

# THE CITY OF



# OWATONNA

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DATE: March 16, 2020  
TO: Mayor and City Council  
FROM: Community Development Dept. – Greg Kruschke  
SUBJECT: Application for a Business Development Public Infrastructure Grant

## **Purpose:**

City Council to adopt Resolution 42-20 authorizing the City to apply for a BDPI Grant on behalf of the Bosch Warehouse expansion project and committing the funds for the required match.

## **Background:**

Bosch is proposing to construct a 266,000 square foot warehouse facility in the industrial park. Tax increment financing is being requested to assist with the proposed project. As part of the project a public cul-de-sac, Festal Place, is to be constructed along with the necessary sanitary sewer and water main extensions.

The grant could pay for up to 50% of the street costs which is estimated at \$386,420. If approved, the City would have to cover the other 50% of the costs. Tax Increment Financing could be utilized to pay for the City's 50%. Since this application was submitted DEED has asked us to revise the application to match the remaining funding available for this program. Since full funding is not available as requested we need to up the City share of the project for the application.

Staff has reapplied for the grant for the total DEED has available for \$176,624. The City has to commit to funding the entire project for a total of \$487,410 for the remaining portion submitted. The Developer has agreed they will be providing the City with \$75,000 towards this construction project due to this change. It is still anticipated that the \$664,034 is a high cost as a number of the improvements have already been made and will not need to be reconstructed pending final testing.

## **Budget Impact:**

The grant would cover half of the costs for the street. TIF would cover the other half of the public infrastructure costs. There would be consulting costs for writing the application which will be paid back from the TIF for the project. All costs will be paid back up front with the TIF Development agreement.

## **Staff Recommendation:**

Staff recommends adoption of Resolution 42-20 to authorize submission of the revised grant application on behalf of Bosch.

RESOLUTION NO: 42-20  
AUTHORIZING SUBMISSION OF BUSINESS DEVELOPMENT  
INFRASTRUCTURE APPLICATION ON BEHALF OF  
ROBERT BOSCH AUTOMOTIVE AFTERMARKET DIVISION WAREHOUSE PROJECT

BE IT RESOLVED that the City of Owatonna act as the legal sponsor for project contained in the Business Development Infrastructure Application to be submitted on March 6, 2020 and that the 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 Owatonna.

BE IT FURTHER RESOLVED that the City of Owatonna 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 Owatonna 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 Owatonna may enter into an agreement with the State of Minnesota for the above-referenced project, 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 of funds identified in the sources and uses outline in the application in the total amount of \$487,410 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 Owatonna 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.

The City of Owatonna certifies that it will comply with all applicable laws, regulations, and rules of the Business Development Infrastructure Application.

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

Passed and adopted this \_\_\_\_ day of \_\_\_\_\_, 2020, with the following vote:

Aye \_\_\_\_; No \_\_\_\_; Absent \_\_\_\_.

Approved and signed this \_\_\_\_ day of \_\_\_\_\_, 2020.

ATTEST:

\_\_\_\_\_  
Thomas A. Kuntz, Mayor

\_\_\_\_\_  
Kris M. Busse, City Administrator/City Clerk