

EDA Members:
Dan Roe,
President
Jason Etten,
Vice President
Julie Strahan,
Treasurer
Wayne Groff
Robin
Schroeder



**Economic Development Authority
Meeting Agenda
Monday, March 13, 2023
6:00pm**

Address:
2660 Civic Center Dr.
Roseville, MN 55113

Phone:
651 - 792 - 7000

Website:
www.growroseville.com

Members of the public who wish to speak during public comment or an agenda item during this meeting can do so in person or virtually by registering at

www.cityofroseville.com/attendmeeting

1. 6:00 P.M. Roll Call
Voting & Seating Order: Groff, Strahan, Etten, Schroeder, and Roe
2. 6:02 P.M. Pledge Of Allegiance
3. 6:03 P.M. Approve Agenda
4. 6:04 P.M. Public Comment
5. Business Items (Action Items)
 - 5.A. 6:05 PM Market Presentation: Employment/Industrial Sector - Dan Mueller, Ryan Companies
Documents:
[5A REPORT AND ATTACHMENTS.PDF](#)
 - 5.B. 6:25 PM Discuss Small Business Micro-Loan Pilot Program
Documents:
[5B REPORT AND ATTACHMENTS.PDF](#)
6. 6:45 P.M. Adjourn To City Council



REQUEST FOR ECONOMIC DEVELOPMENT AUTHORITY ACTION

Date: 3/13/2023

Item No.: 5.a

Department Approval

Janice Gundlach

Executive Director Approval

Paul Trugen

Item Description: Industrial market report from Ryan Companies & CBRE

1 **BACKGROUND**

2 As part of the Council’s most recent Policy Priority Plan (PPP), Community Development staff
3 outlined several items that would be undertaken as part of the Economic Development Strategic
4 Priority. During the pandemic, Business Retention, Expansion & Attraction (BRE&A) visits ceased
5 during most of 2020 and 2021. During the second half of 2021, the Choose Roseville program
6 launched and continued through December of 2022. BRE&A visits, which are being done in
7 partnership with the St. Paul Area Chamber of Commerce, have resumed in 2023. Staff continues the
8 commitment of inviting a broker to an EDA meeting to provide a market update and conduct a Q &
9 A. A retail market report was given to the EDA in March of 2021 and an office market report was
10 given in May of 2022. Given the City’s remaining, largest redevelopment opportunity (former PIK
11 Terminal in Twin Lakes) is likely to draw an industrial-like, employment-generating user, and given
12 the EDA has not yet received a market report on industrial, staff felt it was appropriate to provide the
13 update now.

14 Dan Mueller with Ryan Companies, along with Mike Bowen of CBRE, has agreed to provide a brief
15 market report on the industrial market and stand for questions. Mr. Mueller and Mr. Bowen’s bios are
16 attached. Both are involved in marketing and redevelopment efforts for the former PIK Terminal
17 parcel at 2690 Twin Lakes Parkway (Attachment D). CBRE has also provided their latest industrial
18 market report for informational purposes (Attachment C).

19 **POLICY OBJECTIVE**

20 Economic Development remains a Strategic Priority of the City Council’s Policy Priority Plan.
21 Facilitating city-wide economic development is a strategic initiative, with retaining and expanding
22 existing businesses and attracting new businesses being a desired outcome of the City’s economic
23 development efforts.

24 **BUDGET IMPLICATIONS**

25 Not applicable

26 **RACIAL EQUITY IMPACT SUMMARY**

27 No racial equity impacts relate to this item.

28 **STAFF RECOMMENDATION**

29 Receive an industrial market report from Dan Mueller, Ryan Companies and Mike Bowen, CBRE
30 and engage in a Q & A as needed.

31 **REQUESTED EDA ACTION**

32 Receive an industrial market report from Dan Mueller, Ryan Companies and Mike Bowen, CBRE
33 and engage in a Q & A as needed.

Prepared by: Janice Gundlach, Community Development Director, 651-792-7071

Attachments: A: Dan Mueller bio
B: Mike Bowen bio
C: CBRE industrial market report
D: Marketing materials for 2690 Twin Lakes Parkway

PROJECTS
(/PROJECTS)
PEOPLE

PEOPLE
(/PEOPLE)

OFFICES
(/OFFICES)

CAREERS
(/CAREERS)

ABOUT
(/ABOUT)



Dan Mueller

Vice President of Real Estate Development

[Minneapolis, MN \(/offices?tid=2#Minnesota - Minneapolis\)](/offices?tid=2#Minnesota - Minneapolis)

[612-492-4867 \(tel:612-492-4867\)](tel:612-492-4867)

[dan.mueller@ryancompanies.com \(mailto:dan.mueller@ryancompanies.com\)](mailto:dan.mueller@ryancompanies.com)

Dan is a resourceful and knowledgeable developer with a track record of successfully completing even the most complex deals. As Vice President of Real Estate Development, Dan is involved in everything from responding to RFPs and

drafting pro formas to lease negotiations, development agreements, and the coordination of design and construction efforts. With a background in finance and real estate, Dan brings together multiple parties and countless details to accomplish a central goal. He has over five years of experience working as a broker on a wide range of transactions, representing landlords, tenants, buyers and sellers, which gives him valuable insight into the individual roles and motivations associated with development deals.

Affiliations & Memberships

- NAIOP
- Board Member, Minnesota Commercial Association of Realtors (MNCAR)
- Former Leadership Campaign Cabinet, United Way
- University of St. Thomas Real Estate Alumni Committee

SHARE THIS CONTACT:

 (MAILTO:?BODY=HTTPS://WWW.RYANCOMPANIES.COM/PERSON/DAN-MUELLER)

 (HTTP://WWW.FACEBOOK.COM/SHARER/SHARER.PHP?

U=HTTPS://WWW.RYANCOMPANIES.COM/PERSON/DAN-MUELLER)



(HTTP://TWITTER.COM/SHARE?TEXT=TEXT GOES

HERE&URL=HTTPS://WWW.RYANCOMPANIES.COM/PERSON/DAN-MUELLER)



(HTTPS://WWW.LINKEDIN.COM/SHAREARTICLE?

