

5C. Consideration to approve an amendment to the Downtown Façade Improvement Forgivable Loan Program

<p>Prepared by: Economic Development Manager, Community Economic Development Coordinator</p>	<p>Meeting Date: 3/11/2026</p>	<p><input checked="" type="checkbox"/> Regular Agenda Item <input type="checkbox"/> Consent Agenda Item</p>
<p>Reviewed by: Community Development Director, Finance Director</p>	<p>Approved by: City Administrator</p>	

ACTION REQUESTED

1. Motion to approve the amendments to the Downtown Façade Improvement Forgivable Loan Program.
2. Motion of other as determined by the EDA.

REFERENCE AND BACKGROUND

The Downtown Façade Improvement Program was a deliverable from the 2017 Downtown Small Area Plan, which cited an implementation goal to “bolster Broadway with a façade improvement program”, and encourage more retail vitality: “establish a façade improvement program that offers financial support for investments that improve the visual appearance of buildings and district identity.”

The guidelines for the program were adopted in August 2018 by the EDA, and outreach efforts began in the Fall of 2018. Since that time, eight projects have been completed or are in progress. An update on these projects was provided at the December 2025 EDA Meeting. Additional projects are in the queue for possible consideration in early 2026.

Staff are seeking two changes to the policy related to window opacity and historic signage for clarity of expectations for applicants and to further align outcomes with the Downtown Small Area Plan and Broadway design guidelines.

Window Opacity

Staff is seeking a change to bring downtown windowfronts into alignment with both zoning and recommendations from the Downtown Small Area Plan as part of any Downtown Façade loan consideration. The current zoning code of states that “Storefronts facing any public street shall consist of a minimum of 50% window/door transparency on ground floor.” This design standard was recommended under the Downtown Small Area plan’s Broadway design guidelines for

façade and frontage, “Minimum 50% (windows/doors) transparency on ground floor”. The intent of the standard is to support retail vitality and activity visibility along the ground floor of buildings along Downtown Streets. The policy change to the Downtown Façade Improvement program will require that façade loan recipients bring their storefront windows and doors into compliance with this expectation, regardless of whether the proposed façade improvements are for new windows. Compliance with the City’s ordinance is already a minimum requirement in the policy, but the additional language provides a clear reference for applicant understanding.

Historical Signage

The second policy change formally adopts language requiring the historical placard signage for properties receiving loans. Previously, the post-construction historical plaque has been a verbal understanding with applicants, as their projects are proposed. Staff are recommending this be added to the policy for adoption with a clear understanding for future applicants.

As a result of the downtown walking tour at the EDA workshop on July 9, 2025, EDA Commissioners reached consensus in favor of the revised color palette, with a black and white option as an alternative. Staff continue to work with the communications department to finalize the history narratives for each recipient sign. Sign quote will be solicited this summer with the goal of sign placement by September 1 of this year for prior loan recipient locations. The historical plaques illustrate a narrative of each building’s history, either from oral or written record, offering a snapshot into the rich history of downtown Monticello.

The total downtown façade improvement funding provided by the EDA amounts to \$571,935. The façade improvement dollars have leveraged private funding for the 8 buildings totaling about \$352,723 +/-.

I. Budget Impact:

No budget impact is expected at this time

II. Staff Workload Impact:

City staff involved in this consideration include the Community Development Director, Community Economic Development Coordinator, Economic Development Manager and Finance Director. At this point in time no other staff are required to complete the tasks involved in this effort.

III. Comprehensive Plan Impact:

The Monticello 2040 Vision + Plan identifies the Downtown as a “development focus” area with the intent of promoting investment and redevelopment of key properties and parcels in the City’s core area.

By utilizing EDA funding through a formal Façade Improvement Forgivable Loan program, the Small Area Plan and Comprehensive Plan goals are being achieved. The 8 projects have resulted in noticeable exterior building upgrades as well as producing a more aesthetic and inviting look and feel in the downtown core area.

STAFF RECOMMENDATION:

Staff recommends the two policy update changes of window opacity and historical signage.

