



## PLANNING AND DEVELOPMENT

400 LA CROSSE STREET | LA CROSSE, WI 54601 | P: (608) 789-7512 | F: (608) 789-7318

City of La Crosse Redevelopment Authority

### INDUSTRIAL SITES ECONOMIC DEVELOPMENT PROGRAM

- I. **Purpose.** The purpose of this program is to establish a grant and loan program for the expansion and improvement of local industry, industrial sites redevelopment, redevelopment land acquisition and public infrastructure programs associated with industrial and economic development.
- II. **Authorization and Funding Sources.** The City of La Crosse Common Council passed resolution 16-1005 transferring \$200,000 from the City's Industrial Park Sinking Fund to the Redevelopment Authority. Repayments under the loan program may be used to provide additional loans and grants.
- III. **Equal Opportunity and Affirmative Action.**
  - a. **Non Discrimination.** No one shall be denied assistance based upon race, color, creed, religion, national origin, sex, marital status, age, familial status or disability.
  - b. All loan recipients and contracted agents must agree not to discriminate in any manner against an employee or agent as stated in the non-discrimination clause in III.b.
- IV. **Eligible Activities.** Certain applicants, projects, activities and costs are eligible for funding under this program.
  - a. **Eligible applicants.**
    - i. Business or non-profit organizations in the City of La Crosse including manufacturing, distribution, value added processing, and industries large and small when the principal use is one of the above stated uses. Applicants must be organized as a proprietorship, partnership, cooperative or corporation.
    - ii. Industrial site owners and/or developers interested in redevelopment or improvement to existing facilities.
    - iii. The City and its partners may use funds when they are intended for the purposes of improving infrastructure and/or acquire property associated with industrial sites redevelopment or development. The outcome of industrial site redevelopment and/or improvement under this provision does not require a manufacturing end-use, but rather economic development in general.
  - b. **Eligible activities.**
    - i. Acquisition
    - ii. Site improvements

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- iii. Building rehabilitation
  - iv. New construction
  - v. Machinery and equipment
  - vi. Fixtures and furnishings
  - vii. Short term operating capital
  - c. Ineligible activities and applicants.
    - i. Industrial operations in non-compliance with any environmental, employment, processing, operating, or other federal, state or local rule, ordinance or law.
    - ii. Applicants with a tax delinquency
    - iii. Uses not listed under eligible activities
- V. **Grant Program.** In order to implement the purpose of this program, the City of La Crosse Redevelopment Authority may provide grants under this fund to applicants developing or redeveloping sites in partnership with the City. The City RDA may also provide funding for City-led initiatives under this program for projects meeting the program purpose. Grants shall not exceed \$25,000 and may only be made when there is clear evidence of cost recovery through improved tax base and/or blight elimination, land sale, redevelopment and hazard mitigation.
- VI. **Loan Program.** The RDA may make available to eligible applicants, low interest loans for the purposes stated in this program.
- i. Loan Amount.
    - 1. Maximum. \$75,000 or 50% of the total project cost, whichever is less. Exceptions may be granted by the RDA on a case-by-case basis.
    - 2. Minimum. \$2,500.00
  - ii. Interest Rate. The interest rate shall be fixed and established at 1% below the Prime Rate as published in the Wall Street Journal on the date of RDA approval, with a floor of 3%.
  - iii. Term. The term of this loan program shall be as follows:
    - 1. Machinery, Equipment and Short Term Operating Capital. Not to exceed 5 years.
    - 2. Real Estate (Buildings and Land). Not to exceed 10 years.
  - iv. Balance Due. All balances will be due and payable if and when the loan recipient sells or otherwise transfers any or part of the recipients interest in the financed asset without prior approval of the RDA, or fails to meet any of the requirements established herein.
  - v. Equity participation. Applicants are required to fund 50% of the project through private sources and/or equity.