MINI=TRUE&URL=HTTPS://WWW.RYANCOMPANIES.COM/PERSON/DAN-MUELLER)



Mike Bowen

Vice President

Contact

+1 952 9244885

+1 612 5978488

Mike.Bowen@cbre.com



Professional Experience

Mike Bowen specializes in tenant and landlord representation for industrial clients in the Twin Cities metropolitan area. He is responsible for educating his clientele on local real estate trends, negotiating aggressive deal terms and closing complex lease and sale transactions. As a member of a market-leading industrial brokerage team at CBRE, Mike prides himself on aggressively and actively seeking out new client relationships. His tenacious and diligent approach to his work has allowed him the ability to gain the trust of many local, regional, and national clients.

Mike joined CBRE in 2013 after spending four years at a global real estate firm. Prior to his career in brokerage, Mike was a Magna Cum Laude graduate of the University of St. Thomas, receiving a Bachelor of Science degree in commercial real estate.

This website uses cookies and session recording technology to enhance user experience and to analyze performance and traffic on our website. We also share information about your use of our site with our social media, advertising and analytics partners. You may opt out of some of these technologies using the Cookie Settings link.

[Cookie Settings](#)

[Accept all cookies](#)

Minneapolis , MN 55402



Get Directions

Contact



Professional Affiliations/Accreditations

- Minnesota Commercial Association of Real Estate (MNCAR)
- University of St. Thomas Real Estate Alumni Association

Education

- St. Thomas University (Magna Cum Laude), Bachelor of Science degree in Commercial Real Estate

Significant Assignments

Project	Square Feet
Artis REIT Portfolio	2 Million
Greenfield Portfolio	1.2 Million
Duke Portfolio	1.1 Million
GLP	450,000
Opus Portfolio	336,000
Colony Financial	320,000
Klodt Portfolio	150,000

Clients

- Artis REIT

This website uses cookies and session recording technology to enhance user experience and to analyze performance and traffic on our website. We also share information about your use of our site with our social media, advertising and analytics partners. You may opt out of some of these technologies using the Cookie Settings link.

- Turck
- Victory Packaging
- First Industrial Realty Trust
- The 614 Company
- Meritex Enterprises
- Hyde Development
- GLP
- Anderson Companies
- Greenfield Partners
- Colony Financial

This website uses cookies and session recording technology to enhance user experience and to analyze performance and traffic on our website. We also share information about your use of our site with our social media, advertising and analytics partners. You may opt out of some of these technologies using the [Cookie Settings](#) link.

FIGURES | MINNEAPOLIS INDUSTRIAL | Q4 2022

2022 Year-end closes with another record of positive net absorption

◀ 3%
Vacancy Rate

▼ 1.6M
SF Net Absorption

▼ 7M
SF Under Construction

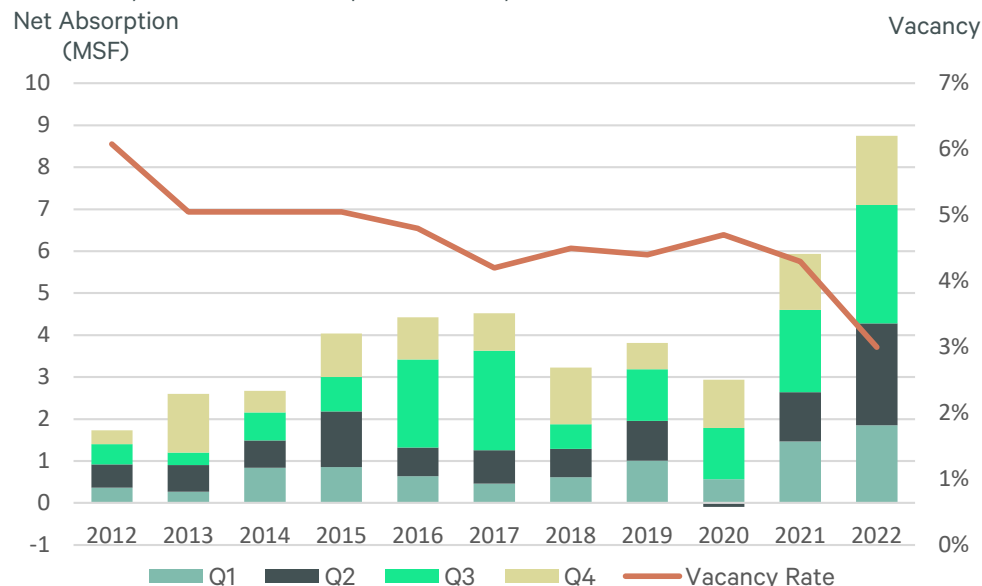
▼ \$6.88 PSF
Average Asking Rate (NNN)

Note: Arrows indicate change from previous quarter.

MARKET OVERVIEW

- In Q4, the Minneapolis industrial market absorbed 1.6 million sq. ft., bringing the 2022 year-to-date total up to 8.7 million sq. ft., a 47% increase over 2021 total absorption and the strongest annual performance on record.
- Overall vacancy was 3%, a decrease of 1.3% year-over-year and the lowest in recorded history.
- The construction pipeline remained strong, with 7 million sq. ft. under construction. Of that, 73% is speculative development with 14% percent pre-leased.
- Q4 new construction deliveries added 3.6 million sq. ft. from 21 buildings. 2.8 million sq. ft. of speculative construction was completed with 28% currently leased.
- Speculative deliveries this quarter include the I-94 Logistics Center, InverPoint II, Cottage Grove Logistics Park I/II, Bunker Lake Business Park I/II, Capstone 35 North/South, Blaine 35 B, Chaska Creek II, and North Central Commerce Center.
- Strong Q4 2022 leasing activity was led by the Northwest submarket. Overall, Q4 leasing activity in the market exceeded 2.5 million sq. ft.

FIGURE 1: Quarterly and Annual Net Absorption vs. Vacancy



Source: CBRE Research, Q4 2022.

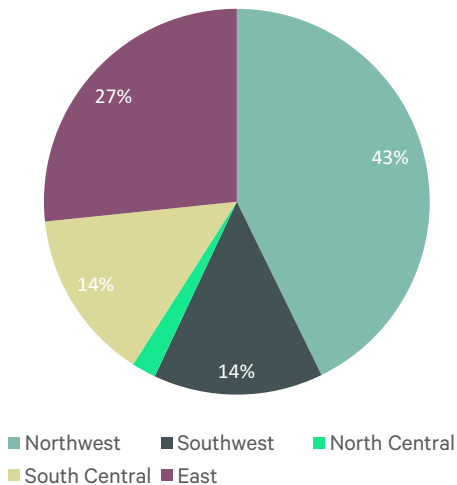
Absorption, Vacancy, and Construction

In Q4, the Minneapolis industrial market absorbed 1.6 million sq. ft., bringing the 2022 year-to-date total up to 8.7 million sq. ft., a 47% increase over 2021 total absorption and the strongest performance on record. The Northwest saw the strongest positive absorption with 1.1 million sq. ft. absorbed in Q4 and nearly 4 million sq. ft. absorbed YTD. Vacancy rates held this quarter at 3%, a decrease of 1.3% year-over-year and lowest in recorded history.

