



EDAM

ECONOMIC DEVELOPMENT
ASSOCIATION of MINNESOTA

DEED Program Testimonials

Stories from communities around the state that have greatly benefited from JCF, MIF, and Redevelopment funding

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ALEXANDRIA, MINNESOTA

Good Neighbor Redevelopment Project

Program: Redevelopment

Timeline: 2020-2021 **Funding Received:** \$350,000

PROJECT OVERVIEW

The property is located on a busy intersection in downtown Alexandria. The existing buildings were in bad repair and beyond their useful life, with all three buildings needing substantial work including asbestos removal. The existing businesses had struggled and changed hands multiple times over the past 10 years. Two buildings sat vacant for five years.

The three structures currently on the property were demolished in 2020 as part of the project. The final developed project will be a multiuse four-story building with a footprint of approximately 37,200 square feet. The first floor will be 23,450 square feet with retail and professional space available to lease. Total number of apartments on the remaining three floors will be approximately 75 that will include studios, 1 and 2 bedrooms. Underground parking included.



Plaza - scheme one - aerial

Downtown Alexandria has residential units above numerous commercial properties; however, this will be the first building to offer new market rate apartments in the downtown area. Our most recent housing study (November 2018) shows that our current vacancy rate is 2%. This development will help with our housing desert.

The economic benefits of this redevelopment project are rather significant. Not only is there a benefit to our tourism sector as this intersection is the gateway to our downtown area, but our service sector as well. The proposed new businesses coming to town to be housed in this facility is six. The tax base and job creation alone (approximately 30 new FTEs) will boost our downtown area significantly.

The redevelopment grant assisted in moving the project forward by significantly reducing the cost of demolition to the developer. This, along with the creation of a TIF district by the City of Alexandria, allowed the developer two things: it made the project financially feasible, while it also freed up their cash flow a bit to include additional finishes that are consistent with the landscape of Downtown Alexandria.

COTTAGE GROVE, MINNESOTA

Renewal by Andersen Project

Program: JCF & MIF

Timeline: 2019 – 2020 **Funding:** JCF - \$800,000 & MIF - \$450,000

PROJECT OVERVIEW

Renewal by Andersen is located at 9900 Jamaica Avenue South in the Cottage Grove Business Park and has been a part of the Business Park since 1999. When Renewal by Andersen was created 20 years ago it was a start-up within the Andersen Corporation. Renewal by Andersen was tasked with creating window replacement company in the industry. The Renewal by Andersen business model is different from the rest of the Andersen enterprise, in that it sells direct to the homeowner and custom makes every window to the exact specifications of each home.



Existing Facility – Renewal by Andersen, Cottage Grove

Renewal by Andersen facility was expanded in 2015 bringing their total employee count in the City of Cottage Grove to over 700 employees and a facility is approximately 351,000 square feet. In March 2018 Renewal by Andersen met with the City of Cottage Grove to discuss the need for an additional expansion at their current facility since the company was experiencing growth and a strong interest in their product from consumers.

Renewal by Andersen looked at the land located to the west of their property and south of LeafLine Labs for expansion. LeafLine Labs held a Right of First Refusal on the approximate 17.6 acres and when approached was willing to remove their right of first refusal thus allowing Renewal by Andersen to purchase the 17.6 acres for expansion.

COTTAGE GROVE, MINNESOTA



Area Outlined in Red Purchased for Renewal by Andersen expansion

After purchasing the 17.6 acres, Renewal by Andersen developed a \$35 million, 350,000 square foot expansion, known at Renewal by Andersen's Value Add Center. The Value Add Center solves a growing need for storage and sequencing of manufacturing work for Renewal by Andersen. The Value Add Center also frees up space in their existing facility and allow for future line expansions. The new facility also includes office space for employee training, development center and more car and trailer parking onsite. The Vale Add Center create at least 125 new jobs to support growing demand for products made by Renewal by Andersen.

Renewal by Andersen applied for assistance through the State of Minnesota Department of Employment and Economic Development Job Creation fund (JCF) and Minnesota investment Fund (MIF). At the time of application to DEED, Renewal by Andersen estimated that they would be investing \$25 million in capital costs related to machinery and equipment. Additionally, the project would be creating 125 jobs over the next three years with most of those positions starting at \$16.15 an hour plus benefits.

