

2M. Consideration of adopting Resolution 2022-61 endorsing WiHa Tools’ submittal of a Job Creation Fund (JCF) Grant Application to MN-DEED in the amount of \$660,000 related to a proposed facility expansion

<p>Prepared by: Economic Development Manager</p>	<p>Meeting Date: 05/23/2022</p>	<p><input checked="" type="checkbox"/> Consent Agenda Item <input type="checkbox"/> Regular Agenda Item</p>
<p>Reviewed by: Community Development Director, City Clerk</p>	<p>Approved by: City Administrator</p>	

ACTION REQUESTED

Motion to adopt Resolution 2022-61 endorsing WiHa Tools’ submittal of a Job Creation Fund (JCF) Grant Application to MN-DEED in the amount of \$660,000 related to a facility expansion proposal.

REFERENCE AND BACKGROUND

Willi Hahn Corporation, USA, dba WiHa Tools, is a unit of a German-based international manufacturer and distributor of premium hand tools used by contractors. Due to steady continued growth, WiHa Tools has determined that it needs to nearly double its space to meet growing customer demand as its current facilities are inadequate to support the expected growth.

To solve the challenges of its space needs, WiHa Tools is proposing to build a new warehouse and assembly facility on a vacant 12-acre site along 7th Street East in Monticello. The company plans to start construction of a 70,000 square foot facility in late fall 2022 with a goal of moving into the new building in summer of 2023. It plans to vacate its existing 26,475 square foot building located at 1348 Dundas Circle. As part of the expansion, WiHa is proposing to add 59 new FTE jobs to its current workforce of 64 FTE staff.

The 7th Street East expansion site is large enough to accommodate a second phase project allowing an ultimate sized building of 120,000 +/- square feet. The estimated cost for the first phase of the proposal is \$11,800,000 +/- . This total includes nearly \$2,000,000 of new equipment. TIF consideration has been initiated (City Council authorized a Call for a TIF District scheduled for June 27, 2022). In addition, City staff have also suggested several other economic development programs as potential financing options and initiated meetings with the State of Minnesota to further discuss the proposal’s fit. These include the economic development assistance programs noted below:

- MN-DEED - Job Creation Fund (JCF) Grant program

- MN-DEED - Minnesota Investment Fund (MIF) Program
- Greater Monticello Enterprise Fund (GMEF) Loan Program

WiHa Tools is indicating that without financial assistance, it may not be able to complete the project as currently proposed. It is specifically seeking help to write down the land purchase costs, site preparation and grading components. Alternatives for the company would be to continue to operate from its current facility and find additional space to rent, or full relocation. Currently, there are no available large buildings for rent in the City of Monticello. The company's ideal plan is to develop a new building in the City where it has been growing and has access to a stable, reliable workforce.

The JCF Grant program is a pay-for-performance incentive program that awards funding to companies undertaking new capital investments and adding new permanent staff. The payments are structured over a 5-to-6-year time frame. If funding is awarded to WiHa Tools under this program, the grant agreement would be between the State and the Company.

The City's role for the JCF application is to vet the overall proposal and endorse the Grant application through resolution. If the grant is awarded to WiHa Tools, City staff may be asked to complete annual job creation compliance reports and collaborate with the State on clarifying questions that arise as needed about various reports and funding draw processes.

City staff developed a scoring system to evaluate the merits of economic development projects. It has been used consistently since 2016. The score includes factors directly related to economic development goals including employment, living wage, total payroll, tax base, and job creation and/or retention. Based on the metrics, the score for the WiHa Tools development proposal is 34.5. This is among the highest scores of numerous compared proposals over the past few years.

- I. **Budget Impact:** The budget impact from the JCF Grant Resolution is minimal.
- II. **Staff Workload Impact:** The staff workload related to supporting WiHa Tools JCF Grant application to MN-DEED is minimal.
- III. **Comprehensive Plan Impact:** Continuing to support Monticello industrial users who meet the city's goals for employment and tax base is consistent with the Monti 2040 Value Statement for "A diversified and strong local economy competitive at regional, state and national levels." The Monti 2040 Plan's Economic Development chapter includes numerous statements aligning with this project expansion, including those for business retention, reinvestment, tax base expansion and workforce development.

