disciplinary actions for violations of standards.

A conflict would arise when any of the following has a financial or other interest in a firm selected for award:

- a) An employee, agent or officer of the grantee or subrecipient;
- b) Any member of an employee's, agent's or officer's immediate family;
- c) An employee's agent's or officer's partner; or
- d) An organization that employs or is about to employ an employee, agent or officer of the grantee or subrecipient.

In cases not covered by the above, the CDBG regulations at 24 CFR 570.611 governing conflict of interest apply. These provisions cover employees, agents, consultants, officers and elected or appointed officials of the city or subrecipient. The regulations state that no person covered who exercises or has exercised any functions or responsibilities with respect to CDBG activities or who is in a position to participate in decisions or gain inside information:

- a) May obtain a financial interest or benefit from a CDBG activity;
- b) Have an interest in any contract, subcontract or agreement for themselves or for persons with business or family ties.

This requirement applies to covered persons during their tenure and for one year after leaving the city or subrecipient entity.

Upon written request, exceptions to these provisions may be granted by HUD on a case-by-case basis only after the city has:

- a) Disclosed the full nature of the conflict and submitted proof that the disclosure has been made public, and
- b) Provided a legal opinion from the city stating that there would be no violation of state or local law if the exception were granted.

6. ENVIRONMENTAL REVIEW

The city is responsible for undertaking environmental reviews in accordance with the Environmental Handbook. The ER must be completed before funds are committed.

7. FLOOD INSURANCE

Section 202 of the Flood Disaster Protection Act of 1973 (42 USC 4106)

Requires that CDBG funds shall not be provided to an area that has been identified by the Federal Emergency Management Agency (FEMA) as having special flood hazards unless:

- a) The community is participating in the National Flood Insurance Program, or it has been less than a year since the community was designated as having special flood hazards; and
- b) Flood insurance is obtained.

8. DISPLACEMENT, RELOCATION, ACQUISITION AND REPLACEMENT OF HOUSING

Projects involving acquisition, rehabilitation or demolition may be subject to the provisions of the Uniform Relocation Act.

State Requirements

A project using CDBG loan funds is required to meet a variety of other state requirements, laws, executive orders or regulations as follows:

1. MINNESOTA INVESTMENT FUND (MS.116J.8731)

Wage Goals - Businesses receiving RLF assistance must pay each employee total compensation, including benefits not mandated by law, that on an annualized basis is equal to at least 110% of the federal poverty level for a family of four, which as of March 1, 2012 is \$12.19 per hour. The federal poverty level changes annually.

Retail Businesses - are not prohibited from receiving Federal ED assistance.

2. MUNICIPAL RIGHTS, POWERS, DUTIES (MS 471.87-471.88)

An officer of the city may not have a personal financial interest or personally benefit financially from the business to be assisted.

3. BUSINESS SUBSIDY LAW (MS 116J.993-116j.995)

Any state or local government agency or public entity that provides financial assistance to a business must comply with this statute.

4. FIRST SOURCE AGREEMENT (MS 116L.66)

A business that receives grants or loans in an amount greater than \$200,000 must agree to list any vacant or new positions with the MN Department of Employment and Economic Development.

5. SURETY DEPOSITS REQUIRED FOR CONSTRUCTION CONTRACTS (MS 290.9705)

When a contract exceeds \$100,000 and a non-Minnesota construction contractor has been hired to perform the work, the city must do one of the following:

- a) Deposit with the Department of Revenue, 8% of every payment made to the contractor; or
- b) Have in its possession a Waiver of Withholding from the Department of Revenue.

6. GOVERNMENT DATA PRACTICES (MS 13)

Information contained in the application for assistance will become a matter of public record with the exception of those items protected under the Minnesota Government Data Practices Act.

Finance Terms and Conditions

Final loan terms/rates are determined by agreement between the participating lender and City on a case-by-case basis.

- The loan fund shall not provide gap financing exceeding 50% of the project total cost.
- Relocation outside the Cloquet area requires immediate and full loan repayment.
- Business pays \$350 application fee to initiate the loan review process and all loan administration and closing costs must be paid on the date of the loan closing.
- Loans must be secured by collateral sufficient enough to assure repayment.
- A personal guarantee from each major principal in the company is required.
- A life insurance policy matching the EDA's loan and naming the City as beneficiary may be required from each major principal in the company.

Application Procedures

An applicant must follow the following procedures in order to qualify and seek funds through the CDBG Loan Program Fund:

1. Meet with EDA staff to discuss and review the potential project.
2. EDA Staff informs the interested party as the eligibility of the proposed project.
3. Applicant submits the EDA Revolving Loan Fund Application and all attachments identified as part of the application and/or supplemental materials requested by EDA staff and/or its representatives, including \$350 application fee.
4. EDA staff or its representative(s) conducts a loan review and meet with applicant and/or the applicant's primary lender to discuss the analysis.
5. EDA staff prepares a written loan review and report, including recommendation, for the EDA consideration.
 - a. **Labor Incentive:** if a private project considers utilization of a project labor agreement (PLA) with the regional Duluth Trades Council, and has applied for, and is eligible for, city funding, then city will review the gap financing requested for the project to consider a 15% increase to the city's contribution for this project per program policy terms and availability of funds. The City funding, plus the incentive amount, will be approved only after an executed copy of the private PLA contract with the Duluth Trades Council is provided for the City to review.
6. EDA considers application and identifies any/all terms as part of an approval/denial resolution.
7. If approved, staff forwards a copy of the approval resolution to the City Attorney to prepare all loan closing documents.
8. Attorney prepares and provides City and applicant with a loan closing summary detailing any closing costs.
9. EDA and applicant close on loan and execute all required documents, **funds are disbursed.**



Cloquet, Minnesota Federal CDBG Loan Program

(Fund 202)

OVERVIEW

The Cloquet Federal CDBG Loan Program was created through two CDBG Grants to the City to be borrowed out to a local manufacturing company. As the money was paid back to the City, a revolving loan fund was created with emphasis on job creation / retention and serving the LMI population within the City of Cloquet.

ELIGIBLE BUSINESSES

Any new or expanding manufacturing business, distributing, warehousing, packaging and processing facilities, office, industries (including corporate, professional and technical) and retail are eligible upon the finding that certain conditions set by the Federal Government are met.

USE OF PROCEEDS

Eligible activities for assistance include:

- Equipment and machinery.
- Furniture and fixtures.
- Land and building acquisitions.
- Working capital and inventory.
- New building construction or building reconstruction/rehabilitation.
- Building expansion or site improvements.
- Utilities or infrastructure.
- Workforce development.
- Microenterprise assistance.

Ineligible use of proceeds:

- Loans may not be used to service or refinance any existing debt.
- Not-for-profit businesses are not eligible.
- Personal property items.
- Previously completed or started projects.
- Other uses as listed by the Federal Government.

CONTACT

Additional information and application may be obtained online at www.cloqueteda.com or from:

Holly Hansen, Community Development Director
101 14th ST
Cloquet MN 55720
Ph: (218) 879-2507 ext. 4
Email: hhansen@cloquetmn.gov

LOAN TERMS AND CONDITIONS

Loan Terms

- Final loan terms/rates are determined by agreement between the participating lender and City on a case-by-case basis.

Loan Conditions/Amount

- The loan fund shall not provide gap financing exceeding 50% of the total project cost.
- Create one job per \$50,000 of investment maximum.
- Relocation of business outside of Cloquet Area requires immediate and full loan repayment.
- Must meet financial (cash flow), collateralization, and credit requirements for borrowing and all federal program requirements.
- Prevailing wage/Davis Bacon contractor rates apply to the use of these funds; or if benefiting low and moderate income jobs 51% of those jobs, must be made available to 50-80% of area household median income.
- **Qualifying private projects utilizing a private project labor agreement (PLA) with the Duluth Trades Council will be reviewed for an increase of 15% of requested City funding.**

Loan Security/Collateral

Loans must be secured by collateral sufficient enough to assure repayment. Acceptable security could include a mortgage or land, building and/or equipment; and in some projects assignment of accounts receivable. A personal guarantee from each major principal in the company is a requirement. A life insurance policy matching the City's loan and naming the City of Cloquet as beneficiary may be required from each major principal in the company.