There are currently 7 million sq. ft. of new industrial development under construction in the Minneapolis market. Of that, 73% is speculative development with 14% percent pre-leased. Q4 construction starts include the speculative River Valley Business Park A/B sites in Shakopee and the Build to Suit Amazon development in Centerville.

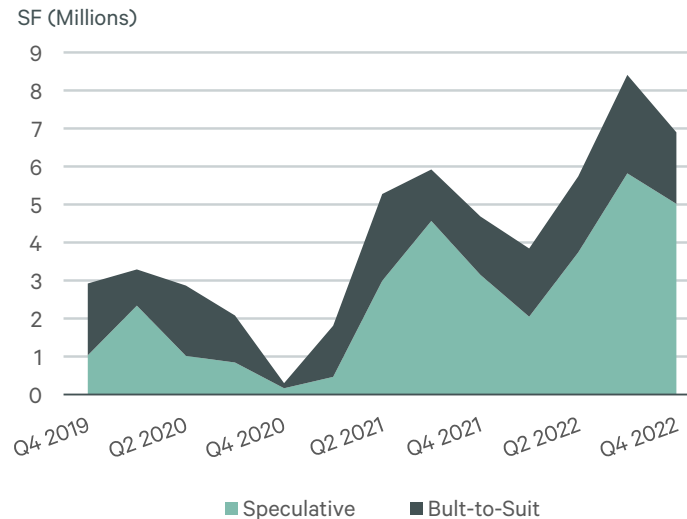
In Q4, there were 21 new developments with 3.6 million sq. ft. delivered including I-94 Logistics Center, InverPoint II, Cottage Grove Logistics Park I/II, Bunker Lake Business Park I/II, Capstone 35 North/South, Blaine 35 B/C, Chaska Creek II, and North Central Commerce Center. In total, over 8M sq. ft. of new construction was delivered in 2022.

FIGURE 2: Current SF Under Construction by Submarket



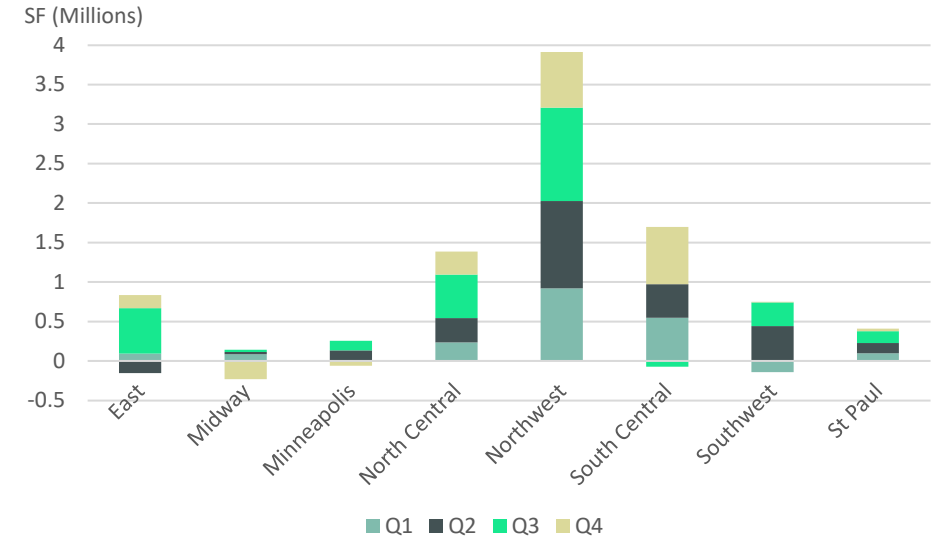
Source: CBRE Research, Q4 2022.

FIGURE 3: Speculative and Built-To-Suit Under Construction



Source: CBRE Research, Q4 2022.

FIGURE 4: 2022 Net Absorption by Submarket



Source: CBRE Research, Q4 2022.

FIGURE 5: Historic Construction Activity and Percentage of Buildings Pre-Leased



Source: CBRE Research, Q4 2022.

Leasing

Strong Q4 2022 leasing activity was led by the Northwest submarket which accounted for 42% of leasing activity and 1.04 million sq. ft. transacted. Overall, Q4 activity totaled 2.5 million sq. ft., a 24.8% decrease from the previous quarter.

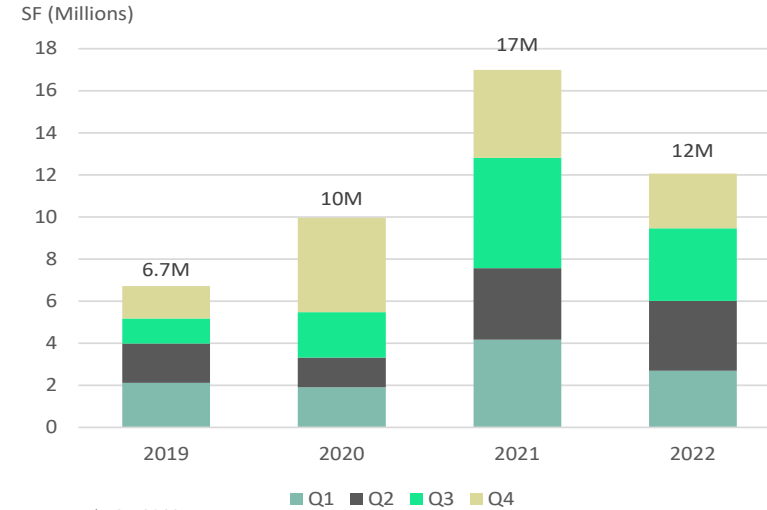
- 2022 YTD leasing velocity exceeded 12 million sq. ft. transacted. This is a 29% decrease from 2021 total leasing velocity and 79% increase compared to 2019 overall leasing.
- New leases and expansions accounted for 57% of all market activity in Q4. In the Northwest submarket, 63% of Q4 activity was with new leases.
- Manufacturing users accounted for the largest share of activity at 31% of all Q4 activity, followed by Transportation/Distribution users at 25%..