SUPPORTING DATA

- A. Downtown Façade Forgivable Loan Policy – Proposed Changes
- B. Downtown Target Area



SECTION: FINANCE

NO: FIN-

REFERENCE:

Date:

Next Review Date:

TITLE: FAÇADE IMPROVEMENT PROGRAM

1.0 Purpose

The City of Monticello Economic Development Authority (the “EDA”) recognizes the need to encourage investment in commercial and retail buildings in the Downtown area in order to maintain the economic viability of the City and the Downtown/Central Community District. The purpose of this forgivable loan program is to support a visually and financially appealing Downtown and greater Monticello community by providing forgivable loans to improve the façades of existing Downtown commercial and retail buildings.

2.0 Policy

ELIGIBLE BUSINESSES

Commercial property located within the geographic area illustrated in **Exhibit A** of these guidelines may be eligible for a Downtown Façade Improvement Forgivable Loan (“ Loan”) as further defined herein. The area illustrated in **Exhibit A** of these guidelines is amended to include the buildings to remain on Block 52 following redevelopment, as well as those buildings along Walnut Street, between Broadway Street West and River Street. It is the goal of the EDA that 70% of the buildings within the eligible area complete improvements to their properties.

The EDA has allocated a maximum of \$200,000 for the initial Loan program. This is a pilot program, and additional areas and allocations will be considered at a future date.

FORGIVABLE LOAN FUND TERMS & CONDITIONS

Loan Amount & Structure

Individual loans may be made in an amount ranging from \$5,000-\$50,000. Loan forgiveness generally takes place over a three-year period with fifty percent (50%) of the award forgiven at the end of the first year, and twenty-five percent (25%) forgiven at the end of years two and three. The EDA may extend or reduce the forgiveness period based on the dollar amount of the Loan. If the benefitting building is sold within the period of the Loan, the Loan must be repaid. The Applicant must provide at least 5% of the project cost in cash. The Applicant percentage shall be used as the project down-payment, as may be required.

Eligibility Requirements

Tenants and property owners should discuss the loan program to determine responsibilities and commitment for application and its components. The owner of the property must be a cosignatory to the application and Loan agreement.

The property owner must carry current property insurance both at the time of application and through completion of approved Loan improvements.

Property taxes on the subject site must be current for the duration of the Loan.

Applicants are not eligible to receive funding if the property to be rehabilitated is in default under a property mortgage, contract for deed or comparable obligation. An applicant/property owner is ineligible to receive assistance if currently involved in bankruptcy proceedings.

Applicants may apply for only one Façade Loan per building.

The EDA reserves the right to approve or reject applications on a case-by-case basis, taking into consideration factors considered appropriate by the EDA, in addition to established polices, criteria, and potential benefits. Meeting the criteria does not guarantee an application will be approved. Approval or denial of an application is at the sole discretion of the EDA.

Concurrent Loans

The concurrent use of different EDA loan programs by any one borrower or for any one project is permitted. Business subsidy agreements may be required.

Permitted Loan Uses

Exterior renovation of the façades of principal use retail or commercial buildings as further shown on **Exhibit B** attached hereto. An applicant may apply for façade improvements on all exterior sides of their building. The EDA may approve a Loan for improvements for all or some of the sides of the building at their discretion.

An architectural rendering supplied by one of the following is required: an EDA selected architect, applicant contractor or architect, or a qualified architect accepted by the EDA. This item is required for use in determining final scope of work in consultation with the applicant and the applicant's selected contractor for any project. The cost of the rendering shall not be included in the Loan amount. Architectural renderings will be considered for preparation after initial letter of interest by an applicant.

Façade renovation may include, but is not limited to windows, doors, siding, brick, stucco, masonry, painting, steps, cornices, parapets, shutters, dormers, signage, awnings, and structural roof components and such improvements shall be guided by the architectural rendering. Any façade loan property recipient must maintain at least 50% transparency on all ground-floor windows. This includes both any existing windows at the time of application and any proposed new windows.

Interior side renovation proposals may be considered on a case-by-case basis.

The applicant will work with a contractor to define final selected improvements using the architectural rendering as a guide. The architectural rendering with final selected improvements must be reviewed and approved by the EDA and will be included in final Loan documentation. The improvements must be completed in substantial conformity to the approved architectural rendering.