Origination and Closing Costs

An application fee of \$350 is due on the date of application. There are no service fees. The business must pay all loan administrative and closing costs on the date of the loan closing.



ECONOMIC DEVELOPMENT LOAN PROGRAM FUND (#203) POLICIES AND GUIDELINES

Created February 15, 2000
Amended 6/6/12; **April 18, 2023**

Program Overview

The Economic Development loan program fund was created in 2000 by the City at the request of the Cloquet Chamber of Commerce. The City and Chamber were looking to create a loan program that was more user friendly for the community's retail businesses and that did not have all of the federal and state restrictions that are part of CDBG or MIF funds.

The initial seed money for this program consisted of \$150,000 from the City and is replenished only through the re-payment of outstanding principal and interest from business loans. No federal, state, or local tax monies are currently used as part of this program. The City of Cloquet Economic Development Authority (EDA) administers the Economic Development loan program.

Purpose of the Revolving Loan Fund

This flexible source of loan funds in collaboration with local lenders provides gap financing to achieve the following objectives:

- a) Creation of jobs by attracting new business and promoting the expansion of existing businesses.
- b) Expand the range of goods and services available in Cloquet.
- c) Increase the property tax base of the City and the School District.
- d) Generate a high ratio of private investment to public assistance.
- e) Participate in projects that achieve other community development objectives by attracting development to specific areas of the community and/or promoting other "spin off" private investment.

Eligible Expenditures

Economic Development funds can be used to provide assistance for loans, loan guarantees, interest buy-downs, and other forms of participation with private sources of financing. As public monies the fund is not subject to any State or Federal requirements, though the applicant must meet all adopted City Business Subsidy requirements.

Business Eligibility

Any new or expanding manufacturing business, distributing, warehousing, packaging and processing facilities, office, industries (including corporate, professional and technical) and retail that create or retain permanent jobs and demonstrate a significant payroll and other long term economic benefits to the City of Cloquet. Funds may also be used for certain non-profits that provide identified arts and cultural benefits or tourist attractions to the community.

- Currently be operating or relocating within the corporate limits of the City of Cloquet
- Demonstrate the ability to create and/or retain jobs
- Meet the financial (cash flow), collateralization, and credit requirements for borrowing

Eligible Initiatives for Assistance (Use of Proceeds)

Economic Development loan funds may be used for any or all of the following initiatives subject to the applicant meeting financial (cash flow), collateralization, and credit requirements for borrowing:

- Purchase of equipment and machinery, furniture and fixtures
- Building expansion and/or construction of site improvements
- Land and building acquisition
- New building construction or building renovation/rehabilitation
- Purchase Inventory

Ineligible Use of Proceeds

Economic Development loan funds may not be used for any of the following:

- Acquisition of land for which a specific use has not been identified (i.e. land banking)
- New housing construction or repair of existing housing.
- To service or refinance any existing debt.
- Personal property items
- Projects started or completed prior to application and EDA approval

Public Benefit

A project using Economic Development loan funds must meet all adopted Business Subsidy Guidelines.

National Objective

A project using Economic Development loan funds is not required to meet any national objectives.

Slums/Blight

A project using Economic Development loan funds is not required to meet any local/state/federal slum or blight criteria or objectives.

Other Federal Requirements

A project using Economic Development loan funds is not required to meet any other federal requirements, laws, executive orders or regulations.

State Requirements

A project using Economic Development loan funds is not required to meet any other state requirements, laws, executive orders or regulations.

Finance Terms and Conditions

Final loan terms/rates are determined by agreement between the participating lender and City on a case-by-case basis.

- Interest rates shall generally be at Wall Street Journal prime rate -1, with a minimum of 2.5%; fixed rate for the term of loan.
- Loan terms are three to five years on leasehold improvements, office equipment and inventory; five to ten years on manufacturing machinery and equipment; and fifteen to twenty years on real estate (land, buildings, and site improvements) or for terms consistent with

and/or required under Federal SBA guidelines or other State and Federal lending requirements.

- The loan fund shall not provide gap financing exceeding 25% of the project total cost and total combined public funding will not exceed 50% of the project total cost.
- Relocation outside the Cloquet area requires immediate and full loan repayment.
- Business pays \$350 application fee to initiate the loan review process and all loan administration and closing costs must be paid on the date of the loan closing.
- Loans must be secured by collateral sufficient enough to assure repayment.
- A personal guarantee from each major principal in the company is required.
- A life insurance policy matching the EDA's loan and naming the City as beneficiary may be required from each major principal in the company.
- Minimum equity participation shall be ten to twenty (10-20%) percent based upon established banking criteria. Existing equity in real property (including real estate and equipment is eligible for meeting equity requirement.)

Application Procedures

An applicant must follow the following procedures in order to qualify and seek funds through the Economic Development Loan Program Loan Fund:

1. Meet with EDA staff to discuss and review the potential project.
2. EDA Staff informs the interested party as the eligibility of the proposed project.
3. Applicant submits the EDA Revolving Loan Fund Application and all attachments identified as part of the application and/or supplemental materials requested by EDA staff and/or its representatives, including \$350 application fee.
4. EDA staff or its representative(s) conducts a loan review and meet with applicant and/or the applicant's primary lender to discuss the analysis.
5. EDA staff prepares a written loan review and report, including recommendation, for the EDA consideration.
 - a. **Labor Incentive:** if a private project considers utilization of a project labor agreement (PLA) with the regional Duluth Trades Council, and has applied for, and is eligible for, city funding, then city will review the gap financing requested for the project to consider a 15% increase to the city's contribution for this project per program policy terms and availability of funds. The City funding, plus the incentive amount, will be approved only after an executed copy of the private PLA contract with the Duluth Trades Council is provided for the City to review.
6. EDA considers application and identifies any/all terms as part of an approval/denial resolution.
7. If approved, staff forwards a copy of the approval resolution to the City Attorney to prepare all loan closing documents.
8. Attorney prepares and provides City and applicant with a loan closing summary detailing any closing costs.
9. EDA and applicant close on loan and execute all required documents, **funds are disbursed.**



Cloquet, Minnesota Economic Development Loan Program

(Fund 203)

OVERVIEW

The Cloquet Economic Development Loan Program was created in 2000 to achieve local goals for development in the community. While all businesses are eligible, the program was created to respond to needs from the commercial/retail business sector. This flexible source of loan funds in collaboration with local lenders provides gap financing to businesses on relocation/expansion projects that encourage the creation of quality jobs and increase new property tax opportunities within the City of Cloquet.

ELIGIBLE BUSINESSES

Any new or expanding manufacturing business, distributing, warehousing, packaging and processing facilities, office, industries (including corporate, professional and technical), and retail that create or retain permanent jobs and demonstrate a significant payroll and other long term economic benefits to the City of Cloquet.

USE OF PROCEEDS

Eligible activities for assistance include:

- Equipment and machinery.
- Furniture, fixtures and inventory.
- Land and building acquisitions.
- New building construction or building renovation.
- Building expansion or site improvements.

Ineligible use of proceeds:

- Loans may not be used to service or refinance any existing debt.
- Not-for-profit businesses are not eligible.
- Personal property items.
- Working capital.
- Previously completed or started projects.

CONTACT

Additional information and application may be obtained online at www.cloqueteda.com or from:

Holly Hansen, Community Development Director
101 14th ST
Cloquet MN 55720
Ph: (218) 879-2507 ext. 4
Email: hhansen@cloquetmn.gov

LOAN TERMS AND CONDITIONS

Loan Terms

- Final loan terms/rates are determined by agreement between the participating lender and City on a case-by-case basis.
- Interest rates shall generally be at Wall Street Journal prime rate -1 with a minimum of 2.5% (based on credit and project risk); fixed for the term of loan.
- Terms shall generally be: 3-5 years on leasehold improvements, office equipment and inventory; 5-10 years on manufacturing machinery and equipment; and 15-20 years on real estate (land, buildings, and site improvements) or for terms consistent with and/or required under Federal SBA guidelines or other State and Federal lending requirements.