<i>Position Title</i>	Average Hourly Wage	Average Hourly Benefits	2020	2021	2022
<i>Office</i>	\$33.65	\$6.75	12	12	10
<i>Engineer</i>	\$41.82	\$7.28		2	
<i>Manufacturing Associate</i>	\$16.15	\$5.51	4	58	16
<i>Supervisor/Manager</i>	\$36.34	\$6.96	1	2	
<i>Warehouse Associate</i>	\$16.15	\$5.51		6	2
		Total Jobs	17	80	28
					125

COTTAGE GROVE, MINNESOTA



Groundbreaking with Federal, State, and Local Officials – July 2019



Completion of 350,000 sq. ft., \$35 million - Value Add Center



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The Morrison Project

Program: Redevelopment

Timeline: 2020-2022 **Funding:** \$519,821

PROJECT OVERVIEW

The Morrison mixed-use project, developed by Ron Clark Construction, is currently under construction in the City of Rosemount. The project includes a 124-unit market rate apartment building and will incorporate a future retail building both to replace previously existing marginal retail space. The area is in the heart of Downtown Rosemount and has long been targeted for redevelopment under the City's Downtown Framework, first adopted in 2004.

The apartment building increases the economic vitality of the existing Downtown by providing housing opportunities that increases the neighborhood population, encouraging foot traffic for local shops. The retail component addresses the commercial goals for Downtown, providing a new storefront for retail or service activity. The existing buildings on the site were found to be structurally substandard to a degree requiring significant renovation or clearance. However, the site was generating revenue for the owner, due to the initial purchase price and amount of deferred maintenance. The income generated and cost of on-site buildings made redevelopment a costly proposition as compared to greenfield development opportunities elsewhere in the community.



Original Infrastructure Image



New Infrastructure Image

NEED FOR GRANTS

Provision of the DEED redevelopment grant contributed to the project being financially feasible. The cost of land acquisition and removal of existing structures was a detriment to previous redevelopment efforts. The City assisted in land acquisition by providing TIF funding.

The Minnesota Department of Employment and Economic Development's Redevelopment Grant Program RDGP (\$519,821 awarded) assisted in demolition of existing obsolete structures. It also allowed for removal of hazardous material from the site, lining of outdated infrastructure, upgrading of electrical services, and abatement of unnecessary infrastructure, benefiting the site and the Downtown community. Additionally, the RDGP funding served as an important funding match for additional grants provided through Dakota County. The first phase of the apartment is scheduled for opening in fall of 2021, with the second phase opening in spring of 2022. The retail building will follow shortly thereafter.

FARIBAULT, MINNESOTA

Daikin Project

Program: MIF & JCF

Timeline: 2018-2019 **Funding:** MIF - \$750,000 & JCF - \$1,633,750

PROJECT OVERVIEW

In 2018, Faribault was selected as the prime choice for the Daikin Applied new facility location. Daikin Applied is a commercial roof-top HVAC manufacturer owned by industry-giant Daikin Industries of Japan. After an extensive multi-national search, including the Southern United States and Mexico - Faribault was ultimately chosen as its new facility location. An existing 300,000 square foot warehouse was converted to a state-of-the-art manufacturing facility to house Daikin's new commercial roof-top HVAC product line - located just a few miles from their existing facility. With construction completed in 2019, production of the new product line went live mid-2019 and has been a success ever since.



NEED FOR GRANTS

Without the Minnesota Investment Fund, Job Creation, or Business Development Public Infrastructure funds - it's likely the Daikin project, and many others in Faribault, would have chosen an alternate location. These funds successfully helped Daikin expand in Minnesota and kept the existing facilities in Faribault and Owatonna, and the headquarters location in Plymouth, operational with over 1,500 employees statewide. The Minnesota Investment Fund, Job Creation Fund, and Business Development Public Infrastructure funds are our leverage in an otherwise small toolbox to entice a project in locating in Minnesota and more specifically Faribault.



MANKATO, MINNESOTA

Bridge Plaza Project

Program: Redevelopment

Timeline: 2020-2021 **Funding:** \$170,850

PROJECT OVERVIEW

The Bridge Plaza project includes the construction of a 68,172 square foot, five-story mixed-use building. The first floor is commercial/retail/hospitality, along with 18 enclosed parking stalls and 8 storage units. Office users will occupy the second through fourth floors. Tenants within the first, second, third and fourth floors include Fisher Group of Mankato, Jaguar Communications, Brennan Construction of Minnesota, WSN, and Clifton Larson Allen. The fifth floor consists of six residential units, including two, 1-bedroom units, three, 2-bedroom units, and one, 3-bedroom unit. In addition to the 18 parking stalls included on the first floor of the building, 107 parking stalls are provided adjacent to the building, and 32 stalls are located across Plum Street in a new surface parking lot. The project brings 24 FTE new jobs and retains 108 FTE jobs.



NEED FOR GRANTS

The Bridge Plaza project received a redevelopment grant and a cleanup grant from DEED. These grants were critical for moving the project forward. Redevelopment of sites within downtowns have higher costs associated with development, so programs like these are critical. It's of benefit to the public to reinvest in previously developed sites as it doesn't require extending public infrastructure which also can lead to sprawl. It is also of benefit to the public when properties are redeveloped as they result with environmental remediation, more efficient use of land, and an increase in density which improves the quality of life.