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- vi. Collateral requirements. All loans will be collateralized to the extent possible.
  - vii. Loan agreements. All loan agreements will be secured with a promissory note, mortgage or security agreement as required. The RDA may take a subordinate position to the primary lender on the financed assets.
  - viii. Guarantees. Personal guarantees of persons with ownership interest of 20% or greater may be required.
  - ix. Loan prepayment. Prepayments are permitted without penalty when the borrower makes the RDA whole for any losses or costs associated with the prepayment.
  - x. Notice of award or denial. Applicants shall be notified in writing not more than 14 days after final action has been taken by the RDA on the loan application.
  - xi. Loan closing documents. The RDA will close the loan within 60 days of final review and approval of loan documents. At that time, the RDA will deliver to the borrower all closing documents and a final debt service schedule.
  - xii. Post-closing amendments and modifications. Requests for amendments and modifications following the closing shall be made to the Executive Director of the RDA for consideration at the next available meeting of the RDA.
  - xiii. Loan declination. The RDA will not make a loan if it determines the loan amount would place an undue burden on the financial resources of the borrower, or the borrower cannot demonstrate adequate financial capacity to repay the loan, or the RDA makes a determination the loan is not in the best interest of the City. An aggrieved applicant may submit a written petition the RDA for an appeal within 14 days of written notice of loan denial, for consideration at the next available RDA meeting. Reconsideration may only take place when the applicant has provided new information which may influence the RDA's decision.
- b. Administration.
- i. Review. Loan applications shall be reviewed by a quorum of the RDA.
  - ii. Conflict of Interest. All city officials and employees shall comply with State of Wisconsin conflict of interest regulations set forth in the statutes, and the City of La Crosse ethics requirements for local officials.
  - iii. Staff responsibility. RDA staff shall have the general responsibility for coordinating the application process, reviewing loan applications, preparing application summaries and coordinating loan approval and servicing processes.
- c. Application. All parties seeking funding under this program must file an application. Application forms may be obtained on the City of La Crosse website and at the City of La Crosse Department of Planning and Development.
- i. Application Requirements.
    - 1. Application (includes loan amount, capital stack, purpose, etc.)
    - 2. Insurance Information

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3. Construction Cost Estimates (Detailed-identifying both hard and soft costs)
  4. Quotes for equipment
  5. Proposed security
  6. Business and/or Personal Financial statements (2 years minimum including taxes)
  7. Projections and cash flow statements
  8. Credit check release
  9. Mortgage or lease of the property to be improved
  10. Number of jobs to be created or retained
  11. Wage information for jobs (detail per position to be created or retained)
- d. Incomplete applications. RDA staff, at its sole discretion, will determine if the application is complete and actionable. Incomplete applications will be assigned pending status and the applicant will be informed in writing of deficiencies.
  - e. Transmittal. Applications must be submitted in hard copy-written form.
  - f. Determination of eligibility. Applicant eligibility will be determined by the RDA staff using the criteria outlined herein.
  - g. Credit check. A credit check for the applicant and each of its principal owners may be conducted by RDA staff.

## VII. **Loan Servicing**

- a. The RDA's financial institution shall administer the loan
- b. Applicants are required to set up automatic payment with the RDA's financial institution.

## VIII. **Administrative Costs.** Reasonable and customary fees for financial, legal, recording and other administrative duties may be deducted from this fund as approved by the RDA.

## IX. **Delinquency.**

- a. RDA staff is responsible for the timely posting and accounting of all loan repayments.
- b. Thirty day notice. Upon 30 day delinquency, the RDA Director shall; send the borrower a delinquency notice requesting payment within 15 days.
- c. Forty five day notice. If payment has not been received by the 45<sup>th</sup> day, the RDA Director will attempt to contact the borrower to discuss the delinquency. The Director shall also send a notice of default to the borrower via certified mail, requesting immediate payment and advising the delinquency will be placed on the next available RDA meeting agenda for discussion and consideration.
- d. Ninety day notice. If no repayment plan is submitted by the borrower, or if there is no attempt by the borrower to negotiate the amount due, the RDA will contact the City Attorney to provide notice calling due the loan in full.

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- X. **Default.** If the RDA determines a loan to be in default, it will pass a resolution declaring the entity in default and convey the matter to the City Attorney for disposition.

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