Loan Conditions/Amount

- The loan fund shall not provide gap financing exceeding 25% of the total project cost and total public funding (government) will not exceed 50%.
- Job creation and retention as well as compliance with business subsidy is required.
- Relocation of business outside of Cloquet Area requires immediate and full loan repayment.
- Minimum equity participation shall be 10%.
- **Qualifying private projects utilizing a private project labor agreement (PLA) with the Duluth Trades Council will be reviewed for an increase of 15% of requested City funding.**

Loan Security/Collateral

Loans must be secured by collateral sufficient enough to assure repayment. Acceptable security could include a mortgage or land, building and/or equipment; and in some projects assignment of accounts receivable. A personal guarantee from each major principal in the company is a requirement. A life insurance policy matching the City's loan and naming the City of Cloquet as beneficiary may be required from each major principal in the company.

Origination and Closing Costs

An application fee of \$350 is due on the date of application. There are no service fees. The business must pay all loan administrative and closing costs on the date of the loan closing.

CLOQUET LOAN PROGRAMS

Application Processing

The Cloquet Economic Development Authority offers several different revolving loan programs. After meeting with EDA staff to determine eligibility and the appropriate loan program, the full loan application should be completed. Applications will be considered on a first come, first served basis. Applications should be submitted to:

City of Cloquet
Community Development Director
101 14th ST
Cloquet, MN 55720

Upon receipt of the completed full loan application, application fee of \$350.00 and all required exhibits, EDA staff will initiate and conduct a thorough review. Upon completion of the due diligence process, staff will present its findings to the EDA at its next available meeting with a resulting decision to approve, deny, or approve with changes. All loans will be subjected to underwriting criteria.

Loan Closing

Loan closing shall be completed in compliance with the conditions identified as part of the various loan programs. Loans will be expected to close no more than 60 days after final loan approval.

Work Completion

The EDA's financing approval will become null and void, if the project has not begun within ninety (90) days of application approval. The applicant may apply for one additional thirty (30) day extension, if necessary. **All work must generally be completed within nine months to one year from the loan closing, but exceptions may apply for more complicated or larger projects.**

Disbursement Process

Loan proceeds from the EDA will be provided at loan closing.

Monitoring

The loan recipient shall agree to provide to the EDA information as needed to monitor project implementation for compliance with program objectives and loan guidelines. The project will be reviewed on an annual basis during the duration of the loan.

Labor Incentive

Labor Incentive: if a private project considers utilization of a project labor agreement (PLA) with the regional Duluth Trades Council, and has applied for, and is eligible for, city funding, then city will review the gap financing requested for the project to consider a 15% increase to the city's contribution for this project per program policy terms and availability of funds. The City funding, plus the incentive amount, will be approved only after an executed copy of the private PLA contract with the Duluth Trades Council is provided for the City to review. (Please contact city staff if you'd like a current copy of the PLA to review).

CLOQUET REVOLVING LOAN FUND(S) APPLICATION

Company Information			
Borrower's Name	Authorized Signature	Email Address	
Company Name	Date Established	SIC Code	Website URL
Company Street Address	City	State	Zip
Type of Business	<input type="checkbox"/> Proprietorship <input type="checkbox"/> Partnership <input type="checkbox"/> C Corporation <input type="checkbox"/> S Corporation <input type="checkbox"/> LLC		
Company Ownership			
Owner Name	Title	Ownership	
		%	
		%	
		%	
Project Contact Information			
Participating Bank Name	Account Officer	Phone	
Accountant	Firm Name	Phone	
Legal Counsel	Firm Name	Phone	
Project Information			
Anticipated Project Start Date:		Anticipated Project Completion Date:	

Current Employees: FTE: _____ PTE: _____	Retain Employees? <input type="checkbox"/> Yes <input type="checkbox"/> No New Employees? FTE: _____ Wage Scale for new FTE: _____	How many retained? _____ PTE: _____ For new PTE: _____
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Projected Annual Increase in Property Tax Revenue: \$ _____	New Business or Business Start-up <input type="checkbox"/> Yes <input type="checkbox"/> No	Business Expansion <input type="checkbox"/> Yes <input type="checkbox"/> No
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Describe proposed project, the types of positions added or retained, and benefits offered employees:

Uses of Funds		Sources of Funds	
Acquisition (Land/Building)	\$ _____	Equity Investment (if required)	\$ _____
Building (Construction/Renovation)	\$ _____	Bank Loan	
Machinery & Equipment	\$ _____	Cloquet EDA	\$ _____
Infrastructure	\$ _____	Other:	\$ _____
Soft Costs (fees, miscellaneous)	\$ _____	Other:	\$ _____
Working Capital	\$ _____	Other:	\$ _____
Site Improvements	\$ _____	Other:	\$ _____
Purchase of Franchise	\$ _____		
Interest During Construction	\$ _____		
Other Costs (Describe)	\$ _____		
TOTAL PROJECT COSTS	\$ _____	TOTAL PROJECT SOURCES	\$ _____

Amount of Economic Development Loan Requested: \$ _____	Indicate the intended use of the Economic Development Loan Funds: \$ _____
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To be signed by applicant(s):

"I declare that the information provided in this application is true and complete to the best of my knowledge. I understand that the City of Cloquet has the right to verify this information and will be in contact with those individuals and institutions involved in the

proposed project as well as credit references. False information, in addition to disqualifying me from any further consideration for financial assistance, may also subject me to litigation to recover the City's expenses related to reviewing this application and/or the costs to collect any loan balances. I understand that the City of Cloquet may release information for public purposes regarding the project, excluding any confidential financial information."

By: _____

Its _____ Date: _____

By: _____

Its _____ Date: _____

REMITTANCE

Submit completed application to: Holly Hansen, Community Development Director
City of Cloquet
101 14th ST
Cloquet MN 55720
hhansen@cloquetmn.gov

FOR INTERNAL USE ONLY

LDO (201) Federal CDBG (202) Economic Development (203) Revolving SCDP (206)

DATA PRACTICES ADVISORY
(Tennessee Warning)

As an applicant for financial assistance from the City of Cloquet Cloquet Economic Development Authority (EDA) Revolving Loan Fund Program ("RLF") you are being asked to provide information which will be used in consideration of your application. The purpose and intended use of this request is to obtain information to permit the City to evaluate your eligibility and need for the financial assistance available through the RLF. You are being requested to sign the loan application and submit information and documents to be considered for a loan. You are not legally required to provide any information requested by the City. However, if the requested information is not furnished, your application will not be processed, and a loan will not be considered.

The data you are being asked to provide is defined under the Minnesota Government Data Practices Act, Minnesota Statutes Chapter 13. Under the Data Practices Act, some of this data is classified as public data; the remaining information is classified as private or confidential. Private and confidential data is available only to you and City employees/contracted review consultants and officials with a bona fide need to know such information to process and make a decision on the approval of your application. Public data is available to anyone requesting it and consists of all data furnished in the application process that is not designated private or confidential. If a loan is approved, most of the information supplied by you may become public and may be conveyed to third parties.

I have read and understand the above information regarding my rights as a subject of government data.

Dated this _____ day of _____, 20_____.

Print name

Signature and Title (if signing on behalf of entity)

CLOQUET LOAN PROGRAMS

Required Exhibits

These exhibits are components of a business plan, which applicants are encouraged to complete. Please clearly label exhibits. The legibility, completeness and organization of the information requested directly impact staff review time. Please contact Cloquet EDA staff if you have questions regarding the information being requested.

EXHIBIT 1: History and Description of Business

Briefly describe the past operation of the business and/or events leading up to its creation. Include information on the product lines or services, management, key employees, the operation's growth and affiliates.