In the case of Bridge Plaza, the site sat vacant at a prominent intersection in downtown that was nearly the size of an entire city block. The redevelopment lends to a more walkable and denser downtown while also increasing the tax base, job opportunities, and housing. In Mankato, market demand has shown a desire for professional service companies to locate within Class A office space within the downtown. The requirements to construct these facilities within the downtown (density, parking, and geotechnical factors) impact their feasibility.



Lake of the Woods Distillery

Program: MIF

Timeline: In Progress – 2020 – 2021 **Funding:** \$400,000

PROJECT OVERVIEW

The Lake of the Woods Distillery and “tasting room” will be located on Main Street in Baudette and hopes to be operational by Quarter 2, 2021. Total project costs are expected to come in at \$950,000. The company plans to hire a minimum of 9 employees with wages ranging from \$13-\$33 per hour.

Preliminary underwriting shows the project to be a good investment and the entrepreneur team has a track record of other successful projects. Additionally, a distillery/tasting room in Downtown Baudette will both enhance existing economic activity by providing an additional destination for tourists, but also diversify the local economy by bringing new wealth to the County, by exporting a product across the upper Midwest.

NEED FOR GRANTS

MIF funds were essential for closing the gap on the startup costs, especially the \$400,000 in equipment. Small communities like Lake of the Woods often do not have large local RLF's and larger projects like this are difficult without outside funds. Moreover, the distillery will need to carry a significant amount of working capital for the first few years of operation, as any whiskey they produce will require aging warehouses, inventory, and materials, for the product they can't sell for 3-5 years. This investment helps free up investor equity to build a bridge to the more profitable years after year 3.

LE SUEUR, MINNESOTA

Valley Square Mall

Program: Redevelopment

Timeline: In Progress - 2020 – 2021 **Funding:** \$856,689

PROJECT OVERVIEW

The City of Le Sueur was awarded a \$856,689 (RDGP) Redevelopment Grant from DEED for the reconstruction of Main Street. These funds were used in collaboration with Tax Increment Financing (TIF), EDA and City financing and private investment by the developer - Building Good Downtowns, LLC.

The City partnered with the developer on the demolition and acquisition of the west side of the mall which is the required 90-foot right-of-way necessary for the reconstruction of Main Street. The developer is funding the reconstruction of the façade and rehabilitation of the malls interior to include apartments and retail space. The internal rehab is estimated to be approximately \$4 million.



Current Progress Image

The City of Le Sueur is truly grateful to the developer and to the State of Minnesota, without the State's funding, this project never would have happened.

WORTHINGTON, MINNESOTA

Swift Pork Company Project

Program: JCF & MIF

Timeline: In Progress – 2020 – 2021 **Funding:** JCF - \$550,000 & MIF - \$450,000

PROJECT OVERVIEW

The City of Worthington is the Nobles County Seat and a regional center in Southwest Minnesota. It has defied the demographic trends of rural Minnesota with its double-digit population growth over the past two Census periods while becoming younger and more diverse. It is the fourth-most diverse Minnesota city (per capita) and, as a result, Nobles County also has the second-largest share of residents who do not speak English at home. The City also experienced a record \$72mil in construction in 2020, more than doubling its previous yearly record set in 2001.

These positive trends are in no small part due to the City's largest employer, Swift Pork Company, a subsidiary of JBS S.A. In 2019, Swift began exploring a \$30mil freezer warehouse expansion. This expansion was projected to create approximately 70 new full-time positions and provide relief to a regional warehouse shortage. Their Minnesota location was under consideration along with several other North American JBS facilities. Thanks to DEED's generous \$550,000 Job Creation Fund (JCF) and \$450,000 Minnesota Investment Fund (MIF) awards, JBS ultimately decided to invest in their Worthington facility. This investment will not only provide economic stimulus for Worthington and Nobles County but the rest of Southwest Minnesota as many regional businesses rely directly on Swift for their continued growth and success.



Project Progress Image

This project and DEED's assistance were timely. As a result of the global pandemic, United States unemployment had soared to 14.7%, the worst since the depression era. Neither the State of Minnesota nor the City of Worthington were immune from this larger trend. When we applied to DEED in April 2020, Minnesota's unemployment rate was 8.1%. Based on the most recent labor force data, Swift's 70 new full-time positions will improve Worthington's unemployment rate by approximately 1.1%. This will have a significant impact on a community like Worthington, where the smaller total population results in more dramatic employment growth for Swift's project.

DAWSON, MINNESOTA

Puris Proteins Project

Program: JCF & MIF

Timeline: In Progress - 2021

Funding: JCF - \$1,860,000 & MIF - \$1,000,000

(Minimal Information Received)