



Request for City Council Committee Action from the Department of Community Planning and Economic Development

Date: January 28, 2014

To: Council Member Lisa Goodman, Community Development & Regulatory Services Committee

Referral to: Council Member John Quincy, Ways & Means Budget/Committee

Subject: Public hearing for a State Department of Employment and Economic Development (DEED) Minnesota Investment Fund (MIF) Application for a \$100,000 equipment loan related to the Jack Link's expansion project.

Recommendation:

1. Authorize application to the Minnesota Department of Employment and Economic Development (DEED) Minnesota Investment Fund for a \$100,000 forgivable loan related to the Link Snacks, Inc. (dba Jack Link's) expansion project located at 110 5th St N; and,
2. Subject to loan approval by DEED, accept an award of the Minnesota Investment Fund in the amount of up to \$100,000.00 for equipment purchases; and,
3. Subject to loan approval, increase the 2014 Revenue Budget for the Community Planning & Economic Development Agency Fund 01600 - Other Grants – State and Local (01600-8900320-321504) by amount awarded up to \$100,000; and,
4. Subject to loan approval, amend the 2014 General Appropriation Resolution by increasing the CPED Agency Fund 01600 – Other Grants – State and Local (01600-8900900) by amount awarded up to \$100,000; and,
5. Authorize the appropriate City officials to execute the attached Project Compliance with State Laws, Statutes, and Rules document; and,
6. Subject to CPED and Finance review of business credit reports and information and finding no adverse findings or concerns, authorize the appropriate City officials to execute the attached Resolution; and,
7. Subject to loan approval, Authorize appropriate City officials to execute Business Subsidy Agreement with Jack Link's.

8. Authorize the appropriate City officials to execute any necessary agreements to implement the transactions described in this report.

Previous Directives: None

Prepared by: Casey Dziejewczynski, Sr. Project Coordinator, 612-673-5070
Approved by: Charles T. Lutz, Deputy Director, CPED _____
Catherine A. Polasky, Director of Economic Policy and
Development _____
Presenters in Committee: Casey Dziejewczynski
Funding Source and Appropriation
Language Reviewed by Development Finance: _____

Financial Impact

- Action requires an appropriation increase to the Capital Budget or Operating Budget
Dept. Name: CPED Business Development
Fund Name: 01600 – Other Funds – State and Local
Amount: up to \$100,000
- Action provides increased revenue for appropriation increase
Dept. Name: CPED Business Development
Fund Name: 01600 – Other Funds – State and Local
Amount: up to \$100,000
- Action is within the Business Plan
- Request provided to the Finance Department

Community Impact

- Neighborhood Notification – Not applicable. Notification of this public hearing was published in Finance and Commerce on January 17, 2014.
- City Goals – Jobs & Economic Vitality; Many People, One Minneapolis; A City that Works
- Comprehensive Plan – Policy 4.1: Support private sector growth to maintain a healthy, diverse economy; Policy 4.2: Promote business start-ups, retention and expansion to bolster the existing economic base; Policy 4.12: Downtown will continue to be the economic engine of the Upper Midwest region by strengthening its employment core.
- Zoning Code – The proposed project is currently in compliance with zoning code and will follow all required City processes for building improvements.
- Sustainability Targets: NA
- Living Wage/Business Subsidy Agreement - Yes No _____
- Job Linkage - Yes _____ No
- Other – Not applicable

Supporting Information

The Minnesota Investment Fund (MIF) is administered and funded by the Minnesota Department of Employment and Economic Development (DEED). The intent of the program is to provide match financing for industrial, manufacturing and technology-related businesses which in turn increase the tax base and promote economic vitality. Local governments formally apply on behalf of an eligible business. If funds are awarded the local government administers a loan to the business consistent with the MIF program terms.