EXHIBIT 2: The Project and Related Marketing Plan

Describe the proposed project for which financing is being requested. Detail the marketing strategy and describe how it will support the planned business expansion or startup. Include information on the following:

- + Current customers and target markets (provide copies of contracts, purchase orders, etc., which relate to the loan request);
- + Manufacturing process and materials;
- + Major suppliers;
- + Competition and comparison of products;
- + Pricing, distribution, and promotion.

EXHIBIT 3: Detailed Source and Use of Proceeds

Detail how the total project amount will be used including all sources of funds. Attach written cost estimates.

EXHIBIT 4: List of Collateral

Provide a detailed list of all collateral offered, new and existing, its value, and security position by funding source. Values of existing equipment should be supported by an independent appraisal. Proof of insurance and a UCC filing of equipment will be secured prior to closing.

EXHIBIT 5: Commitment Letters

Include firm commitments from banks and other participating lenders stating the terms and conditions for their financing.

EXHIBIT 6: Impact on Community/Jobs/Revenue

Describe how the proposed project will benefit the community or area in which the business is located. Be specific in terms of the type and number of jobs created or preserved, the wage rates and benefits, and the proposed hiring schedule. The annual projected increase to property tax revenue created in the City of Cloquet and/or how this project will enhance community development. All relevant statements will be required as part of the loan closing documents; to include, but not limited to, job creation statement and/or property tax estimate.

EXHIBIT 7: Financial Statements

Provide balance sheets, income statements and cash flow statements for the past three years and an interim statement

less than 90 days old. Include footnotes and relevant accounting policies.

EXHIBIT 8: Schedule of Business Debts

List original amount and date, present balance, interest rate, monthly payments, maturity, collateral, personal guarantees and indicate whether the loan is current or delinquent.

EXHIBIT 9: Projections

Provide two years pro forma balance sheets, income statements and cash flow stated on a monthly and annual basis. Define the assumptions used to derive the projections.

EXHIBIT 10: Resumes and Personal Financial Statements

Provide resumes of all principals as well as current, dated and signed personal financial statements on all principals with a significant interest in the business.

EXHIBIT 11: Affiliates

Provide a description of any affiliates or subsidiaries of business or principals requesting assistance, as well as balance sheets and income statements for the past two years.

EXHIBIT 12: Appraisals/Proposed Lease/Purchase Options or Agreements/Site Control

An independent appraisal will be required for any real estate or equipment which is a subject of the proposed financing, or which is offered as a major source of collateral to secure the loan. Also include copies of existing or proposed lease(s), purchase options or agreements, evidence of site control, or other financial arrangements.

EXHIBIT 13: Partnership Certificate of Authorization or Corporate Certificate of Authority

Include minutes of the corporate meeting adopting this certification, where applicable. Evidence of the corporate action approving the borrowing will be required at closing.

EXHIBIT 14: Other Required Attachments

- + Copy of last year's business income tax statement
- + Copy of last year's personal income tax statement of principals
- + Evidence of payment of last quarter's payroll tax
- + Evidence of Workers' Compensation insurance coverage



CITY OF CLOQUET

TAX INCREMENT FINANCING POLICY

Adopted 08/04/05

Amended 03/15/11; 02/7/12; 04/18/23

1. **PURPOSE**

The purpose of this policy is to establish the City's position as relates to the use of Tax Increment Financing for private development. This policy shall be used as a guide in processing and reviewing applications requesting Tax Increment assistance.

The City shall have the option of amending or waiving sections of this policy when determined necessary or appropriate.

2. **STATUTORY LIMITATIONS**

In accordance with the Tax Increment Policy, TIF requests must comply with applicable state statutes. The City of Cloquet is governed by the limitations established in Minnesota Statutes 469.174, the Minnesota Tax Increment Financing Act, for all districts created after August 1, 1979.

3. **ELIGIBLE USES FOR THE USE OF TAX INCREMENT FINANCING**

While Tax Increment Financing (TIF) is an important and useful tool in retaining and attracting business, it is essential that it is used appropriately to accomplish the City's economic goals and objectives. The fundamental principle which makes TIF viable is that it is designed to encourage development which would not otherwise occur.

The City Council and EDA have expressed their support for the use of TIF, however, the EDA and City have reserved the right to approve or reject new industrial or commercial projects, mixed and multi-family housing, or rehabilitation and/or expansion of business already existing in the City, on an individual case-by-case basis. As a matter of adopted policy, the City of Cloquet will consider using Tax Increment Financing (TIF) to assist private developments only in those circumstances in which the proposed private projects meet one or more of the following uses:

A. To meet the following housing related uses:

1. To provide a diversity of housing throughout the community.
2. To provide a variety of housing ownership alternatives and housing choices.

3. To promote affordable housing for low or moderate income individuals.
 4. To promote neighborhood stabilization and revitalization by the removal of blight and the upgrading in existing housing stock in residential areas.
 5. To provide housing development which are not being met at adequate levels by the private market which contribute to the life cycle housing availability in the community.
 6. Housing which leverages other state and federal resources will be given a priority for funding through TIF.
 7. Housing which will burden other city services such as infrastructure extension beyond existing plans will be given less of a priority for TIF.
 8. TIF for owner occupied housing will be limited to the housing which is affordable and the TIF will be treated as a second mortgage for the buyer to eliminate the opportunity for a short-term gain through speculation of TIF assisted units.
 9. TIF shall be awarded to housing developments only in an amount necessary to enable the developer to receive a reasonable development fee and/or a reasonable return on equity. The City staff and/or its consultants shall determine industry standards.
 10. Any TIF assistance to housing shall be subject to a “look back” provision in which the developer certifies a budget for revenue and expenses prior to commencing the project and will set an estimated net profit. After construction is complete, the developer shall submit a final accounting of net profit and if the profit is higher than anticipated, the TIF assistance shall be reduced on a proportional basis.
- B. To remove blight and encourage redevelopment in the commercial and industrial areas of the City in order to encourage high levels of property maintenance and private reinvestment in those areas.
- C. To increase the tax base of the City in order to ensure the long-term ability of the City to provide adequate services for its residents while lessening the reliance on residential property tax.
- D. To retain local jobs, increase the local job base, and provide diversity in that job base.

- E. To increase the local business and industrial market potential of the City of Cloquet.
- F. To encourage additional unsubsidized private development in the area, either directly or through secondary “spin-off” development.
- G. To accelerate the development process and achieve development on sites which would not be developed without this assistance.
- H. To meet other uses of public policy, as adopted by the Council from time to time, including the promotion of quality design, quality architectural design, energy conservation, decreasing the capital and operating costs of local government, etc.

4. **TAX INCREMENT PROJECT APPROVAL CRITERIA**

All projects approved by the City of Cloquet should meet the following mandatory minimum approval criteria. However, it should not be presumed that a project meeting these criteria will automatically be approved. Meeting these criteria creates no contractual rights on the part of any potential developer.

- A. The TIF assistance shall be provided within applicable state legislative restrictions, debt limit guidelines, and other appropriate financial requirements and policies.
- B. The project should meet one or more of the above adopted Tax Increment Financing goals of the City.
- C. The project must be in accord with the Comprehensive Plan and Zoning Ordinances, or required changes to the Plan and Ordinances must be under active consideration by the City at the time of approval.
- D. TIF assistance will not be provided to projects that have the financial feasibility to proceed without the benefit of Tax Increment Financing. In effect, TIF assistance will not be provided solely to broaden a developer’s profit margins on a project. Prior to consideration of a TIF assistance request, the City may undertake an independent underwriting of the project to help ensure that the request for assistance is valid.
- E. Any developer requesting TIF assistance should be able to demonstrate past successful general development capability as well as specific capability in the type and size of development proposed.