The cost of the building permit for the approved Loan project will be included in the final Loan amount.

CONSTRUCTION AND IMPROVEMENTS CODE COMPLIANCE

As applicable, buildings for which public funds will be used within this program are to be brought into conformity with city ordinances and state building codes in effect for the area in which the building is located. It is the intent of the Downtown Façade Improvement Loan Program to comply with the City's building standards for the Downtown/Central Community District (CCD). Please refer to the City's Downtown Small Area Plan and zoning ordinance for complete details as it relates to the standards governing this program's design guidelines.

TIMING OF PROJECT EXPENSES

No project may commence until the EDA has approved the Loan application and the Loan agreement. Any costs incurred prior to execution of the Loan agreement are not eligible expenditures.

No building construction may commence until the required city permits are secured.

Loan disbursements shall be as provided for within the Loan agreement and shall be made directly to the Applicant/owner's contractor. The Loan agreement shall reference final contracts for improvements.

COMMUNICATION

Success of the project depends on the completeness of applications and good communication between all parties. Applicants should feel free to reach out to EDA staff with any questions at any time.

PROCEDURAL GUIDELINES FOR APPLICATION AND APPROVAL

The applicant shall meet with city staff to obtain information about the Loan program, discuss the project, and obtain application forms.

Prior to application, it is recommended that the applicant complete and submit a letter of interest to the EDA. The letter of interest should provide a summary of desired façade improvements. As part of the letter of interest review, the EDA may consider authorization of a façade rendering by the EDA's architectural consultant or may direct the applicant to proceed with a formal application including preparation of rendering by their contractor(s)/architect. Once the applicant has obtained the rendering and estimates, the applicant must submit a formal application to the EDA for review including the project rendering and detailed estimates.

Applications will be received and reviewed on a first-come, first-served basis from the time of submission of a complete application.

An inspection of the building may be required.

The EDA is a governmental entity and as such must provide public access to public data it receives. Data deemed by Applicant to be nonpublic data under State law should be so designated or marked by Applicant. See Minnesota Statutes, Section 13.591, Subd. 1 and 2. The formal Loan application will be reviewed by EDA staff to determine if it conforms to all city policies and ordinances, and will be presented to the EDA for formal approval, as follows:

1. Staff will complete a preliminary application review and may consult with the EDA's Financial Advisor and/or EDA Attorney in preparing a report for EDA consideration.
2. Staff will evaluate the project application in terms of the following:
 - a. Project Design - Evaluation of project design will include review of proposed activities, project construction and renovation plans including architectural rendering and final building elevations detailing selected improvements, timelines and capacity to implement the project.
 - b. Financial Feasibility - Availability of funds, private investment, financial packaging and cost effectiveness, and bid-quote submissions.
 - c. Evidence of applicant's ability to meet the 5% cash requirements.
 - d. Letter of Commitment from other financing sources stating terms and conditions of their participation in the project, if applicable.

- e. All other information as required in the application and/or additional information as may be requested by the EDA staff.
 - f. Project compliance with all applicable city codes and policies.
3. The EDA Commissioners will review each application in terms of:
 - a. Its consistency with the goals of the city's Comprehensive Plan and Downtown Small Area Study.
 - b. Whether it is desirable and in the best interests of the public to provide funding for the project.
 - c. The project's overall potential impact on the community's economy.
4. The EDA Commissioners will approve or deny the application, or request a resubmission with clarifications, at the EDA's sole discretion.

APPROVAL OR DENIAL OF LOAN APPLICATION

The EDA, at its sole discretion, may deny any application on a case-by-case basis, taking into consideration factors such as: consistency with the goals of the city's Comprehensive Plan and Downtown Small Area Study, the project's overall impact on the community's economy, and the above criteria.

LOAN POLICY REVIEW

The above criteria will be reviewed on an annual basis to ensure that the policies reflected in this document are consistent with the economic development goals set forth by the city.

