



## MAYOR AND COUNCIL COMMUNICATION

DATE: 04/16/2013

**CONSENT**

ITEM #: 11

**RESOLUTION**

**AGENDA ITEM:** Minnesota Investment Fund Application for Valley Cartage Group, Inc. -  
Resolution Authorizing City of Lake Elmo to Apply for MIF dollars

**SUBMITTED BY:** Beckie Gumatz, Program Assistant

**THROUGH:** Dean Zuleger, City Administrator

**REVIEWED BY:** Adam Bell, City Clerk

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### SUGGESTED ORDER OF BUSINESS:

- Introduction of Item..... Staff
- Report/Presentation..... Staff
- Questions from Council to Staff..... Mayor Facilitates
- Public Input, if Appropriate..... Mayor Facilitates
- Call for Motion..... Mayor & City Council
- Discussion..... Mayor & City Council
- Action on Motion..... Mayor Facilitates

### SUMMARY AND ACTION REQUESTED:

The Lake Elmo City Council will be asked to approve a Resolution allowing the City of Lake Elmo to apply for a forgivable loan from the Minnesota Investment Fund on behalf of Valley Cartage Group, Inc. Staff recommends Council approve the Resolution by taking the following action:

***“Move to approve Resolution No. 2013-29, Authorizing an Application to the State of Minnesota Financing Program, the Minnesota Investment Fund, in the Amount of up to \$500,000 for Valley Cartage Group, Inc.”***

## **BACKGROUND INFORMATION:**

The Minnesota Investment Fund provides financing to help add new workers and retain high-quality jobs on a statewide basis. The focus is on industrial, manufacturing, and technology-related industries to increase the local and state tax base and improve economic vitality statewide. Funds are awarded to local units of government who provide loans to assist expanding businesses. Cities, counties, townships, and recognized Indian tribal governments are eligible for this fund. All projects must meet minimum criteria for private investment, number of jobs created or retained, and wages paid. There is a maximum of \$500,000 per project. Only one award per state fiscal year may be provided to a government unit. At least 50 percent of total project costs must be privately financed through owner equity and other lending sources.

Valley Cartage Group, Inc., a Wisconsin based company, will occupy the first floor of a building located at 8665 Hudson Boulevard in Lake Elmo, Minnesota for the purpose of expanding their transportation and logistics company. The facility will be used as a corporate headquarters and the office of the sales and logistics components of a full-service transportation company. It is expected that up to 50 new jobs will be created in the state of Minnesota. The jobs are expected to generate an annual payroll of \$2.5 million and have an estimated impact of \$12 million on the local economy. The range of average annual earnings per job is expected to be \$30,000-\$92,000, with an average of approximately \$50,000. The building will be owned by a real estate holding company, Norman James LLC, a Minnesota Limited Liability Company and leased to Valley Cartage Group, Inc.

## **STAFF REPORT:**

The Minnesota Investment Fund is a great tool used by cities to aid in business and economic development. It helps provide incentives for companies outside of Minnesota to locate in our state. The loans are attractive to businesses because they are offered up front and can be used to offset capital expenditures – often equipment purchases. Over the last 8 years, the program has funded 53 projects, creating thousands of new, good-paying jobs across Minnesota.

The City of Lake Elmo and Washington County have also passed Resolutions allowing property tax abatement for the property owned by Norman James, LLC (8665 Hudson Boulevard), in order to incentivize Valley Cartage Group, Inc. to expand its business into Minnesota.

In addition to the money from the Minnesota Investment Fund and the property tax abatement, City staff has taken the lead and worked closely with Governor Dayton, our legislative representatives, MnDEED, Washington County, Greater MSP, and Xcel to put together an economic development package that will also include job training funds and energy credits which have further enticed Valley Cartage Group, Inc. to expand into Minnesota.

**RECOMMENDATION:**

Based on the preceding information, the staff recommends the following:

***“Move to approve Resolution No. 2013-29, Authorizing an Application to the State of Minnesota Financing Program, the Minnesota Investment Fund, in the Amount of up to \$500,000 for Valley Cartage Group, Inc.”***

**ATTACHMENTS:**

1. Resolution No. 2013-29