



Request for Council Action

TO: Mayor and City Council

THROUGH: Tim Murray, City Administrator

FROM: Deanna Kuennen, Com and Econ Dev Director
Mark Duchene, City Engineer

MEETING DATE: January 26, 2021

SUBJECT: Resolution 2021-017 Authorizing a Business Development Infrastructure Grant Application to Offset the Public Infrastructure Costs Associated with the Northwest Water Tower and Watermain Loop

Background:

In 2018, city utilities (sanitary sewer and watermain) were extended 1.5 miles along CSAH 76 (Acorn Trail) along the east side of I-35 to facilitate the conversion of an underutilized 300,000 SF warehouse facility into a state-of-the-art manufacturing facility for Daikin Applied, a global company that now operates three manufacturing plants in SE Minnesota. After construction of the utility extensions and the plant opening, it was determined that the fire flows within the water system, while adequate to meet the normal industry standards, were not adequate to meet a higher insurance standard as required by Daikin's insurer. In conversations with representatives of Daikin as well as others, this higher than standard fire flow rate is becoming more common for larger manufacturing facilities as a way to reduce insurance premium costs.

The City of Faribault engaged an engineering firm to both evaluate the situation and identify solutions. This further study determined that the best long-term and comprehensive solution was to "loop" the watermain system to provide flow redundancy, and construct an elevated water tower to improve system pressures and flow rates. An elevated water tower in the northern reaches of town has been identified as far back as 2011 to support developmental growth along the northern I-35 corridor.

The proposed project will improve water flows for the existing businesses and industries served by the water system. The infrastructure improvements will also ensure adequate water pressure and flows to support the continued build-out of the existing industrial park and the future industrial development as identified in the City's 2040 Comprehensive Plan.

Mark Duchene, City Engineer, has been working with Bolton and Menk to design and engineer the water tower and associated watermain loop. The total cost for the public infrastructure is estimated to be \$5,311,400.00, which includes a 10% contingency, engineering fees for contract administration and consultant design fees, land acquisition costs and permitting costs.

To help reduce the cost of the public improvements, a Business Development Public Infrastructure (BDPI) grant application, through the Minnesota Department of Employment and Economic Development (DEED) is being prepared. The goal of this grant program is to stimulate economic development activity by assisting local units of government with the costs associated with publicly owned physical infrastructure necessary to support private sector investments and economic development activity that create and retain quality jobs and increase the tax base. The grant may fund up to 50-percent of the eligible public infrastructure costs (maximum \$2,000,000 – which is solely determined by DEED based on the public/private contributions, job creation, economic benefit, return on investment, and other factors.

To apply for the grant funds, the City of Faribault is required to pass a resolution approving the application and committing the local match funds, also authorizing the appropriate persons to execute all contracts associated with the grant award.

Please note – the City of Faribault has previously applied, received, and fulfilled all obligations associated with the BDPI program – including both in 2011 and 2016 when grants were applied for and awarded to support Faribault Foods expansions, and in 2018 to support the Daikin Applied state-of-the-art manufacturing facility.

Recommendation:

Approve Resolution 2021-017 Authorizing a Business Development Infrastructure Grant Application to Offset the Public Infrastructure Costs Associated with the Northwest Water Tower and Watermain Loop

Attachments:

- Resolution 2021-017

CITY OF FARIBAULT

RESOLUTION #2021-017

AUTHORIZING A BUSINESS DEVELOPMENT INFRASTRUCTURE GRANT APPLICATION TO OFFSET THE PUBLIC INFRASTRUCTURE COSTS ASSOCIATED WITH THE NORTHWEST WATER TOWER AND WATERMAIN LOOP

WHEREAS, the City of Faribault is pursuing a Business Development Public Infrastructure Program grant to assist with the costs associated with the construction of the Northwest Water Tower and watermain loop; and

WHEREAS, this project will provide public infrastructure that serve recently annexed industrially zoned land and adjacent land that is programmed in the City's recently adopted 2040 Comprehensive Plan for industrial development.

NOW THEREFORE BE IT RESOLVED that the City of Faribault (Applicant) act as the legal sponsor for project(s) contained in the Business Development Infrastructure Application to be submitted in February 2021, and that Mayor and City Administrator are hereby authorized to apply to the Department of Employment and Economic Development for funding of this project on behalf of the City of Faribault.

BE IT FURTHER RESOLVED that the City of Faribault has the legal authority to apply for financial assistance, and the institutional, managerial, and financial capability to ensure matching funds, adequate construction, operation, maintenance and replacement of the proposed project for its design life.

BE IT FURTHER RESOLVED that the City of Faribault has not violated any Federal, State, or local laws pertaining to fraud, bribery, kickbacks, collusion, conflict of interest or other unlawful or corrupt practice.

BE IT FURTHER RESOLVED that upon approval of its application by the state, the City of Faribault may enter into an agreement with the State of Minnesota for the above-referenced project(s), and that it will comply with all applicable laws and regulations as stated in all contract agreements.

BE IT FURTHER RESOLVED that the non-BDPI source(s) of funds identified in the sources and uses outline in the application in the total

amount of \$3,311,400.00 are committed and adequate to fully fund the project identified in the application.

BE IT FURTHER RESOLVED that per MN statute 116J.431 Subd 7, the City of Faribault understands the grant may be cancelled if the project identified in the Application is not proceeding within 18 months of the execution of a grant agreement, or if not complete after five years of any grant award.

BE IT FURTHER RESOLVED that the City of Faribault acknowledges that allowing an ineligible business to locate in the area directly served by the funded infrastructure may trigger a default of the grant and cause repayment by the City of Faribault.

BE IT FURTHER RESOLVED that the City of Faribault certifies that it will comply with all applicable laws, regulations, and rules of the Business Development Infrastructure Application.

BE IT FURTHER RESOLVED that the Mayor and City Administrator, or their successors in office, are hereby authorized to sign and execute such agreements, and amendments thereto, as are necessary to implement the project(s) on behalf of the applicant.

Date Adopted: January 26, 2021

Faribault City Council

Kevin F. Voracek, Mayor

ATTEST:

Timothy C. Murray, City Administrator