



Discussion Items

TO: Faribault EDA
FROM: Deanna Kuennen, Director
MEETING DATE: June 27, 2019
SUBJECT: Updates/Project Reports

UPDATES:

Prospects/Business Updates

- Quality Equipment – Kubota Dealership/equipment rental
 - \$4 million project consists of the construction of a 20,000 SF facility that will house a Kubota dealership, industrial equipment repair/service operations, and aerial rentals.
 - The project will create 8 FTE jobs (with benefits)
 - Under construction, the applicant has received their building permit and continues to make work on the construction of the 20,000 SF facility

- Absolute Air – air separator plant
 - Project includes a \$32m investment, creation of 5-20 jobs within 3 years
 - The Planning & Zoning Approvals received.
 - Construction commencing in Summer 2019, with operations starting in late 2020

- SAGE
 - SAGE received JCF award for approval from their parent company to move forward with an aggressive growth plan. The project is approximately \$10 million, and includes the addition of 16 FTE jobs over two (2) years.
 - SAGE received a Job Creation Fund (JCF) award from DEED.

- Project Flower
 - Staff prepared and submitted a RFI response for this business prospect. The project consists of:
 - International company seeking to build a food manufacturing facility within one hour of MSP.
 - \$27 million investment – to include the purchase of land and construction of a 70,000-100,000 SF facility
 - Creation of 60 jobs
 - Faribault had been eliminated, but was notified that the Project is reconsidering options.

- Project Film
 - Staff prepared and submitted a RFI response for this business prospect. The project consists of:
 - Small manufacturer of specialty plastic products – primarily films and composite processing materials for renewable energy

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- Final decision of site anticipated in April/May 2019
- \$3 million investment – to include 15,000-20,000 SF facility, located on a 2+ acre site
- Requires highway access for delivery of raw materials, and within one hour of MSP
- Estimated startup employment of 5, growing to 15 in year 4
- No update at this time.
- Project Iron
DEED shared the Project Iron RFP. This company is seeking an existing building 100,000-200,000 SF in size. Unfortunately, there is not an existing available vacant building in the City of Faribault that meets the basic criteria for this business prospect. Staff did communicate our interest in working with this business prospect if they decided to pursue build-to-suit options. The RFP is attached for informational purposes, to provide the EDA with a recent example of the type of information requested in RFP responses.
- CVN
Staff continues to work with two (2) CV business prospects. The next CVN Session is in early August. The company previews have not been received at this time.

Other Projects/Initiatives:

The following is a summary of some other initiatives and projects underway that may be of interest to the EDA:

AWARDS

- The City of Faribault was selected as a finalist, and ultimately the winner of the Minnesota Real Estate Journal's Municipality of the Year award. The Daikin Project also was a finalist/winner of the Greater Minnesota Project of the Year, and a finalist for the Industrial Project of the Year. A judging panel made up of attorneys, CEOs, real estate experts, and economic development professionals selected the winners, and the awards were presented on April 11.

OPPORTUNITY ZONES

- Staff continues to participate in training and marketing opportunities related to Opportunity Zones. Staff has also been fielding calls related to parties interested in specific types of land/buildings located in an Opportunity Zone. As additional information is obtained – this information will be used to enhance how we market the City's Opportunity Zone.
 - Staff was asked to participate on a speaker panel to discuss the City's Opportunity Zones.
 - Stencil was proposing the construction of a multi-family housing development within the City's Opportunity Zone, on the former Mayo Clinic site. This project did not receive City Council support.

HOUSING DEVELOPMENTS

- There is a shortage of housing in the City of Faribault – as evidence by a vacancy rate analysis conducted by Maxfield Research. Per this report, the City's vacancy rate is less than 1-percent. Staff has been diligently working to attract multi-family housing developers to the city. A combination of these efforts and the EDA's marketing efforts (City of Faribault Micro Summit) – a number of housing developments are moving forward and are in various stages of the Planning and Zoning, and City Council approval processes. Included area:
 - Hillside Apartments – Hamilton Real Estate, Inc. – planned 44 unit market rate apartments, located across from the Community Center. Construction will commence in July/August.