FIGURE 6: Top Transactions

Tenant	Size (Sq. Ft.)	Property	Submarket	Transaction Type	Industry
Superior 3PL	199,919	4Front Industrial Park	East	New Lease	Transportation/Distribution
Confidential	175,000	Maple Grove Industrial	Northwest	New Lease	Transportation/Distribution
General Dynamics Mission Systems	145,000	Bloomington Corporate Center	Southwest	Renewal	Manufacturing
Midland Paper	133,000	University Industrial Park III	Midway	Renewal/Expansion	Wholesale/Distribution
LubeTech	114,461	Xenium Business Center	Northwest	New Lease	Manufacturing
Daikin	100,000	Xenium Business Center	Northwest	New Lease	Manufacturing
Dedicated Networks	94,072	610 Junction - Spec 2	Northwest	New Lease	Technology
Xcel Products	93,000	Elk Creek Commerce Center II	Northwest	Renewal	Manufacturing

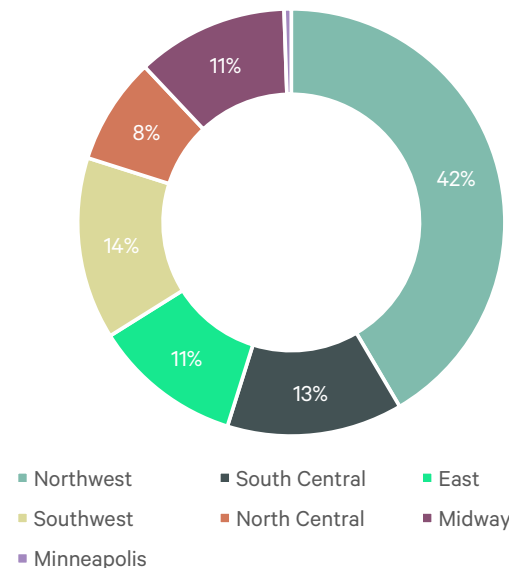
Source: CBRE Research, Q4 2022

FIGURE 7: Historic Annual Leasing Velocity 2019-2022



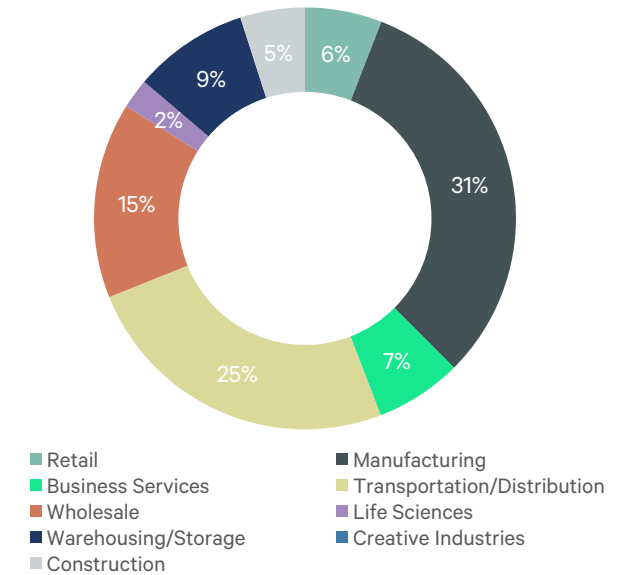
Source: CBRE Research, Q4 2022.

FIGURE 8: Top Transactions by Sq. Ft. by Submarket



Source: CBRE Research, Q4 2022.

FIGURE 9: Top Transactions by Industry Type



Source: CBRE Research, Q4 2022.

Investment Sales.

- **Volume:** Investment sales volume totaled \$777 million in Q4, bringing the 2022 year-to-date total volume to \$1.95 billion. This is a 94% increase from Q3 2022 volume, but a 15.6% decrease year-over-year.
- **Buyer Composition:** Private sales account for the largest percentage of Q4 activity at 55% followed by institutional buyers at 16% of all sales and cross-border buyers at 14%.
- **Product Type:** Q4 sales were predominantly for warehouse properties representing 66% of the total sales volume. Overall, warehouse sales volume for 2022 annually decreased 22% compared to 2021. Flex sales volume in 2022 increased 3% year-over-year.

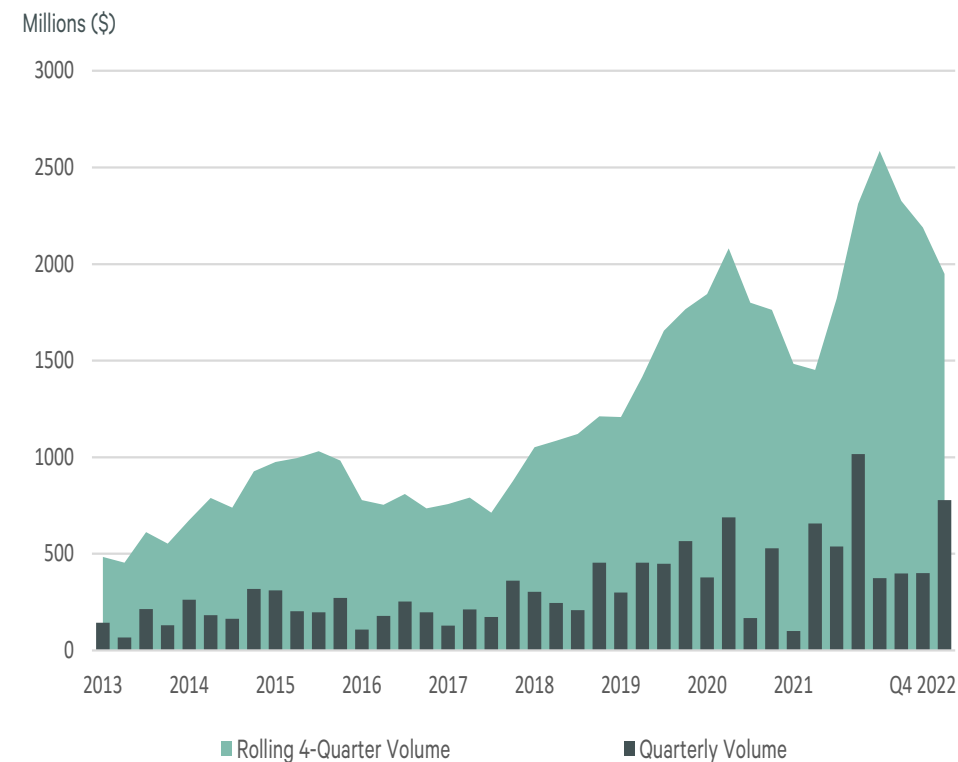
CBRE represented the seller in the sale of the Best Buy Distribution Center and the portfolio CP Industrial Dev Opp. In total, CBRE transacted \$201.5M of industrial sales this quarter, representing 26% of the market activity.

