

PLANNING AND ECONOMIC DEVELOPMENT COMMITTEE

10-0093R

REPLACEMENT

RESOLUTION AUTHORIZING APPLICATION TO DEED FOR A
BUSINESS DEVELOPMENT INFRASTRUCTURE GRANT RELATED TO THE
ATLAS CEMENT PLANT SITE.

CITY PROPOSAL:

BE IT RESOLVED, that the city of Duluth act as the legal sponsor for project(s) contained in the business development infrastructure application to be submitted on 02-26-2010 and that the mayor and clerk are hereby authorized to apply to the department of employment and economic development for funding of this project on behalf of city of Duluth.

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

BE IT FURTHER RESOLVED, that the city of Duluth 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 if approved by the state, acceptance thereof is subject to further resolution of the council accepting the grant and authorizing execution of the grant agreement with the state of Minnesota for the above-referenced project(s)and designating the sources of the matching funds and the amount to be committed from each source.

BE IT FURTHER RESOLVED, that upon approval of its application by the state, the city of Duluth will commit no less than \$500,000 towards the local match requirement, which shall be funded by the Duluth economic development authority and the Duluth seaway port authority.

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

NOW, THEREFORE, BE IT RESOLVED, that the city certifies that it will comply

with all applicable laws and regulations as stated in all contract agreements it accepts.

Approved:

Approved for presentation to council:

Department Director

Chief Administrative Officer

Approved as to form:

Approved:

Attorney

Auditor

DEDA HTB:ckm 2/19/2010

STATEMENT OF PURPOSE: The Minnesota department of employment and economic development (DEED)'s business development/infrastructure grant program currently has previous fund allocations that were later returned to DEED now available for reallocation. The program's standard grant request maximum is \$250,000; DEED staff have indicated their willingness to consider a request of \$500,000 from the city of Duluth. Specifically, their interest lies with supporting a utility and roadway construction project at the former Atlas Cement Plant site that will benefit both the DEDA, as owner of the site, as well as the Duluth Seaway Port authority (DSPA) which recently purchased a 123-acre portion of the adjacent former USX site.

Phase I of this project application will provide a public utility/roadway corridor within DEDA's Atlas property. Phase II of this project will construct infrastructure to the easterly side of the Atlas site to that point where the DSPA will require an infrastructure connection to support their development at the former USX site. Note that the application is submitted by the city, as the city will be the owner of the public infrastructure. DEDA, as property owner, will be the developer.

Total project costs are estimated at \$1,058,000. Of that total, Phase I is 66 percent, or \$700,000; Phase II is 34 percent, or \$358,000. The grant request of \$500,000 would be applied pro rata: Phase I grant equals \$330,000 and Phase II grant equals \$170,000. This results in a pro rata distribution of a local match as follows: DEDA at \$370,000 (66 percent) and DSPA at \$188,000 (34 percent).

NSPA staff has indicated that they will request a commitment from their board on February 24, 2010, to provide the prorata Phase II match estimated at \$188,000. DEDA has committed, at its February 17, 2010, board meeting, to provide its pro rata Phase I match estimated at \$370,000.

This authorizes staff to submit the application for the \$500,000 grant to DEED. If the grant request is approved by DEED, a subsequent resolution will be brought to the council to approve the grant award and enter into a grant agreement.