

Backus council plans to make city revolving loan funds more accessible

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Due to applications for revolving loan funds by Eveland's Inc. and B&L Automotive, it was brought to the attention of the Backus City Council that restrictions on the revolving loan funds may be too restrictive for area businesses.

At the council's Nov. 4 regular meeting Gail Levenson of the Cass County Economic Development Corporation (EDC) told the city council that applicants for the city's revolving loan fund were required to create one job for every \$10,000 requested with a pay level of at least \$12.45, and must track the hires to make sure that 51 percent of them were documented as low income prior to the hire.

Levenson made the point that in the city of Backus, these restrictions would be too much for most businesses.

"The way it's working now, Eveland's is about the only one who could use any money out of this revolving loan fund because the restrictions are just so high," said council member Richie Bean.

Levenson said something should be done to make that money more accessible, but the restrictions on the money would always be there so long as the fund was managed by a unit of government such as the City of Backus.

"The way to do it is defederalize the money," Levenson said.

This is done by giving the money to a nonprofit corporation or Local Development Organization (LDO) to be lent out with the guidance of the city. However, the money cannot be directly transferred from the city accounts and into the nonprofit group. It must be lent out to a business that meets the current restrictions and paid back into the nonprofit account.

Levenson recommended the Cass County EDC as the LDO. Levenson said that this could increase use of the revolving loans.

There is currently \$150,000 in the loan fund. Eveland Inc. has been approved to borrow \$50,000 of this amount to pay for their recent land acquisition and construction, however, the city would like to have that money repaid into the Cass County EDC LDO account as payments become due.

The council members showed approval of the transfer of funds from the city revolving loan fund and into the LDO with the condition that the amount be available only to businesses within the city.

The city set a public hearing for Tuesday, Nov. 12, at 4:30 p.m. to discuss the transfer of funds to the LDO.

In other business, the council:

- Approved a third partial payment to RJS Construction in the amount of \$787,145 for construction in the wastewater treatment project.
- Renewed hangar leases.
- Approved Ben Pollock's request for a \$10,000 revolving fund loan to make repairs and improvements to his business, B&L Automotive.
- Approved a pay increase for Ann Swanson, City Clerk/Treasurer following the completion of her 90 day probationary period.
- Approved certification of past due utility accounts to property taxes.
- Approved signing of the 2014 Law Enforcement Contract with Cass County once it is received. Council member Steve Braker voted in opposition.
- Set a truth in taxation hearing for Dec. 2 at 6:30 p.m.
- Approved renewing service with Mission123 for an electronic alert system that alerts city employees of issues with the city water treatment facility. The service has also been updated so that the treatment facility controls can be accessed remotely in the case of an alarm. This could prevent interruption of service in the future.