FIGURE 10: Q4 2022 Top Investment Sales

Property	Location	Buyer	Sale Price	Size (SF)	Price Per SF (\$)
Artis REIT Twin Cities Industrial Portfolio 2022	Various	Investcorp, Capital Partners	249M	2.45M	102
CP Industrial Dev Opp	Various	Eagle Realty Group JV CP	102.5M	795,000	129
UnitedHealth	Elk River	CloudHQ	90M	239,000	377
Best Buy Distribution Center	Bloomington	Orton Development	54M	580,000	93
Kindeva US HQ	Woodbury	CMP REIT	48.2M	137,500	351
Blackstone MN Industrial Portfolio 2022	Various	Biynah Industrial Partners	38.2M	375,500	102

Source: CBRE Research, Q4 2022.

FIGURE 11: Minneapolis Industrial Investment Sales Volume, 2013 – Q4 2022



Source: Real Capital Analytics.

FIGURE 12: Minneapolis/St. Paul Industrial Market Statistics

Submarket	Inventory (Sq. Ft.)	Total Availability Rate	Total Vacancy Rate	Q4 2022 Net Absorption (Sq. Ft.)	2022 Full-Year Net Absorption (Sq. Ft.)	Avg. Net Blended Asking Rate (\$/Sq. Ft./Yr.)
Metro Overall	350,772,837	3.7%	3.0%	1,643,808	8,747,370	\$6.88
East	20,878,160	5.5%	5.1%	165,648	683,558	\$6.38
Northwest	78,489,845	3.6%	3.5%	706,333	3,914,715	\$6.96
Southwest	70,987,275	5.1%	4.0%	11,067	611,552	\$6.84
South Central	54,056,085	2.9%	2.2%	722,139	1,628,071	\$7.76
North Central	54,417,769	3.0%	2.8%	293,638	1,387,775	\$6.49
Minneapolis	25,455,292	2.9%	1.7%	(58,885)	197,261	\$5.79
St Paul	15,896,717	1.2%	0.9%	31,737	409,162	\$8.64
Midway	30,591,694	2.7%	2.1%	(227,869)	(84,724)	\$6.94

Source: CBRE Research, Q4 2022.

FIGURE 13: Minneapolis/St. Paul Industrial Construction Statistics

Submarket	Construction Starts	Spec Under Construction	BTS Under Construction	Total Under Construction	Spec Completed	BTS Completed	Q4 22 Construction Completions	2022 YTD Construction Completions
Metro Overall	591,600	5,017,954	1,879,544	6,763,298	2,799,621	793,600	3,593,221	8,087,992
East	0	1,837,660	0	1,837,660	776,070	0	776,070	1,293,070
Northwest	0	2,048,136	901,544	2,949,680	812,371	221,000	1,033,371	3,181,050
Southwest	450,600	877,616	104,000	960,416	133,000	0	133,000	806,952
South Central	0	254,542	733,000	874,542	583,580	472,600	1,056,180	1,354,400
North Central	141,000	0	141,000	141,000	494,600	100,000	594,600	1,322,020
Minneapolis	0	0	0	0	0	0	0	130,500
St Paul	0	0	0	0	0	0	0	0
Midway	0	0	0	0	0	0	0	0

Source: CBRE Research, Q4 2022.

Economic Overview

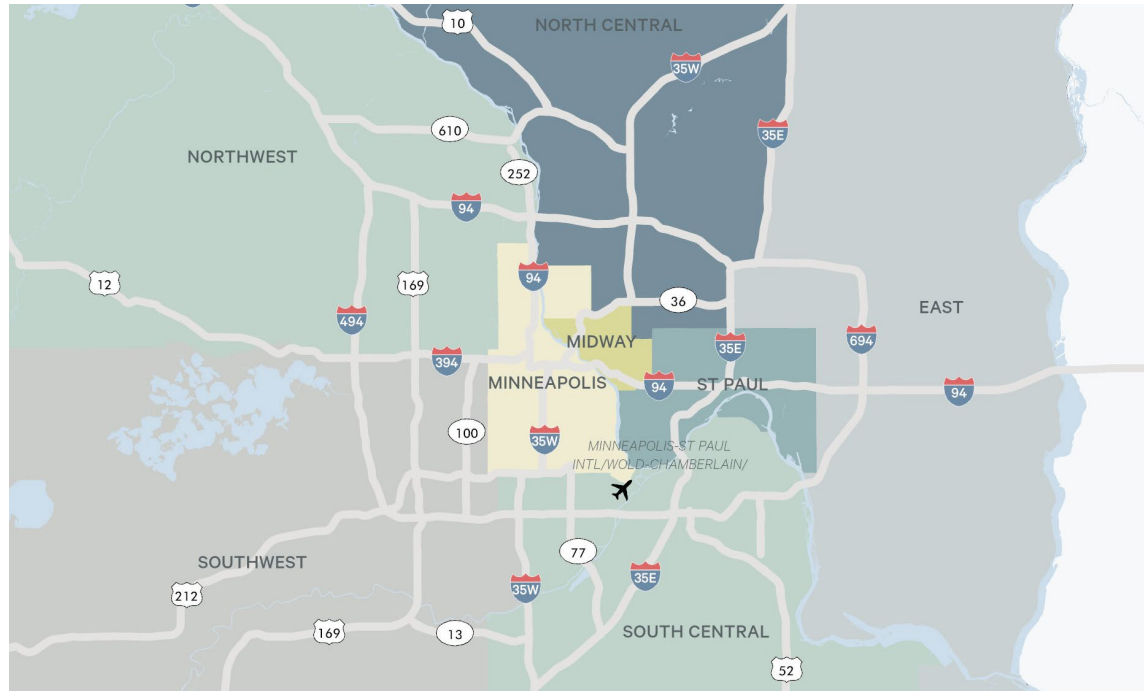
Everybody from Jerome Powell to single parents and Wall Street banks have been laser focused on inflation during the past year. Thankfully, the increase in the CPI has been decelerating due to improved supply chains, lower energy prices, and higher interest rates, which are curtailing demand for housing and autos. Despite this good news inflation remains a menace. Food and shelter prices are heightened, and fears persist that inflation is embedded in the labor market.