STAFF RECOMMENDED ACTION

City staff recommends adoption of Resolution 2022-61 endorsing WiHa Tools JCF Grant application submittal to MN-DEED in the amount of \$660,000. The company is proposing a

nearly \$12,000,000 total investment into a brand new 70,000 square foot warehouse and assembly facility with the potential to further expand the building footprint to 120,000 square feet in the future. The JCF Grant will be a key assistance tool allowing the expansion proposal to move forward as desired.

SUPPORTING DATA

- A. Resolution No. 2022-61
- B. Proposed Expansion Development Site – 7th Street East

**CITY OF MONTICELLO
CITY COUNCIL**

RESOLUTION NO. 2022-61

**RESOLUTION REGARDING THE SUPPORT OF A JOB CREATION FUND
APPLICATION IN CONNECTION WITH WIHA TOOLS**

WHEREAS, the City of Monticello, Minnesota (the “City”), desires to assist WiHa Tools, a manufacturer and distributor of premium hand tools, which is proposing to construct a facility in the City; and,

WHEREAS, the City of Monticello understands that WiHa Tools, through and with the support of the City, intends to submit to the Minnesota Department of Employment and Economic Development an application for an award and/or rebate from the Job Creation Fund Program; and,

WHEREAS, the City of Monticello held a city council meeting on May 23, 2022, to consider this matter.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Monticello, Minnesota, that, after due consideration, the Mayor and City Council of the City of Monticello, Minnesota, hereby adopts the following findings of fact related to the project proposed by WiHa Tools and its application for an award and/or rebate from the Job Creation Fund Program and express their approval.

The City Council hereby finds and adopts the reasons and facts supporting the following findings of fact for the approval of the Job Creation Fund Program application:

1. Finding that the project is in the public interest because it will encourage the growth of commerce and industry, prevent the movement of current or future operations to locations outside Minnesota, result in increased employment in Minnesota, and preserve or enhance the state and local tax base.

WiHa Tools has indicated that it will construct a new 70,000 square foot assembly and warehouse facility and add 59 new FTE staff to its current workforce. The annual property tax increase from the new addition will be approximately \$65,000. The company leadership has considered potential sites outside of MN in its site search process.

2. Finding that the proposed project, in the opinion of the City Council, would not reasonably expect to occur solely through private investment within the reasonably foreseeable future.

WiHa Tools has stated that it will not be able to undertake the construction of the new 70,000 square foot warehouse and assembly facility without financial assistance needed to fill a gap of approximately \$1,600,000.

3. Finding that the proposed project conforms to the general plan for the development or redevelopment of the City as a whole.

WiHa Tools' proposed new facility is to be located on a site zoned IBC (Industrial Business Campus) in the City. The Comprehensive Plan supports efforts to retain existing businesses and increase the tax base and grow the local economy through new employment opportunities.

4. Finding that the proposed project will afford maximum opportunity, consistent with the sound needs of the City as a whole, for the redevelopment or development of the project by private enterprise.

WiHa Tools has identified a funding gap and indicates that without assistance it will not be able to move forward with the construction of a new 70,000 square foot facility as desired at the 7th Street East site in Monticello. By obtaining a JCF Grant, a portion of the needed funding assistance will be secured. In combining JCF Grant dollars with additional local funding programs, it will help ensure that the funding gap is filled, and the development of a new WiHa Tools' facility can occur as proposed.