COMPLIANCE WITH BUSINESS SUBSIDY LAW

All developers/businesses receiving financial assistance from the City of Monticello EDA shall be subject to the City's Business Subsidy Policy as amended, and the provisions and requirements set forth under Minnesota Statutes, Sections 116J.993 to 116J.995.

LOAN AGREEMENT

If the application for a Loan is approved, the applicant/property owner will be required to enter into a Loan agreement to proceed. The Loan agreement will specify the terms and conditions of the Loan as identified herein.

HISTORIC SIGNAGE

Approved applicants for the loan program shall work with the EDA for the installation of a historic plaque to describe the property's history in Monticello, to be installed at the conclusion of the façade improvements. The City or EDA shall be responsible for the cost of production and maintenance of the sign.

DISBURSEMENT OF LOAN FUNDS

Upon approval of a Loan application, applicants are required to provide executed contracts with qualified, licensed contractors for work per the approved Loan plans. Contracts shall be consistent with the procedures and requirements herein.

Loan funds will be disbursed to the contractor based on completion of work as outlined below. The City's Chief Building Official will verify completion of work. Upon verification of completion, payment will be dispersed per contract amount for the work completed based on submitted invoice.

PROJECT CONTRACTOR PROCEDURES AND REQUIREMENTS

A. PARTICIPATING CONTRACTORS: All contractors participating in the Downtown Façade Improvement Loan Program must have a contractor's license on file with the Minnesota Department of Labor and Industry. The contractors will be responsible for securing insurance of the amounts specified on the application form. The application must contain proof of insurance coverage via a Certification of Insurance Coverage, and the contractor's registration and license number and bond.

B. BID/QUOTE SOLICITATION: To participate in the Downtown Façade Improvement Loan Program, the applicant must solicit bids or quotes from at least two vendors. An applicant is free to choose any contractor, provided the license requirements are met and the cost differential in the quotes received does not exceed 20%.

C. CONTRACTOR CONTRACT: The contract for work is between the property owner (applicant) and the contractor. Each selected contractor will enter into a contract with the property owner. The contract will outline the terms for completion of the rehabilitation on the project and will include the following:

1. Scope of Work
2. Project Start Date;
3. Project Completion Date;
4. General Conditions;
5. Building Elevations and Architectural Drawings;
6. Special Conditions;
7. Project Warranties;
8. Change Order Procedures;
9. Payment Terms;
10. Termination Procedures.

D. FAILURE TO START/COMPLETE PROJECT: Upon approval of the Loan agreement, the applicant and selected contractor will have 180 calendar days in which to complete the contracted work. The 180-day time period shall not be exceeded except through the issuance of a change order. Failure to complete any work within 180 days will be grounds to terminate the Loan agreement.

E. PAYMENT PROCEDURES: All contractors will agree to the payment schedule, which is as follows:

1. Pre-payments for contracted services may be disbursed from an escrow account established with the EDA's specified agency. Such escrow account shall be administered per the Loan agreement.
2. Lien waivers are required for all contractors and subcontractors before payment is made.
3. Final payment for work completed, including any retainage amounts, will be made after work by a contractor is completed with verified receipts and costs incurred, the final inspection has been conducted and the Chief Building Official, property owner, and contractor have signed off on the work.

F. CHANGE ORDERS: Change orders to the approved Loan project require the approval of the EDA. Change orders will be allowed only for the following reasons:

1. To rectify hidden deficiencies that are discovered once the work has begun.
2. To change a specification due to unforeseen difficulties arising after work has begun.
3. To address a deficiency that was inadvertently dropped from the project during project packaging.
4. To change completion dates.

PROJECT COMPLETION

The City’s Chief Building Official will complete a final project inspection and issue a Certificate of Completion verifying project completion per the approved Loan plans.

3.0 Scope

This policy applies to all projects that apply for and may receive assistance under the Façade Improvement Program.

4.0

HISTORY			
Approval Date:	August 8, 2018	Approved by:	EDA
Amendment Date:	November 9, 2022	Approved by:	EDA
Amendment Date:	January 10, 2024	Approved by:	EDA

EXHIBIT A
Geographic Program Limits

Downtown Facade Improvement Grant Program Eligibility Area



EXHIBIT B
Permitted Fund Uses – Visual Reference