Consequently, the Federal Reserve continues its aggressive tightening program. The pace of recent rate hikes has been the most dramatic in decades and this has increased volatility in the financial markets. Sharply reduced expectations of earnings growth in 2023, means that firms are looking to cut costs, helping to fulfill recessionary prophecies.

Some positive signals can be found in monthly payroll gains, but other labor market metrics are not so sanguine. Data from Challenger, Gray & Christmas shows that the current level of layoff announcements is consistent with past recessions. This is paired with business surveys exhibiting deteriorating activity and consumers grappling with eroding savings. The upshot is we believe the economy will face a moderate recession in 1H 2023.



Market Area Overview



Definitions

Available Sq. Ft.: Space in a building, ready for occupancy within six months; can be occupied or vacant. Availability Rate: Total Available Sq. Ft. divided by the total building Area. Average Asking Lease Rate: A calculated average that includes net and gross lease rate, weighted by their corresponding available square footage. Building Area: The total floor area sq. ft. of the building, typically taken at the “drip line” of the building. Gross Activity: All sale and lease transactions completed within a specified time period. Excludes investment sale transactions. Gross Lease Rate: Rent typically includes real property taxes, building insurance, and major maintenance. Net Absorption: The change in Occupied Sq. Ft. from one period to the next. Net Lease Rate: Rent excludes one or more of the “net” costs (real property taxes, building insurance, and major maintenance) typically included in a Gross Lease Rate. Occupied Sq. Ft.: Building Area not considered vacant. Vacancy Rate: Total Vacant Sq. Ft. divided by the total Building Area. Vacant Sq. Ft.: Space that can be occupied within 30 days.

Survey Criteria

Includes all industrial buildings 10,000 sq. ft. and greater in size in the Minneapolis/St. Paul market. Buildings which have begun construction as evidenced by site excavation or foundation work.

Contact

Maggie Parra

Senior Field Research Analyst
 +1 612 215 1268
 maggie.parra@cbre.com

TWIN LAKES

TECHNOLOGY CENTER

[VIEW VIRTUAL TOUR](#)



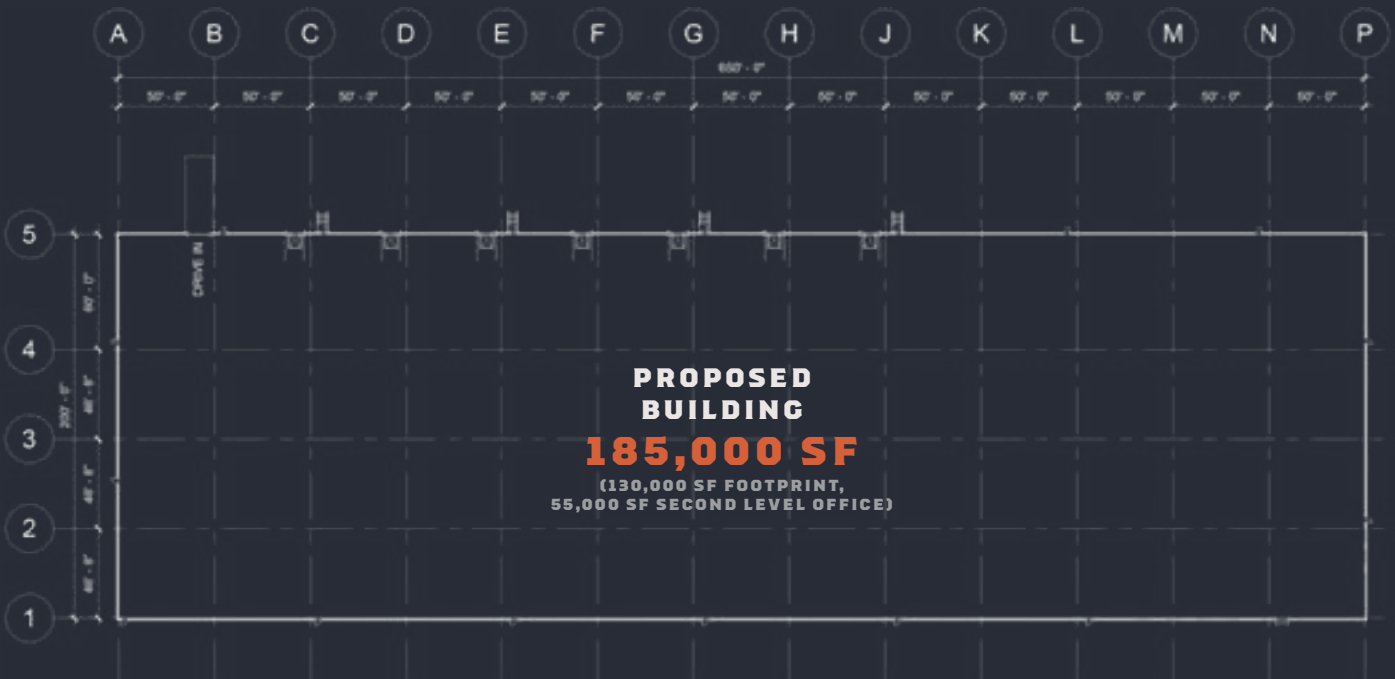
RYAN CBRE

PROPERTY DESCRIPTION

In partnership with Ryan Companies, CBRE is pleased to offer to market Twin Lakes Technology Center. Located just miles north of downtown Minneapolis at I-35W and Highway 36 in Roseville, TLTC is an unprecedented build-to-suit opportunity in an unmatched location. The site can accommodate up to 185,000 square feet and is perfectly positioned for medical manufacturing, tech, and office users seeking a state-of-the-art facility.