- F. The level of TIF funding should be reduced to the lowest possible level by maximizing the use of private debt and equity financing first, and then using other funding sources or income producing vehicles that can be structured into the project financing, prior to using additional TIF funding.
- G. Prior to approval of a TIF plan, the developer shall provide any required market and financial feasibility studies, appraisals, soil borings, information provided to private lenders for the project, and other information or data that the City or its financial consultants may require in order to proceed with an independent underwriting.

5. **TAX INCREMENT PROJECT EVALUATION CRITERIA**

All projects will be evaluated on the following criteria for comparison with other proposed TIF projects reviewed by the City, and for comparison with other subsidy standards (where appropriate). It is realized that changes in local markets and costs of construction and interest rates may cause changes in the amount of Tax Increment subsidies that a given project may require at any given time.

Some criteria, by their very nature, must remain subjective. However, wherever possible, benchmark criteria have been established for review purposes. The fact that a given proposal meets one or more benchmark criteria does not mean that it is entitled to funding under this policy, but rather that the City is in position to proceed with evaluations of (and comparisons between) various TIF proposals, using uniform standards whenever possible.

Following are the evaluation criteria that will be used by the City of Cloquet:

- A. All TIF proposals should optimize the private development potential of a site.
- B. All TIF proposals should obtain the highest possible private-to-public financial investment ratio. The Council establishes a benchmark ratio of three parts private to one part public funding for industrial projects. The Council establishes a benchmark ratio of two parts private to one part public funding for housing projects. Commercial projects shall be reviewed on an individual basis.
- C. All TIF proposals should create the highest feasible number of new jobs on the site. The Council establishes a benchmark of one newly created (or retained) FTE job per \$10,000 of TIF assistance provided to industrial projects. Housing and retail/commercial projects shall be reviewed on an individual basis.
- D. All TIF proposals should create the highest ratio of property taxes paid before and after redevelopment. Given the different assessment circumstances in the City, this ratio shall vary widely. However, under normal circumstances, the Council will expect at least a 1:2 ratio of taxes paid before and after redevelopment.

- E. TIF proposals should normally not be used for speculative industrial, commercial, and office projects. In general, speculative projects are defined as those projects which have letters of intent or preleasing for less than 50 percent of the space available for lease.
- F. All TIF proposals involving the displacement of low and moderate income residents should give specific attention to the re-housing of those residents. Normally, this should be done as part of the TIF funding proposal. Adequate solutions to these re-housing needs will be required as a matter of public policy.
- G. TIF will normally not be used in a project that involves an excessive land and/or property price. This will normally be where the acquisition price is more than 10 percent in excess of market value.
- H. All TIF projects will need to meet the “but for” test. TIF will not be used unless the need for the City’s economic participation is sufficient that without that assistance the project could not proceed in the manner as proposed.
- I. TIF will not be used in projects that would give a significant competitive financial advantage over similar projects in the area due to the use of tax increment subsidies.
- J. TIF will not be used when the developer’s credentials, in the judgement of the City, are inadequate due to past track record relating to: completion of projects, general reputation and/or bankruptcy, or other problems or issues considered relevant by the City.
- K. TIF will not be used to support projects that place demands on City services, or other capital or operating expenditures that exceed the average City expenditures for similar facilities. Consideration will be given to the total public costs that are required to support similar facilities. Consideration will be given to the total public costs that are required to support the project, including off-site facilities costs that are required.
- L. TIF will not normally be used for projects that would generate significant environmental problems in the opinion of the local, state, or federal governments.
- M. TIF will not be used when the schedule for development has exceeded the schedule established in the redevelopment agreement, and where the City has not agreed to extensions of that schedule.

- N. TIF funding should not be provided to those projects that fail to meet good public policy criteria as determined by the City Council, including; poor project quality; projects that are not in accord with the Comprehensive Plan, zoning, redevelopment plans, and City policies; projects that provide no significant improvement to surrounding land uses, the neighborhood, and/or the City; projects that do not provide a significant increase in tax base; projects that do not have a significant new, or retained, employment; projects that do not meet financial feasibility criteria established by the City; and projects that do not provide the highest and best desired use for the property.
- O. Economic Development TIF/Bond Issue: Bonds may be issued to pay for public improvements such as streets, sewers, storm water control, water, public lots or parking, purchase of land for lease back, streetscaping, lights, and other publicly owned infrastructures. TIF project timetable will not exceed the State law stipulation of 8 annual payments in a given 10 year project.
- P. Economic Development TIF/Pay-As-You-Go: The City and EDA encourages the use of “Pay-As-You-Go” TIF whenever possible. Pay-As-You-Go may be used to pay for public improvements such as streets, sewers, storm water control, water, public parking lots and structures, purchase of land for lease back, streetscaping, lights, and other publicly owned infrastructures. TIF project timetable will not exceed the State law stipulation of 8 annual payments in a given 10 year project. Economic Development TIF bonding and Pay-As-You-Go programs may be combined as a development tool if financially feasible in the project.

6. **PROCEDURES FOR TAX INCREMENT FINANCING ASSISTANCE**

- A. Meet with appropriate City Staff to discuss the scope of the project, public participation being requested, time schedule, and other information as may be necessary.
- B. Applicant submits a TIF Worksheet to the Community Development Office of the City which staff reviews (Exhibit A/B) with the developer.
- C. Staff submits results of the Worksheet for review by the EDA (commercial/industrial project), or the (housing project), Cloquet HRA input is requested as it relates to the application.
- D. EDA reviews proposal, provide comments, and make an advisory recommendation to the City Council on denial or approval of the request within 30 days.
- E. The application shall be placed on the City Council agenda (regular or work session) for concept review. The applicant may at that time make a formal

presentation of the project.

- F. If the applicant decides to make TIF Application (Exhibit C), staff prepares all necessary notices, resolutions, and certificates. The applicant pays the TIF fee and the case is reviewed by the City's financial advisors to ensure that the project meets the *but for test* and other requirements. The City's financial advisors prepare a TIF Plan.

At the time of submission of the Final Application for Tax Increment Financing Assistance Form, a \$15,000 deposit (cash or letter of credit) shall be required to defray costs involved in these steps. In the event that consultant costs exceed \$15,000, the applicant will be required to deposit additional funds with the City.

- o **Labor Incentive:** if a private project considers utilization of a project labor agreement (PLA) with the regional Duluth Trades Council, and has applied for, and is eligible for, city funding, then city will review the gap financing requested for the project to consider a 15% increase to the city's contribution for this project per program policy terms and availability of funds. The City funding, plus the incentive amount, will be approved only after an executed copy of the private PLA contract with the Duluth Trades Council is provided for the City to review.
- G. City Council holds public hearing(s) on the proposed project to consider the advisory recommendation by the EDA on the project.
- H. **If approved, a Development Agreement is prepared based upon the terms approved.**
- I. **The City's advisor prepares A Development Plan and Tax Increment Financing Plan.**
- J. The City Council grants final approval or denies the request.
- K. **The business/developer is provided copies of approved documents including the original TIF Note.**
- L. It is understood that the City/Staff may from time to time determine that a different process than that which is outlined here is more appropriate, given the circumstances of each individual request.

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

A. The project must meet one or more of the following objectives set forth in the TIF Policy:

- 1. To encourage redevelopment of the Central Business District / West End Historic District (Original City).
- 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 accomplish other public purpose policies which may be adopted such as the promotion of quality urban or architectural design, energy conservation, green building, and decreasing capital and/or operating costs of local government, or any of the following: (1) utilization of architectural and landscaping techniques that will enable the components of the project to blend with the natural environment; or (2) mitigation of project impact on the natural environment.
- 7. To provide diversity of housing adjacent to or within the Central Business District / West End Historic District (Original City), including mixed use facilities that integrate housing.