In partnership with Greater MSP, the City of Minneapolis is applying for a \$100,000 forgivable MIF loan to Link Snacks, Inc. (dba Jack Link's), a Wisconsin-based meat snacks manufacturing company. Combined with additional capital sources, the MIF funds will allow the company to expand its office operations at 110 5th St N and add 20 jobs over the next

two years. There are currently 36 employees at this location. Under DEED's program regulations a business can request a forgivable loan of up to \$5,000.00 per job. Hence, based on their projection of adding 20 new jobs, Jack Link's is requesting a \$100,000 forgivable loan.

Project Details

Jack Link's was founded in 1985 by current CEO Jack Link, and the company remains a family owned business. Jack Link's manufactures a variety of meat snacks including beef jerky, meat and cheese packs and sausages. The products are sold in a variety of retail outlets worldwide. Since its founding in the mid 1980's the company has become the number one meat snack brand in the U.S. and has over 2,500 employees. The company's headquarters are located in Minong, WI but there are several manufacturing and warehouse facilities located throughout the U.S. and additional corporate offices in several countries. Jack Link's has a substantial presence in MN including an online fulfillment center in Rockford, MN, a production facility in Mankato, MN and an office in downtown Minneapolis. The Minneapolis office currently consists of 36 full-time jobs overseeing product development, sales and marketing, IT and accounting functions. In total, the company has over 100 jobs in MN.

Due to its continuing growth, Jack Link's is adding a significant number of staff at its Minneapolis office. Over the next two years the company plans to add at least 20 mid and senior-level jobs downtown. While the commitment of 20 jobs will be set as the target for the MIF funding, the company expects to add even more staff over the next few years. The average wage of all 20 positions is projected to be \$49 per hour including benefits. Below is a list of the jobs and average wages.

To accommodate this growth Jack Link's is building out a portion of its existing suite on the 7th floor of the 110 Building. They are also adding a 2nd office space across the street at 111 5th St N (the Butler Square building). The total square footage of both spaces is roughly 40,000. Extensive leasehold improvements and equipment purchases are required at both locations. The total project costs are expected to be \$410,000. Below is a summary of the project sources and uses.

Loan forgiveness is subject to Jack Link's meeting the hiring goals. The terms of the loan will be finalized once the application is approved by DEED. The interest rate of similar programs range from to 2-3% with a term set according to the useful life of the equipment being financed. The company will have up to 2 years to fulfill the hiring requirements. If the hiring goals are not met by that time the loan may be forgiven on a pro rata basis according to the number of jobs added.

Attached are: a summary of the project sources and uses; a summary of the new positions; the Project Compliance with State Laws, Statutes, and Rules document; the Local Government Resolution document; and a copy of the public hearing notice that was issued.

Source of Funds:

Lease Capitalization	\$110,000
Business Equity	\$200,000
MIF	<u>\$100,000</u>
Total	\$410,000

Use of Funds:

Leasehold Improvements	\$110,000
Equipment Purchases	<u>\$300,000</u>
Total	\$410,000

Position Title	Number of Positions	Hourly Rate Without Benefits	Hourly Rate With Benefits
Food Scientist	2	\$26.44	\$30.78
Senior Innovation Engineer	1	48.00	52.34
Director of Safety	1	60.00	64.34
Director FSQ	1	60.00	64.34
Director Ops	1	60.00	64.34
Sales Intelligence Leader	1	48.00	52.34
Sales Director	5	60.00	64.34
Category Manager	2	48.00	52.34
Sales Analyst	5	24.00	28.34
Product Manager	1	50.00	54.34
Total	20	\$44.74	\$49.08

