

MOTION TO AMEND RESOLUTION 25-0393R

BY COUNCILOR DURRWACHTER:

I move to amend Section IV of Exhibit A of Resolution 25-0393R as follows (proposed amendment in red):

IV. POLICY STATEMENTS

a) The level of public assistance provided to a project shall be commensurate with the extent to which the project addresses specific redevelopment, current comprehensive plan objectives, economic development objectives, and the Priorities for Use.

b) The proposer must provide full disclosure of project information so that the City can assess the need for incentives. Such information may include, but not be limited to, financial statements, project pro-formas, source and use of funds statements, market and feasibility studies and similar documents.

c) Developers receiving TIF assistance shall provide a minimum of ten percent (10%) equity for the project. TIF will not be used to supplant cash equity.

d) TIF assistance will be done on a "PAYGO" reimbursement basis. The City reserves the right to consider other options when financially prudent.

e) Payback periods shall be kept at the shortest possible term.

f) The City may require collateralized guarantees, assessment agreements, performance bonds, and other forms of security to protect the public's investment in the project. The amount of security required will be based on the City's assessment of the risk of the project.

g) Prior to the execution of any assistance agreements, the proposer must complete project plans and provide project financial data in sufficient detail to allow the St. Louis County Assessor to estimate the market value of the project upon completion and provide evidence satisfactory to the City that private financing is secured.

h) In evaluating a project, the City may utilize outside legal, financial, real estate, marketing, design and other consultants. Unless waived by the City Council, proposers will be required to pay the costs of such consultants, pursuant to City escrow policy, if any.

i) The City may provide financial incentives to cover any cost permitted by regulation or statute. While the city will consider any eligible cost, it reserves the right to participate in only those costs it deems appropriate.

j) Proposers must agree to provide documentation of actual allowable costs no less than quarterly during project construction. These costs must be categorized as required by the State of Minnesota "Tax Increment Financing Authority Report".

k) Projects must be consistent with the City's comprehensive plan, zoning ordinance and other land use policies. Projects not consistent with such plans, ordinances and policies must obtain land use approvals prior to provision of any financial assistance.

l) All typical City processes and licensing applies and must be adhered to throughout the course of the project.

m) The City will require that all projects receiving TIF assistance shall be subject to prevailing wage requirements during project construction for the construction project laborers.

n) Projects resulting in job creation shall engage with Workforce Development to establish a workforce hiring and training plan.

o) Projects receiving TIF assistance must comply with the City's Project Labor Agreement and Community Benefits Program requirements pursuant to Section 2-29 (b) of the Duluth City Code, 1959, as amended.

p) TIF shall not be used to fund the creation of vacation rentals, which for the purposes of this policy shall mean rentals available for less than 30 days. Projects receiving TIF may include vacation rentals as an alternative use within the building, however costs incurred while creating the vacation rental units will not be included in the eligible expenses.

g) As part of the annual budget process, the City will identify tax increment revenues deemed to be excess tax increment and will make related recommendations for decertification of parcels or districts and report on the total value of captured tax capacity expressed in both dollars and as a percentage of total tax capacity.

u) Need For Public Assistance In all cases, it is required that the need for public assistance be demonstrated and documented by the developer to the satisfaction of the City Finance Department. All such documentation, including development budgets, cash flow projections, market studies and other financial and market information, must be submitted by the developer along with an application for public financial assistance. If the request is based on financial gap considerations, the developer will demonstrate the profitability and feasibility of the project (i.e. gross profit, cash flow before taxes, cash-on-cash return, IRR, etc.), both with and without public assistance.

r) Recapture of Public Subsidy – It is the City's goal to recapture all, or a portion, of the public subsidy provided to the extent practical. Methods of recapture shall include, but are not limited to, long-term ground leases, subordinated loans, sale and/or refinancing provisions, and equity participation.

s) Financial Guarantees: If incentives are to be provided, proposers must submit evidence of private financing satisfactory to the City or secure the City's costs before the City makes any significant financial commitment to a project.

t) Conditional Agreements: The City may require collateralized guarantees, assessment agreements, claw-back provisions, and other forms of security to protect the public's investment in the project. The amount of security required will be based on the City's assessment of the risk of the project.

u) Cost Reporting: Proposers must agree to provide documentation of actual allowable costs no less than quarterly during project construction. These costs must be categorized as required by the State of Minnesota "Tax Increment Financing Authority Report"

v) City Services and Infrastructure: Development incentives will not be used to support projects that place extraordinary demands on City services and infrastructure, or where capacity is limited, unless such demand is mitigated as part of the project.