B. Ratio of Private to Public Investment in Project:

\$ _____	Private Investment	5:1	<u>5</u>
\$ _____	Public Investment	4:1	<u>4</u>
_____ :	Ratio Private : Public Financing	3:1	<u>3</u>
	<i>*Industrial projects require a 3 : 1, private to public financing ratio; *Commercial projects are reviewed on an individual basis.</i>	2:1	<u>2</u>
		Less than 2:1	<u>1</u>

C. Job Creation:

_____	Net <u>new</u> jobs (minimum 40 hours FTE per week)	50+	<u>5</u>
_____	Net <u>retained</u> jobs	40+	<u>4</u>
		25+	<u>3</u>
		15+	<u>2</u>
		Less than 15	<u>1</u>

D. Wage Level of jobs created:

Average hourly wage	Over \$21/hour	<u>5</u>
Of <u>new</u> jobs _____	\$18-21/hour	<u>4</u>
<i>*Business subsidy requires</i>	\$14-17/hour	<u>3</u>
<i>125% plus benefits</i>	\$10-13/hour	<u>2</u>
	Under \$10/hour	<u>1</u>

E. Ratio Of Business Assistance To New Jobs Created:

\$ _____	Business assistance requested	\$8,000 or less	<u>5</u>
_____	Number of net <i>new</i> jobs created	\$10,000 or less	<u>4</u>
_____ :	Ratio Business assistance : Net <i>new</i> jobs created	\$12,000 or less	<u>3</u>
	<i>*Industrial projects require a minimum of \$10,000 per one FTE new job.</i>	\$15,000 or less	<u>2</u>
		Over \$15,000	<u>1</u>

Points:

F. Project size:

The project will result in the construction of _____ square feet	50,000+	<u>5</u>
	30,000+	<u>3</u>
	15,000 or less	<u>1</u>

G. Type of Project:

_____ 100% Owner Occupied	<u>5</u>
_____ Mix Owner Occupied & Investment	<u>3</u>
_____ Investment Property	<u>1</u>

Points:

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

_____ High	<u>5</u>
_____ Moderate	<u>3</u>
_____ Low	<u>1</u>

Points:

Sub-Total Points _____ of a possible 35 points.

Bonus Points

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

Bonus Points:

/	<u>5</u>
/	<u>5</u>

Total Points: _____

Overall project analysis:	High	31 - 40 points
	Moderate	21 - 30 points
	Low	11 - 20 points
	Not Eligible	0 - 10 points

Ratio of taxes paid before : after redevelopment

_____ :

**Minimum of 1 : 2 required, before : after taxes*

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

A. The project must meet one or more of the following objectives set forth in the TIF Policy.

- 1. To encourage redevelopment of the Central Business District / West End Historic District (Original City).
- 2. To enhance and/or diversify the City's economic base.
- 3. To encourage additional unsubsidized private re(development).
- 4. To create housing opportunities for senior and low to moderate income families.
- 5. Projects that strive to (re)develop or improve the quality and functionality of existing housing stock, an identified need for Cloquet. These projects promote neighborhood stabilization and revitalization by the removal of blight and the upgrading of existing housing stock in residential areas.
- 6. To provide diversity of housing adjacent to or within the Central Business District / West End Historic District (Original City), including mixed use facilities that integrate housing.
- 7. To provide a variety of family housing ownership alternatives and housing choices.
- 8. To accomplish other public purpose policies which may be adopted such as the promotion of quality urban or architectural design, energy conservation, green building, and decreasing capital and/or operating costs of local government, or any of the following: (1) utilization of architectural and landscaping techniques that will enable the components of the project to blend with the natural environment; or (2) mitigation of project impact on the natural environment.

B. Ratio of Private to Public Investment in Project:

\$ _____ Private Investment (& programs leveraged)

\$ _____ Public Investment

_____ : _____ **Ratio Private : Public Financing**

**Projects with less than a 2 : 1, private to public financing ratio will not be considered for TIF.*

This ratio represents the minimum ratio for consideration, higher ratios preferred. Additionally, this ratio must include all public dollars of funding into this project and all types of business assistance.

Points:

5:1	5	5
4:1	4	4
3:1	3	3
2:1	2	2
Less than 2:1	1	1

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

Points:

_____ 5 _____

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

E. Project size: **Points:** _____
 The project will result in the construction of _____ square feet 50,000+ 5
30,000+ 3
15,000 or less 1

F. Likelihood that the project will result in unsubsidized, spin-off development: **Points:** _____
 _____ High 5
 _____ Moderate 3
 _____ Low 1

Sub-Total Points _____ **of a possible 25 points.**

Bonus Points	Bonus Points:	/ 15
1. Does the owner / developer have previous favorable experience developing and operating affordable housing developments?		/ 5
2. A specific market study has been conducted demonstrating the need for this project?		/ 5
3. The project will have a management company used to operate the facility		/ 5

Total Points:
 Overall project analysis: High 30 - 40 points
 Moderate 21 - 29 points
 Low 11 - 20 points
 Not Eligible 0 - 10 points

Ratio of taxes paid before : after redevelopment
 _____ : _____

*Minimum of 1 : 2 required, before : after taxes

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

EXHIBIT C: TIF APPLICATION



Community Development Department

101 14th ST • Cloquet MN 55720

Phone: 218-879-2507 • Fax: 218-879-6555

www.cloqueteda.com

**TAX INCREMENT / TAX ABATEMENT FINANCING
FINAL APPLICATION**

Date: _____

1. Applicant:

Business Name _____

Address: _____

Address: _____

Primary Contact Person

Name: _____

Title: _____

Telephone # _____

Fax # _____

Email: _____

General Information:

Business Form: Corporation Partnership Sole Proprietorship

State of Incorporation or Organization: _____

Years in Business: _____

Years a Cloquet Business: _____

2. Brief description of the business:

3. Proposed project site:

Location/Address: _____

City of Cloquet & Cloquet EDA

Tax Increment / Tax Abatement Financing - Final Application

- a. Location
Attach (and label as **Exhibit A**) information which fully described and illustrates the location and boundaries of the proposed project. Include map(s), legal description(s), property identification numbers, addresses, and area (in sq. ft. or acres).

- b. Ownership and Legal Structure
Attach (and label as **Exhibit B**) the full name(s) of the entity(s) which will own the project, and fully describe their legal structure (i.e. principals, ownership interests, liability, relationship to parent organization, subsidiaries, etc.). If available, provide federal and state tax ID #'s.

- c. Zoning and Planning Analysis
Attach (and label as **Exhibit C**) information which describes the current and proposed zoning, variances required, property consolidations or subdivisions, etc.

4. Estimated Project Costs:

a. Land Acquisition	\$ _____
b. Site Development	\$ _____
c. Building Cost	\$ _____
d. Equipment	\$ _____
e. Architectural/Engineering Fees	\$ _____
f. Legal Fees	\$ _____
g. Financing Costs	\$ _____
h. Broker Costs	\$ _____
i. Contingencies	\$ _____
j. Other (please specify)	\$ _____
Total Costs	\$ _____

5. Market Value:

Total current market value prior to construction: \$ _____
Total estimated market value at completion: \$ _____

City of Cloquet & Cloquet EDA

Tax Increment / Tax Abatement Financing - Final Application

6. Description of proposed project:

(Building square footage, size of property, description of buildings, materials, etc.)

7. Sources of Financing:

a. Developer Equity	\$
b. Bank Loan/Private Financing Institution	\$
c. Tax Abatement	\$
d. Tax Increment Financing	\$
e. Other Public Funds (please specify)	\$
f. Other (please specify)	\$
Total Sources	\$

8. Requested Tax Abatement Assistance:

a. Form of tax abatement financing assistance requested:

- Pay as you go
- Bond Issuance

b. Requested tax amount to be abated: \$_____ per year

c. Requested duration of abatement: _____ years

d. Has a tax abatement application been submitted to the County or School District? Yes No

If yes, please provide details of the requested abatement.