PROJECT COMPLIANCE WITH STATE LAWS, STATUTES, AND RULES

1. Minnesota Statutes, Section 181.59, discrimination on account of race, creed, or color prohibited in contracts. .
2. Minnesota Statutes, Section 363A.08 prohibits unfair discrimination practices related to employment or unfair employment practices.
3. Minnesota Statutes Chapter 363 Minnesota Human Rights Act. Requires that all public services be operated in such a manner that does not discriminate against any person in the access to, admission to, full utilization of or benefit from such public service.
4. Minnesota Statutes, Sections 176.181 – 176.182. Requires recipients and subcontractors to have worker’s compensation insurance coverage.
5. Minnesota Statutes, Sections 290.9705. Requires that 8 percent of payments made to out-of-state contractors be withheld once cumulative payments made to the contractor for work done in Minnesota exceed \$50,000 in a calendar year, unless a waiver is granted by the Department of Revenue.
6. Minnesota Statutes, Section 116J.871 applies to this project. This statute requires of recipients of state assistance to pay the prevailing wage rate to laborers and mechanics at the project construction site when state funds are provided for construction in the amount of \$200,000 or more.
7. Minnesota Statutes Sections 471.87 and 471.88 - Forbids public officials from engaging in activities which are, or have the appearance of being, in conflict of interest.
8. Antitrust or unfair trade practices laws - Regulates and controls the sale of goods and services and prohibits deceptive and unfair competition between businesses.
9. Minnesota Statutes 116J.993-995, Business Subsidy Statute, applies to this project.
10. Minnesota Statutes, 116J.8731, Minnesota Investment Fund applies to this project.
11. Minnesota Investment Fund Rules Chapter 4300.
12. Minnesota Statutes, Chapter 13, the Minnesota Government Data Practices Act.

_____ certifies compliance as so stated in the accompanying Local Government Resolution.

(Signature of Applicant)

Applicants must adopt and submit the following resolution. This resolution must be adopted prior to submission of the forms package.

DATE: January 14, 2014
TO: **FINANCE AND COMMERCE**
VIA EMAIL: publicnotice@finance-commerce.com
TO: **IRENE KASPER, City Clerk**
VIA EMAIL: irene.kasper@ci.minneapolis.mn.us

NUMBER OF PAGES: 2

FROM: Jayne Rizner
CPED, Real Estate Department
(612) 673-5057

PURCHASE REQUEST #82150

The attached is to be published on **Friday, January 17, 2014**

Please send your Affidavit of Publication and invoice to:

Jayne Rizner
City of Minneapolis
CPED--Real Estate
105 Fifth Avenue South, Suite 200
Minneapolis, Minnesota 55401-2538

Approved By: _____
Jayne Rizner, Real Estate Coordinator

FINANCE AND COMMERCE

NOTICE OF PUBLIC HEARING ON PROPOSED MINNESOTA INVESTMENT FUND ASSISTANCE BY THE CITY OF MINNEAPOLIS

On the 28th day of January, 2014, at 1:30 p.m., the Community Development & Regulatory Services Committee of the Minneapolis City Council will hold a Public Hearing at City Hall, 350 S. 5th St., Rm. 317, in the City of Minneapolis, to consider wage and job goals and other assistance to be provided through a Minnesota Department of Employment and Economic Development Minnesota Investment Fund loan to Link Snacks, Inc. for their expansion project located at 110 5th St. N., Minneapolis, Minnesota. This public hearing will be held to comply with the Minnesota Business Subsidy Act, Minnesota Statutes, Sections 116J.993 through 116J.995.

Additional information regarding the loan program and the project is available for public examination. Please contact Casey Dziejewczynski at 612-673-5070 at the City's Department of Community Planning and Economic Development, 105 5th Ave S, Suite 200, Minneapolis, MN, during the hours of 8:00 a.m. - 4:30 p.m. If you require an accommodation to participate in the public hearing, or if you need this notice in a different format, please contact 311 (Voice) or 612-673-2157 (TTY).

A person with residence in or the owner of taxable property within the City of Minneapolis may file a written complaint with the City of Minneapolis if the City of Minneapolis fails to comply with Minnesota Statutes, Sections 116J.993 through 116J.995. No action may be filed against the City of Minneapolis for the failure to comply unless a written complaint is filed.