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- MWF – planned 76 unit affordable/workforce housing apartments, located on R-4 zoned land on Western Ave. This project is awaiting the award of Tax Credits through MN Housing Finance. Awards will be announced in early November.
- Straight River Apartments – Fisher Group Development – planned 90+ market rate apartments located on the Old Public Works site. Staff and the Developer are working with the environmental consultants to prepare a Response Action Plan and submit to the Minnesota Pollution Control Agency for review and approval.
- Roers – Lockerby land. This project is awaiting the award of Tax Credits through MN Housing Finance. Awards will be announced in early November.

FDI

- The Consul General of Japan sponsored Staff's application to be part of the Japan Foundation, "Grassroots Exchange Network Japan (GEN-J)" program. Director Kuennen traveled with a delegation of business and government leaders to Japan in May. The purpose of the visit/program is to develop a network with the Japanese business leaders and gain a deeper understanding about Japan and Japanese companies. The visit included meetings with:
 - The Parliamentary Vice-Minister of Foreign Affairs – to discuss trade relations.
 - The Executive Vice President of the Japanese External Trade Organization – to discuss workforce development initiatives
 - Representatives from the Japan Business Federation – to learn about Society 5.0
 - Osaka's Chamber of Commerce – meeting with businesses who have (or desire to have) a US presence.

The trip also included a tour of the Daikin Technology and Innovation Center. Staff presented a letter from the Mayor to the Japanese leadership.

- Faribault and Rice County participated for a second year in SelectUSA, representing the State of Minnesota (June 10-12). In advance, Staff has met with Ryan Kanne, Director of US Commercial Service-US Department of Commerce International Trade Administration. Mr. Kanne was interested in understanding the types of business and industries that the City / County are interested in meeting with. He assisted with introducing Staff to foreign business representatives and connecting to Staff to additional federal resources.

FARMER SEED STRUCTURAL ANALYSIS

- ISG has been authorized to begin the structural analysis of the Farmer Seed building. The purpose of this project is to encourage investment in the building and along the corridor, by understand the general condition of the building, and analyze costs associated with reuse of the building as an office or housing.

Marketing:

- **Twin Cities Business Magazine**

The City of Faribault was the featured community in the June publication of Twin Cities Business (TCB) magazine. Since the publication was released, Staff has received many phone calls in inquiries from developers, consultants, and other publications. While the TCB staff was not available to present the publication in person – they sent the following note:

Don't let our name fool you—*Twin Cities Business* covers the whole state of Minnesota. A few times a year we take a deep dive into a community where business is thriving so we can explore the opportunities and the trends, and get to know some of the key players. Faribault has all the elements of a regional success story: the river, the heritage brands, the schools, the job opportunities, the proximity to highways and airports. But what's

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especially striking is the local pride mixed with global appeal. What other town your size can claim as many international companies? The fact that they continue to invest in Faribault's growth speaks to a culture of opportunity and innovation.

Our goal with this regional profile in our June issue was to capture the personality of the Faribault area, and explain why it should be on the radars of both employers and employees. We couldn't do that without great community partners. We'd like to extend a special "thank you" to two of your city's tireless advocates— Deanna Kuennen and Samantha Markman—who arranged for a VIP tour, connected us with local business leaders, and shared details that really brought this story to life. We'd also like to thank every individual who attended meetings and participated in interviews—we couldn't do it without all of you.

Faribault is a wonderful example of the sort of humble, hardworking communities we encounter throughout Minnesota, and you're uniquely positioned to grow and evolve while maintaining your unique character and charm. Thank you for sharing your stories. We look forward to following your continued progress.

Shelly Elmore, Allison Kaplan, Tess Allen, and the rest of the Twin Cities Business team

Shelly Elmore
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- **GRE/City of Faribault Video**

GRE has reached out to Faribault regarding a joint video project that would highlight the recent projects and development opportunities in the community. Additional details will follow.

- **2020 Budget**

The 2020 Budget process has started. The EDA will be asked to form a budget subcommittee to work with Staff on a proposed Operating Budget and Project Budget.

Ongoing Projects –

2019 – Here is a list of projects Staff will be and/or continues to work on:

- BRE Program – develop and implement in 2019
- Revised economic development webpages
- Marketing/branding materials – including Community Profile, etc.
- Outreach to Rice County / Owatonna / Austin – regionalism discussions
- I-35 corridor – including AUAR and County Road 9 discussions
- Available land inventory / annexation / acquisition
- Redevelopment of the Old Public Works site
- Workforce / market rate multi-family housing development