City of Cloquet & Cloquet EDA

Tax Increment / Tax Abatement Financing - Final Application

- e. Description of expected financial benefit to the City and statement of justification for the use of Tax Abatement:

- f. If tax abatement is not provided, will the project; (1) proceed as previously described utilizing other financing; (2) proceed in some alternative form; or (3) not proceed at all? If the project will not proceed in some alternative form, provide a summary below:

- g. Proposed use of abatement funds: (check all that apply)

- | | | |
|--|---|---|
| <input type="checkbox"/> Building Improvements | <input type="checkbox"/> Building Expansion | <input type="checkbox"/> New Construction |
| <input type="checkbox"/> Equipment Purchases | <input type="checkbox"/> Infrastructure/Utilities | <input type="checkbox"/> Assessments |
| <input type="checkbox"/> Site Improvements | <input type="checkbox"/> Land Acquisition | <input type="checkbox"/> Demolition/Cleanup |

9. Requested Tax Increment Financing Assistance:

- a. Form of tax increment financing assistance requested?

- Pay as you go
- Bond issuance

- b. Describe the amount and purpose of the tax increment assistance.

- c. Description of expected financial benefit to the City and statement of justification for the use of TIF.

City of Cloquet & Cloquet EDA

Tax Increment / Tax Abatement Financing - Final Application

- d. If tax increment financing is not provided, will the project; (1) proceed as previously described utilizing other financing; (2) proceed in some alternative form; or (3) not proceed at all? If the project will not proceed in some alternative form, provide a summary below:

10. Professional services of applicant:

Architectural Firm: _____
Contact Person: _____
Address: _____
Address: _____
Telephone # _____
Fax # _____

Engineering Firm: _____
Contact Person: _____
Address: _____
Address: _____
Telephone # _____
Fax # _____

General Contractor: _____
Contact Person: _____
Address: _____
Address: _____
Telephone # _____
Fax # _____

City of Cloquet & Cloquet EDA

Tax Increment / Tax Abatement Financing - Final Application

Attorney Firm: _____
 Contact Person: _____
 Address: _____
 Address: _____
 Telephone # _____
 Fax # _____

Accounting Firm: _____
 Contact Person: _____
 Address: _____
 Address: _____
 Telephone # _____
 Fax # _____

11. Project construction schedule:

- a. Anticipated construction start date: _____
- b. Construction completion date: _____

If construction will not be completed at year end, what % of construction will be completed by year end? _____ %

12. Current and projected employment:

<u>Type</u>	<u>Existing Jobs</u>	<u>First Year</u>	<u>Second Year</u>	<u>Average Hourly Wage</u>	<u>Benefits</u>
Professional/Managerial	_____ FT _____ PT	_____ FT _____ PT	_____ FT _____ PT	\$ _____ \$ _____	_____ _____
Technical/Skilled	_____ FT _____ PT	_____ FT _____ PT	_____ FT _____ PT	\$ _____ \$ _____	_____ _____
Unskilled/Semi-skilled	_____ FT _____ PT	_____ FT _____ PT	_____ FT _____ PT	\$ _____ \$ _____	_____ _____

City of Cloquet & Cloquet EDA

Tax Increment / Tax Abatement Financing - Final Application

13. Financial Background:

- a. Have “you” personally, your partnership, or your company ever filed for bankruptcy? Yes No If yes, provide details on a separate sheet.

- b. Have “you” personally, your partnership, or your company ever defaulted on any loan commitment for these projects? Yes No If yes, provide details on a separate sheet.

- c. Include firm commitment letters from banks and other participating lenders stating the terms and conditions of their financing for this project. Note the attached Release Authorization allows the City of Cloquet/Cloquet EDA to discuss the terms and conditions of their firm commitment for this project. Confirm, you have applied for and have received firm commitment for primary conventional financing for the project? Yes No

- d. List financial references (include contact person and phone #):

Reference:	Email and Phone

- e. Have you ever used tax increment financing before or requested financial assistance from a public source? Yes No
If yes, where and when? _____

14. Additional Project Information Required for Application (please attach).

- a. Description

Attach (and label as **Exhibit D**) a complete description of the proposed project. If the project will proceed in phases, then provide information for each phase as well as the total project. Minimally provide the following information:

- (1) Do you have control of the project site? Explain in detail.
- (2) Details of all known or suspected environmental issues with the site. Has any testing been completed or is underway?

City of Cloquet & Cloquet EDA

Tax Increment / Tax Abatement Financing - Final Application

- (3) Type of project (retail, office, industrial, rental housing, home ownership, etc.)
- (4) New construction or rehabilitation/renovation. If renovation, provide details.
- (5) Description of structures which will need to be demolished.
- (6) Description of owners/tenants which will need to be relocated.
- (7) Details of any historic preservation designations and/or related issues.
- (8) For commercial/industrial:
 - Number and size of structures (sq. ft.)
 - Type of construction and materials
 - Terms of sale (if applicable)
 - Details/terms of signed leases (rates, duration, etc.)
 - Projected terms for space not currently under lease
 - Details of any market studies completed or underway
- (9) For ownership housing:
 - Type, number, and size of units (sq. ft. & number of bedrooms)
 - Type of construction and materials
 - Anticipated sales price
 - Details of any market studies completed or underway
- (10) For rental housing:
 - Type and size of buildings (# floors, units, etc.)
 - Type of construction and materials
 - Size of units (sq. ft.) and number of bedrooms
 - Description of building/unit amenities
 - List of utilities included with rent
 - Monthly rental rates by unit type
 - Details of any market studies completed or underway
- (11) Schematic plans and drawings of the project.

b. Development Budget (Sources and Uses) - During Construction Period

Attach (and label as **Exhibit E**) a complete development budget for construction of the project. This budget should include a detailed listing of all sources and uses of funds.

For each “use” of funds, indicate the methodology or means by which this estimated cost was derived (i.e. appraisal, contractor estimate, 4% of hard costs, actual cost, etc.)

For each “source” of funds (debt, equity, public assistance, etc.), indicate the

City of Cloquet & Cloquet EDA

Tax Increment / Tax Abatement Financing - Final Application

status of the funding source (committed, pending, projected, etc.), and the actual or anticipated financing terms/details.

c. Development Budget (Sources and Uses) - Permanent Financing

If ownership of the project is being retained by the applicant (or affiliate or subsidiary) and permanent financing will be obtained, attach (and label as **Exhibit E1**) a complete development budget upon permanent financing.

d. Operating Cash Flow Proforma (10 year)

If ownership of the project is being retained by the applicant (or affiliate or subsidiary), attach (and label as **Exhibit E2**) a projected 10 year operating cash flow proforma for the project. The proforma should clearly identify all assumptions, and should provide a detailed listing of all anticipated revenues, expenses, capital contributions/distributions, etc. The cash flow should clearly identify "Net Operating Income (NOI)", "Cash Flow Before Taxes (CFBT)", and "Cash Flow After Taxes (CFAT)."

e. Payment of Application Fee (TIF - \$15,000; Tax Abatement - \$5,000)

f. Signed authorization allowing City/EDA to check background of personnel involved in project.

15. **Labor Incentive:** if a private project considers utilization of a project labor agreement (PLA) with the regional Duluth Trades Council, and has applied for, and is eligible for, city funding, then city will review the gap financing requested for the project to consider a 15% increase to the city's contribution for this project per program policy terms and availability of funds. The City funding, plus the incentive amount, will be approved only after an executed copy of the private PLA contract with the Duluth Trades Council is provided for the City to review. (Please contact city staff if you'd like a copy of the current PLA agreement to review).

16. Signatures:

I declare that any statement in this application or information provided herein is true and complete in substance and in fact. Also, I authorize this information to be released to the appropriate agencies that may be able to assist in this request. Finally, I acknowledge and agree that the application deposit associated with the request for public financial assistance is non-refundable.

City of Cloquet & Cloquet EDA
Tax Increment / Tax Abatement Financing - Final Application

Name of Business: _____

By: _____

Title: _____

Date: _____

**APPLICATION FOR
TAX INCREMENT / TAX ABATEMENT FINANCING
RELEASE AUTHORIZATION**

(A separate form must be signed by all partners, officers, owners, or shareholders of the applicant for tax increment / tax abatement financing)

Date: _____

Applicant Name: _____

Applicant hereby affirms that all information provided to the Cloquet Economic Development Authority relative to all applications submitted for Tax Increment Financing (TIF) / Tax Abatement consideration are true and complete to the best of the applicant's knowledge. Applicant further agrees that falsified information or significant omissions on either this application or others supporting documents may disqualify the applicant for further consideration for TIF / Tax Abatement from the City of Cloquet.

