

PLANNING AND ECONOMIC DEVELOPMENT COMMITTEE

10-0220R

RESOLUTION AUTHORIZING ACCEPTANCE OF GRANT FROM THE MINNESOTA DEPARTMENT OF EMPLOYMENT AND ECONOMIC DEVELOPMENT IN THE AMOUNT OF \$500,000 FOR THE PURPOSE OF CONSTRUCTING ROADS AND UTILITIES AT THE FORMER ATLAS CEMENT SITE, SUBJECT TO PLEDGE OF MATCHING FUNDS FROM SEAWAY PORT AUTHORITY OF DULUTH.

CITY PROPOSAL:

RESOLVED, that the city of Duluth act as the legal sponsor for the projects described in Grant Agreement No. BDPI-10-0002-O-FY10 from the state of Minnesota department of employment and economic development and that the proper city officials are authorized to accept said grant in the amount of \$500,000, said funds to be deposited in Fund 255, for the purpose of constructing roads and utilities on the site of the former Atlas Cement Plant, subject to receiving a commitment from the Duluth Seaway Port authority in the amount of at least \$188,000 to provide a portion of the local matching funds required by said grant.

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.

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.

RESOLVED, that the city of Duluth commits no less than \$500,000 towards the local match requirement subject to the aforesaid commitment from the Duluth seaway port authority.

RESOLVED, that the city of Duluth certifies that it will comply with all applicable laws, regulations, and rules of the business development infrastructure application.

RESOLVED, that the city certifies that it will comply with all applicable laws and regulations as stated in all contract agreements it accepts.

Approved:

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Department Director

Approved as to form:

\_\_\_\_\_  
Attorney

BD HTB:REA:tmf 4/19/2010

Approved for presentation to council:

\_\_\_\_\_  
Chief Administrative Officer

Approved:

\_\_\_\_\_  
Auditor

STATEMENT OF PURPOSE: This resolution authorizes acceptance of a grant in the amount of \$500,000 from DEED to pay for a portion of the costs of constructing roads and utilities necessary for the redevelopment of the site of the former Atlas Cement Plant and to assist in the redevelopment of a portion of the former U.S. Steel site.

DEDA acquired the property upon which the former Atlas Cement Plant (part of U.S. Steel, now USX) was located in 2003 and since that time has been involved in environmental assessment and clean-up and attempting to market the site which had no interior public roads or utilities. Some of those facilities were included with the sale of a portion of the site adjacent to Grand Avenue as part of the sale to IKONICS but the interior of the property is yet to be adequately served to allow redevelopment of the entire site.

As DEDA has been working on the Atlas Cement site, the Duluth Seaway Port authority (SPAD) has entered into a purchase agreement with USX to purchase 123 acres of the former U.S. Steel Works property and desires to have road and utility access for its redevelopment through the Atlas site. Thus DEDA and SPAD approached DEED and were able to secure a grant in the amount of \$500,000 to fund roads and utilities to serve both sites. However, because the roads and utilities will be owned by the city, the city must be the grant recipient. The city in turn is looking to DEDA and SPAD to fund the local matching funds for the grant which would be \$370,000 from DEDA and \$188,000 from SPAD.

On April 21, 2010, DEDA is expected to approve a resolution committing to provide its portion of the local share. Their commitment will be guaranteed by funds currently available in their storefront loan program fund which can be re-programmed for this purpose.

The purpose of this resolution is to authorize the appropriate city officials to accept the grant, based on DEDA's commitment and subject to SPAD's final commitment to provide their share of the local match. SPAD had previously committed their share of the funding subject to successfully acquiring a needed easement over railroad property and to completing acquisition of the U.S. Steel property. The combined commitments will allow the city to accept the grant.

It should be noted that the resolution does not foreclose the possibility that DEDA may decide to request that its share of the matching funds be financed through a special assessment on the Atlas site property. While DEDA has the necessary funds in reserve in the storefront loan fund at this time, the actual incumbrance will probably not occur until the 2011 construction season and by that time DEDA may determine that the \$370,000 is needed for another project whose benefits would outweigh any interest cost to DEDA in having the property assessed for the improvements. This would, of course, need to be approved by a subsequent resolution of the DEDA board as well as being approved by the city.