



## Request for Council Action

**TO:** Mayor and City Council  
**THROUGH:** Tim Murray, City Administrator  
**FROM:** Deanna Kuennen, Com & Econ Dev Director  
**MEETING DATE:** April 27, 2021  
**SUBJECT:** Resolution 2021-084 Support of a Job Creation Fund Application in Connection with Trystar, LLC

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### Background:

Trystar is an electrical distribution solution provider serving the needs of portable power, critical facilities, and utilities segments with specialized cable and electrical distribution equipment. The company has been in business since 1991, located in Faribault. Over the years the company has occupied different locations as they outgrew their facilities. In 2020 the company, after working with the City, EDA, Rice County, and Met-Con consolidated all of their operations to the 100,000 SF Met-Con facility at 15765 Acorn Trail, and added a 20,000 SF office addition. At the time of the consolidation, Trystar outlined their growth plan and how the new Faribault location would allow the company to grow in Faribault versus relocating to a south-metro location.

During 2020 that company faced challenges due to COVID-19, but were able to retain their workforce (no reductions), create new business opportunities, and accelerate their growth and expansion plans. In November 2020 Trystar acquired Load Banks Direct out of Covington, Kentucky – a company that adds a complementary product to Trystar’s existing portfolio. As part of this acquisition, Trystar originally expected to upgrade the Kentucky facility or lease a new facility in the same area. This originally was the plan due to the additional cost implications and complications associated with an interstate move of the entire operation. After further internal discussions, Trystar determined that if the additional costs associated with the move could be offset – the preferred option would be to consolidate the operations in the new Faribault facility. If the consolidation were to occur, the project would entail the following:

- 50,000 SF expansion to existing facility (Approximate cost of \$2.75-\$3.5m)
- Capital improvements to existing facility to accommodate reconfiguration (Approximate cost of \$750,000)

- Capital equipment investment to set up and expand operations (Approximate investment of at least \$1.7m)
- **Total project cost: \$5m**
- In-sourcing or local sourcing of \$1.5m annually (Currently sourced in Kentucky)
- Creation of 20 FT jobs – with wages ranging from \$16.16-\$33.28/hr. plus benefits within two (2) years
- Estimated annual total tax increase of \$59,747 (city tax increase \$19,991)

**Discussion:**

To offset some of the expenses associated with the relocation of the Kentucky operations, Trystar, LLC is seeking assistance from the City of Faribault, the Faribault EDA, and DEED:

State of MN – Employment & Economic Development (DEED)	\$175,000 – Job Creation Fund
	\$125,000 (forgivable loan) – Minnesota Investment Fund
	TBD Job Skills Partnership funding to support training efforts
	TBD Job Training Incentive Program for job training assistance
City of Faribault – Economic Development Authority	\$100,000 (forgivable loan)
<i>Total Incentive Package Proposal</i>	<i>\$400,000 Value</i>

The Job Creation Fund (JCF) Program – is a State of Minnesota program that provides job creation awards and capital investment rebates to designated businesses that retain or create quality, full-time permanent jobs and invest in real property improvements. To become a designated JCF business and receive benefits (direct from the State to the business) – the business must work with the local government where the business will be located. The business must complete an application, and the local government must pass a resolution of support for the business/JCF application – and submit the application to the Department of Employment and Economic Development (DEED) on behalf of the business/applicant.

To be eligible, the business must invest a minimum of \$500,000 in real property improvements, and create five (5) new full-time jobs. The proposed Trystar, LLC project to relocate the Kentucky operations to Faribault meets/exceeds all of the program criteria, and DEED has identified that the project could qualify for up to \$175,000 through the JCF program.

The next step for Trystar, LLC to be designated as a JCF business and receive the business incentives – is for the City of Faribault to pass a resolution supporting the project. The resolution identifies that the business and the City are working together, and the City approves the company’s application to DEED seeking an award and rebates from the JCF program. Once the application and resolution are submitted, DEED will evaluate the application and notify the City and Trystar, LLC of approval or denial. If approved – DEED will formally designate the business as a JCF business and make a final determination on the job creation award. The company will then enter into a required business subsidy agreement with DEED, and the City will be responsible for submitting required annual progress reports.

**Recommendation:**

Approve Resolution 2021-084 Support of a Job Creation Fund Application in Connection with Trystar, LLC

**Attachments:**

- Resolution 2021-084 Support of a Job Creation Fund Application in Connection with Trystar, LLC

## **CITY OF FARIBAULT**

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### **RESOLUTION #2021- 084**

#### **SUPPORT OF A JOB CREATION FUND APPLICATION IN CONNECTION WITH TRYSTAR, LLC**

**WHEREAS**, the City of Faribault, Minnesota (the "City"), desires to assist Trystar, LLC, an electrical distribution solution provider, which is proposing to expand their existing facility and relocate their Kentucky operations to the city of Faribault; and,

**WHEREAS**, the City of Faribault understands that Trystar, LLC, through and with the support of the City, intends to submit to the Minnesota Department of Employment and Economic Development an application for an award and/or rebate from the Job Creation Fund Program; and,

**WHEREAS**, the City of Faribault held a city council meeting on April 27, 2021, to consider this matter.

**NOW, THEREFORE, BE IT RESOLVED** by the City Council of the City of Faribault, Minnesota, that, after due consideration, the Mayor and City Council of the City of Faribault, Minnesota, hereby adopts the following findings of fact related to the project proposed by Trystar, LLC and its application for an award and/or rebate from the Job Creation Fund Program and express their approval.

The Mayor and City Council hereby finds and adopts the reasons and facts supporting the following findings of fact for the approval of the Job Creation Fund Program application:

1. Finding that the project is in the public interest because it will encourage the growth of commerce and industry, prevent the movement of current or future operations to locations outside Minnesota, result in increased employment in Minnesota, and preserve or enhance the state and local tax base

*This project supports an accelerating growth plan that will result in the expansion of the Trystar LLC facility located at 15765 Acorn Trail, Faribault, Minnesota and in the creation of 20 quality jobs in the community*

2. Finding that the proposed project, in the opinion of the City Council, would not reasonably expected to occur solely through private investment within the reasonably foreseeable future.

*There is a large cost differential associated with relocating the Kentucky operations to Faribault versus making capital improvements in the Kentucky facility. It is not reasonable to expect that Trystar, LLC would expand their Faribault facility and incur interstate-relocation and recertification costs without the financial assistance and support from the City of Faribault and the State of Minnesota.*

3. Finding that the proposed project conforms to the general plan for the development or redevelopment of the City as a whole.

*The City values all of our existing business and industry and works to support existing business growth and expansion. Trystar, LLC – located in the Met-Con Industrial Park – will continue to provide and grow high quality jobs, and will continue to contribute to the local tax base.*

4. Finding that the proposed project will afford maximum opportunity, consistent with the sound needs of the City as a whole, for the redevelopment or development of the project by private enterprise.

*The City values all of our existing business and industry and works to support existing business growth and expansion. Trystar, LLC has a long history as a Faribault company, and they will continue to provide high quality jobs, will continue to contribute to the local tax base, and contribute to the diverse industry base in the Faribault community.*

**Date Adopted:** April 27, 2021

**Faribault City Council**

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**Kevin F. Voracek, Mayor**

**ATTEST:**

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**Timothy C. Murray, City Administrator**