Applicant hereby authorizes the Cloquet Economic Development Authority to investigate all statements, financial institutions commercial and/or private partnerships, credit ratings, or other records as may be necessary for the EDA to determine an appropriate recommendation of the Tax Increment Financing / Tax Abatement application.

Applicant hereby authorizes release of personal, financial, or business records to the Cloquet Economic Development Authority. Applicant hereby releases any individuals or institutions releasing information from all liability for damages that may arise from furnishing this information.

Applicant's Signature: _____

Applicant's Name (printed): _____

Title of Applicant: _____

Date: _____



**CITY OF CLOQUET
&
CLOQUET ECONOMIC DEVELOPMENT AUTHORITY**

TAX ABATEMENT FINANCING POLICY

Adopted 03/15/11

Amended April 18, 2023

Purpose

The purpose of this Policy is to ensure that the use of Tax Abatement shall be consistent with the long-term economic development program of the City. The fundamental purpose of tax abatement in Cloquet is for the City to utilize this tool for the following:

- New property acquisition. Property currently owned cannot be reimbursed through abatement.
- Site preparation, which includes only the following: removal of buildings and other improvements from a parcel, grading including fill, environmental testing and soil correction.
- Streets and utilities including water, sanitary sewer, and storm sewer.
- Landscaping.
- Trails.

The City of Cloquet is granted the power to utilize Tax Abatement by State Statutes 469.1812 – 469.1815. It is the intent of the City to provide the minimum amount of Tax Abatement for the shortest term required that results in the most desirable development. The City Council and EDA can deviate from this policy for projects that supersede the objectives identified therein.

Policy Consideration

The City of Cloquet will consider providing Tax Abatement for public improvement projects that achieve the following:

1. Demonstrate long-term benefits to the community.
2. To retain local jobs and/or increase the number and diversity of jobs that offer stable employment and/or attractive wages and benefits through:
 - Diversification of the local economy.
 - Providing a high number of full-time permanent jobs at good wages.
 - Providing jobs to persons who are currently unemployed and underemployed.
3. Significantly adds to the City’s commercial and industrial tax base by providing a high quality development.

City of Cloquet & Cloquet EDA

Tax Abatement Financing Policy

April 18, 2023

4. To encourage additional unsubsidized private development in the area, either directly or indirectly through “spin-off” development.
5. To facilitate the development process and to achieve development on sites which would not otherwise be developed but/for the use of Tax Abatement.
6. To remove blight and/or encourage redevelopment of commercial and industrial areas in the city that result in high quality redevelopment and private reinvestment.
7. To offset increased costs of redevelopment related to public improvements over and above the costs normally incurred.
8. To contribute to the implementation of other public policies, as adopted by the city from time to time, such as the promotion of quality urban or architectural design, energy conservation, and decreasing capital and/or operating costs of local government.
9. To aid in implementing the EDA’s strategic plan for economic development.

Policy Statements

1. The City may use Tax Abatement to repay debt issued for installing public improvements without assessing the cost to benefiting property owners, which results in making sites more desirable for development.
2. The use of Tax Abatement shall be in accordance with State law. Because changes are frequently made to the State law regarding the use of Tax Abatement, conflicts in the regulations may occur from time to time. If a conflict arises between this policy and the State law, the more restrictive language will apply.
3. Tax Abatement projects must be consistent with the City’s Comprehensive Plan, as determined by the Planning Commission.
4. Tax Abatement must be consistent with the EDA’s Strategic Plan for Economic Development, as determined by the EDA.
5. Tax Abatement projects that promote the completion of major improvement projects within the City of Cloquet such as the installation of trunk sewer and water lines, and major transportation projects, are preferred.
6. The City reserves the right to utilize Tax Abatement in the most fiscally responsible manner including the issuance of Tax Abatement bonds or on a pay-as-you-go method. The use of Tax Abatement bonds will be considered on a case-by-case basis for public improvements or projects that are determined to meet/exceed the City’s development goals.
7. The maximum term of abatement shall be fifteen (15) years.

City of Cloquet & Cloquet EDA

Tax Abatement Financing Policy

April 18, 2023

8. The City may limit the amount of the abatement, based upon the requirements of M.S. 469.1812-1815, to the following:
 - A specific dollar amount per year or in total.
 - The increase in property taxes resulting from improvement of the property.
 - The increase in property taxes resulting from increases in the market value or tax capacity of the property.
 - In any other manner the City determines is appropriate.
 - The total annual abatement authorized, for all projects, in the City may not exceed ten percent (10%) of the net tax capacity of the City or \$200,000, whichever is greater in one year.
 - The City may not abate tax attributable to the value of the land.
9. The City/EDA does not support tax abatements for proposals that are not economically feasible. The applicant must demonstrate that the project is not financially feasible “but for” the tax abatement subsidy requested. The project should maximize the amount of private development investment in a site.
10. The extent to which the project represents “new” dollars into the City. The City/EDA will not consider a tax abatement application that abates existing tax dollars.
11. Equal consideration will be given to both existing business expansion and new businesses locating in the City.
12. Retail and service businesses will not be considered for tax abatements unless the project creates substantial quality employment, creates substantial tax base, provides a necessary service not already provided in the community, or redevelops blighted areas.

Procedure

The procedure to receive tax abatement is:

- Applicant meets with the Community Development Director, discusses the project and receives an application.
- Applicant submits the completed application, financial deposit of \$5,000, plans and specifications, financial information including past information and pro forma future projections for the project and company information to the Community Development Director.
- Community Development Director meets with the City Administrator to discuss the project including conformity with the City policies and plans.
- Community Development Director discusses project with the City/EDA's tax abatement consultants and receives a not to exceed quote for the cost of

City of Cloquet & Cloquet EDA

Tax Abatement Financing Policy

April 18, 2023

- completing the work should the EDA Board of Commissioners accept the project as feasible for tax abatement financing.
- Project is placed on both the Planning Commission and EDA Agenda for the next regularly scheduled meeting.
 - The Community Development Director and applicant present the project to the EDA Board and the Planning Commission.
 - Within 30 days, the EDA will determine to accept or reject the application and deposit. If rejected, nothing further happens and deposit is returned. Such recommendation shall then be forwarded to the City Council for consideration.
 - If the EDA and City Council accepts and approves the application and deposit, staff will be directed to work with the consultants to put together a tax abatement financing plan and enter into negotiations with the applicant to secure agreeable terms for the development agreement.
 - **Labor Incentive:** if a private project considers utilization of a project labor agreement (PLA) with the regional Duluth Trades Council, and has applied for, and is eligible for, city funding, then city will review the gap financing requested for the project to consider a 15% increase to the city's contribution for this project per program policy terms and availability of funds. The City funding, plus the incentive amount, will be approved only after an executed copy of the private PLA contract with the Duluth Trades Council is provided for the City to review.
 - Upon completion of a draft of the tax abatement financing plan, district plan and development agreement terms that are agreeable to the applicant, the EDA Board will hold a special meeting to discuss these drafts.
 - If approved, the EDA Board will make a recommendation to the City Council to proceed with allowing this project to move forward.
 - The Community Development Director, applicant and consultants will make a presentation to the City Council and request public hearings and other statutory items be scheduled and other board reviewal scheduled, if appropriate.
 - The public hearings will be conducted and after hearing the public input and receiving other board recommendations, the City Council may: 1) accept the plans and recommendations and direct staff to complete these plans, 2) reject the plans and project or 3) modify the plans accordingly and reenter negotiations.
 - If/once approved and both parties sign the documents, **the business/developer will be provided the approval documents.**

PLEASE ALLOW UP TO 120 DAYS TO COMPLETE THIS PROCESS!