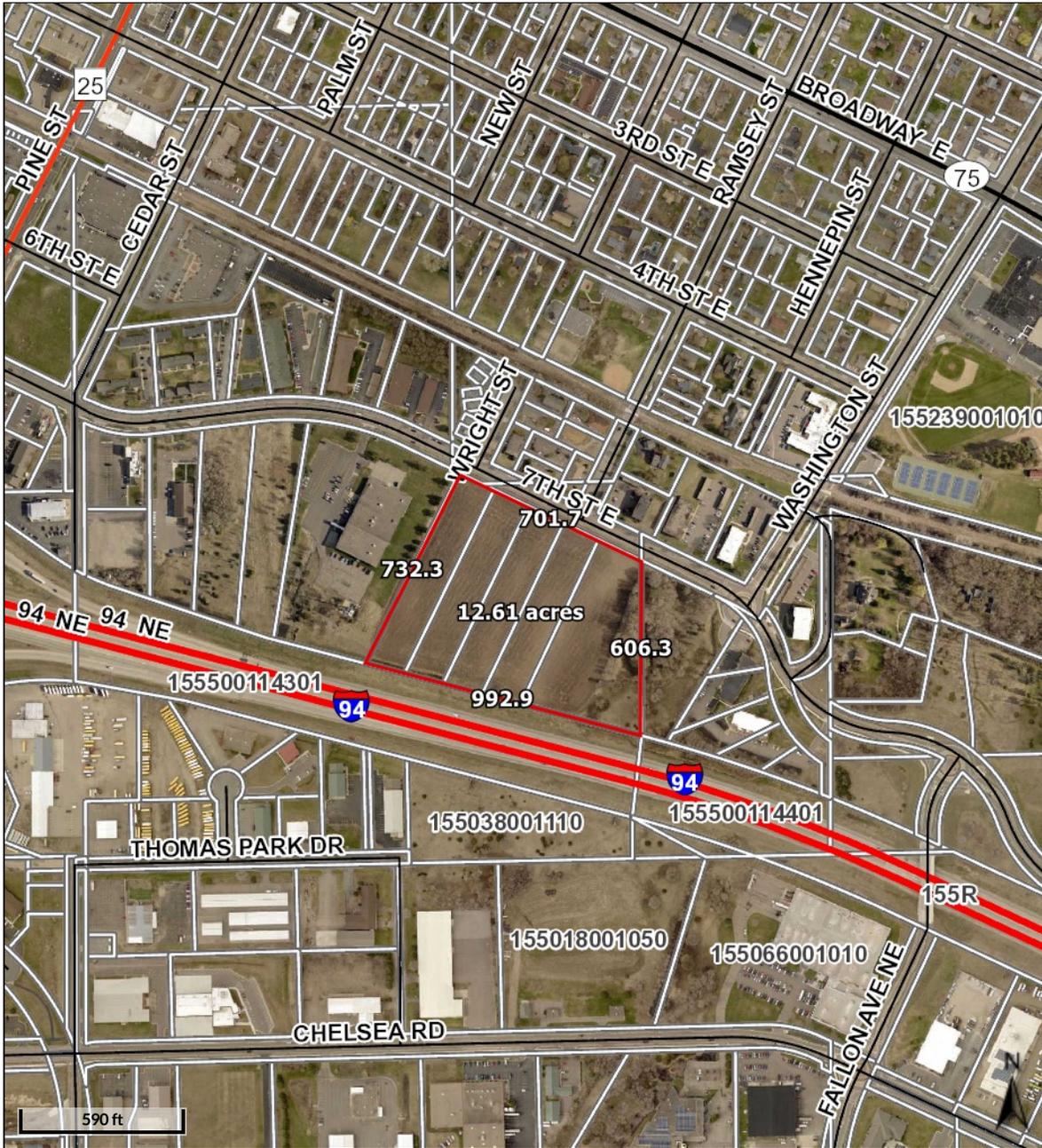
ADOPTED this 23rd day of May, 2022, by the City Council of the City of Monticello, Minnesota.

MONTICELLO CITY COUNCIL

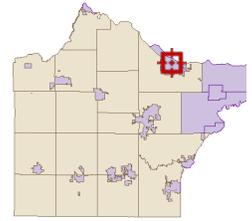
By: _____
Lloyd Hilgart, Mayor

ATTEST:

Jennifer Schreiber, City Clerk



Overview



Legend

Roads

- CSAHCL
- CTYCL
- MUNICL
- PRIVATECL
- TWPCCL

Highways

- Interstate
- State Hwy
- US Hwy

City/Township Limits

- c
- t
- Parcels

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