BUILDING SPECIFICATIONS

 SQ FOOTAGE Up to 185,000 SF	 LEASE RATE Negotiable	 CLEAR HEIGHT Up to 32'	 SITE 12.48 acres
 PARKING 374 stalls	 LOADING 7 dock-high doors 1 drive-in door	 ZONING Community Mixed Use-B	





RETAIL AMENITIES



**MATT
OELSCHLAGER**

+1 952 924 4848
matt.oelschlager@cbre.com

**MIKE
BOWEN**

+1 952 924 4885
mike.bowen@cbre.com

**JONATHAN
JURIS**

+1 612 597 6701
jonathan.juris@cbre.com

**JP
MALONEY**

+1 612 336 4288
jp.maloney@cbre.com



©2022 CBRE, Inc. All rights reserved. This information has been obtained from sources believed reliable, but has not been verified for accuracy or completeness. You should conduct a careful, independent investigation of the property and verify all information. Any reliance on this information is solely at your own risk. CBRE and the CBRE logo are service marks of CBRE, Inc. All other marks displayed on this document are the property of their respective owners, and the use of such logos does not imply any affiliation with or endorsement of CBRE. Photos herein are the property of their respective owners. Use of these images without the express written consent of the owner is prohibited. PMStudio_December2022




ROSEVILLE
ECONOMIC DEVELOPMENT AUTHORITY

Date: 3/13/2023
Item No.: 5.b

Department Approval

Executive Director Approval

Janice Gundlach

Paul J. Trueman

Item Description: Discuss small business micro-loan pilot program

BACKGROUND

Beginning in 2020, the Roseville Economic Development Authority (REDA) began budgeting for a small business loan program. The intent behind a small business loan fund was to provide resources to small businesses who may struggle to obtain traditional financing. This loan program is offered in partnership with Open to Business, with maximum individual loans valued at \$50,000. This program was formalized in 2021, but to-date zero loans have been made under this program.

In the summer of 2021, the REDA launched the Choose Roseville marketing campaign utilizing American Rescue Plan Act (ARPA) funds to assist small businesses in Roseville. The purpose and intent of this campaign was to provide small business support as the economic climate was attempting to normalize post-covid. This campaign required identification of small businesses meeting certain criteria, with an emphasis on those that identify as BIPOC, then conducting in-person visits from August 2021 through December 2022.

Through these efforts, staff heard from several businesses that they could benefit from smaller-value grants in order to expand their services. Many of the improvements these small business were/are exploring are capital investments into space they lease. In an effort to respond to the request for grants, staff reviewed existing programs for small businesses and found that there are no grants or forgivable loans that exist in Ramsey County.

Given the interest in grants by Roseville-area small businesses, the lack of existing grant programs, and City access to ARPA funds aimed at supporting economic development efforts of small businesses staff felt exploration of a small business pilot grant program was worth consideration by the REDA. Staff began exploring how such a program could be structured/offered, but was advised by the REDA attorney that grants are not statutorily allowed. And while grants are allowed if they are funded with ARPA, because this would be considered a “pilot” program whereby if successful it could be continued with non-ARPA funds, staff pivoted to a forgivable loan so as to ensure compliance with Statute. As such, staff has developed a small business micro-loan pilot program for the REDA’s consideration. The program would utilize up to \$30,000 of ARPA funds.

If the REDA is interested in entertaining such a pilot program, staff has offered the following program parameters for consideration and feedback:

36 **Anticipated Program Parameters**

37 Loan funds would only be used for capital improvements. Eligible capital improvements include, but are not
38 limited to repair, renovation and rehabilitation of buildings; building code corrections; and façade
39 improvements.

40 To be eligible for a small business loan, a business must meet all of the following criteria:

- 41 • Employ no more than 5 fulltime equivalent employees (including business owner).
- 42 • Have a bricks and mortar presence in Roseville. Home-based businesses are not eligible for funds,
43 unless the funds are proposed to be used towards expansion into a bricks and mortar location
44 within Roseville.
- 45 • The business must use the loan funds in connection with an expansion of business operations that
46 results in an increase of employees.

47 **Loan Structure**

- 48 • Loans would be forgiven if the business remains open in the City of Roseville for a period of 3
49 months.
- 50 • At the end of 3 months, the business must provide a statement describing how the funds helped to
51 expand the business, increase the number of employees, or retain employees.
- 52 • Loan proceeds would be disbursed on a reimbursement basis. Invoices for eligible costs would be
53 required prior to disbursement.
- 54 • Loan recipients would enter into a forgivable loan agreement with REDA.

55
56 **Application Requirements**

- 57 • Basic details about the business (who, what, where).
- 58 • Must be able to demonstrate the business has been in business for at least one year.
- 59 • Description of capital improvements to be funded with the loan.
- 60 • A statement of need, including whether access to traditional funding has been explored, and if yes,
61 why traditional funding was not pursued for the intended use of the loan funds.
- 62 • A summary of the business’s monthly revenues & expenditures for the last 1-2 years.
- 63 • An explanation of how the forgivable loan will help the business remain and expand in the City of
64 Roseville and create jobs.

65
66 **Marketing & Administration**

67 The loan program would be marketed to eligible businesses, including those that were identified through the
68 Choose Roseville program. Applications would be reviewed and awards would be given on a first-come
69 first-served basis until all funds are extinguished. The program administrator would reserve the right to
70 approve or reject applications on a case-by-case basis, taking into consideration program parameters, level
71 of need, prospective benefit potential, and other factors, as well as adherence to other City-established
72 policies and criteria. Meeting the criteria would not guarantee that an application will be approved.
73 Approval or denial of an application would be at the sole discretion of the program administrator.

74
75 **Businesses Not Eligible**

76 The following businesses would not be eligible:

- 77 • Businesses that do not have a physical commercial address located within the city of Roseville
- 78 • Non-profit organizations
- 79 • Businesses with annual gross revenues greater than \$1 million
- 80 • Chain retail

- 81 • Businesses that derive income from passive investments without operational ties to operational
- 82 businesses
- 83 • Businesses that engage in sexually explicit goods/services
- 84 • Businesses that engage in gambling enterprises
- 85 • Businesses that engage in activities prohibited by law
- 86 • Businesses that earn revenue from pyramid schemes, lending services and/or day trading/short term
- 87 investments
- 88 • Businesses that are not in compliance with all state and local laws and regulations pertaining to
- 89 licensing, building codes, zoning, and environmental requirements.
- 90 • Businesses that have delinquent taxes, bills, fines or other charges due to the city.

91 **Anticipated Total Program Funding**

- 92 • *Maximum Loan* funding per business would be capped at \$5,000 (not to include Open to Business
- 93 fees)
- 94 • Total program budget would not exceed \$30,000
- 95 • Administrative fees would not exceed \$5,000 (included in the \$30,000)
- 96 • Funding would be dispersed by December 1, 2024
- 97 • Loans would be administered through the Open to Business program
- 98 • Administrator would be responsible for execution of loan agreements with loan recipients and
- 99 follow-up after 90 days for loan forgiveness criteria
- 100 • Administrator would enter into an agreement with the REDA for program administration
- 101

102 **Anticipated Minimum & Maximum Loan Amounts** – loan award to be determined based on need*

- 103 • \$5,000 max (would result in no less than 5 recipients)
- 104 • \$1,500 min
- 105 • If costs of improvement exceeds loan proceeds, then the business will need to show proof of funds
- 106 to complete improvements before award of loan.

107 *Loan award amounts would be based upon need - businesses with the most demonstrated need would
108 receive the maximum funding and businesses not able to demonstrate need would not be funded. Total
109 number of loans awarded, and loan amounts, would be driven by available funding and number of qualified
110 applicants.

111
112 At this time, staff suggests the program only be considered as a pilot program. If, at the end of 2024 the
113 program is deemed successful, the REDA could discuss continuing the program in some form, whether
114 adhering to the requirements established for the pilot, and/or making changes based upon lessons learned
115 through implementation. Of course, the continued funding source for the forgivable loan program would
116 have to be identified.

117
118 **POLICY OBJECTIVE**

119 The REDA's role is to coordinate and administer housing, economic development and redevelopment
120 efforts for the City of Roseville.

121 **BUDGET IMPLICATIONS**

122 The REDA would utilize up to \$30,000 of ARPA funds for this pilot program.

123
124 **RACIAL EQUITY IMPACT SUMMARY**

125 There are no identified racial equity impacts related to this request.

126 **STAFF RECOMMENDATION**

127 Receive information on a small business micro loan pilot program and provide feedback and direction to
128 City staff.

129 **REQUESTED REDA ACTION**

130 Receive information on a small business micro loan pilot program and provide feedback and direction to
131 City staff. If the REDA wishes to pursue the pilot program, staff would bring a formal program forward for
132 action at a future REDA meeting.

133

134 Prepared by: Jeanne Kelsey, Housing & Economic Program Manager, 651-791-7086

135

136

137 Attachments A: Prospective Roseville Small Business Forgivable Micro Loan Program

138

139

Prospective Roseville Small Business Forgivable Loan Program

Roseville is exploring the opportunity to provide forgivable loans of up to \$5,000 for small businesses with less than 5 fulltime-equivalent employees to assist the businesses with making capital improvements. Applications would be reviewed on a first-come, first-served basis. Loans would be given to business to fund capital improvements that foster business growth and business expansions, help redevelop and improve aging commercial properties, and help create jobs in the City of Roseville. Businesses identified in the Choose Roseville program would be encouraged to apply for the loan program.

Anticipated Total Program Funding

- *Maximum Loan* funding per business would be capped at \$5,000 (not to include Open to Business fees)
- Total program budget would not exceed \$30,000
- Administrative fees would not exceed \$5,000 (included in the \$30,000)
- Funding would be dispersed by December 1, 2024
- Loans would be administered through the Open to Business program
- Administrator would be responsible for execution of loan agreements with loan recipients and follow-up after 90 days for loan forgiveness criteria
- Administrator would enter into an agreement with the REDA for program administration

Anticipated Minimum & Maximum Loan Amounts – loan award to be determined based on need*

- \$5,000 max (would result in no less than 5 recipients)
- \$1,500 min
- If costs of improvement exceeds loan proceeds, then the business will need to show proof of funds to complete improvements before award of loan.

*Loan award amounts would be based upon need - businesses with the most demonstrated need would receive the maximum funding and businesses not able to demonstrate need would not be funded. Total number of loans awarded, and loan amounts, would be driven by available funding and number of qualified applicants.

Anticipated Program Parameters

Loan funds would only be used for capital improvements. Eligible capital improvements include, but are not limited to repair, renovation and rehabilitation of buildings; building code corrections; and façade improvements. To be eligible for a small business loan, a business must meet all of the following criteria:

- Employ no more than 5 fulltime equivalent employees (including business owner).
- Have a bricks and mortar presence in Roseville. Home-based businesses are not eligible for funds, unless the funds are proposed to be used towards expansion into a bricks and mortar location within Roseville.
- The business must use the loan funds in connection with an expansion of business operations that results in an increase of employees.

Loan Structure

- Loans would be forgiven if the business remains open in the City of Roseville for a period of 3 months.
- At the end of 3 months, the business must provide a statement describing how the funds helped to expand the business, increase the number of employees, or retain employees.
- Loan proceeds would be disbursed on a reimbursement basis. Invoices for eligible costs would be required prior to disbursement.
- Loan recipients would enter into a forgivable loan agreement with REDA.

Application Requirements

- Basic details about the business (who, what, where).
- Must be able to demonstrate the business has been in business for at least one year.
- Description of capital improvements to be funded with the loan.

- A statement of need, including whether access to traditional funding has been explored, and if yes, why traditional funding was not pursued for the intended use of the loan funds.
- A summary of the business's monthly revenues & expenditures for the last 1-2 years.
- An explanation of how the forgivable loan will help the business remain and expand in the City of Roseville and create jobs.

Marketing & Administration

The loan program would be marketed to eligible businesses, including those that were identified through the Choose Roseville program. Applications would be reviewed and awards would be given on a first-come first-served basis until all funds are extinguished. The program administrator would reserve the right to approve or reject applications on a case-by-case basis, taking into consideration program parameters, level of need, prospective benefit potential, and other factors, as well as adherence to other City-established policies and criteria. Meeting the criteria would not guarantee that an application will be approved. Approval or denial of an application would be at the sole discretion of the program administrator.

Businesses Not Eligible

The following businesses would not be eligible:

- Businesses that do not have a physical commercial address located within the city of Roseville
- Non-profit organizations
- Businesses with annual gross revenues greater than \$1 million
- Chain retail
- Businesses that derive income from passive investments without operational ties to operational businesses
- Businesses that engage in sexually explicit goods/services
- Businesses that engage in gambling enterprises
- Businesses that engage in activities prohibited by law
- Businesses that earn revenue from pyramid schemes, lending services and/or day trading/short term investments
- Businesses that are not in compliance with all state and local laws and regulations pertaining to licensing, building codes, zoning, and environmental requirements.
- Businesses that have delinquent taxes, bills, fines or other charges due to the city.