

**Mayor**  
John Keis



**City of Little Canada**

515 Little Canada Road E.  
Little Canada, MN 55117

**Council Members**  
Tom Fischer  
Michael McGraw  
Rick Montour  
Christian Torkelson

**City Administrator**  
Chris Heineman

**Workshop Meeting of the  
Little Canada City Council**

*Wednesday, November 14, 2018 -  
6:00 p.m.*

City Center Council Chambers

**AGENDA**

1. CALL TO ORDER - Workshop Meeting - 6:00 P.m.
2. Roll Call
3. Workshop Topics
  - A. Discuss Proposed Economic Development TIF District 7-2

Documents:

[ECONOMIC DEVELOPMENT TIF DISTRICT 7-2.PDF](#)

4. Adjourn

*This agenda is subject to change by additions and deletions.*



## STAFF REPORT

TO: Mayor Keis and Members of City Council  
FROM: Chris Heineman, City Administrator  
DATE: November 14, 2018 Workshop Meeting  
RE: Proposed Economic Development Tax Increment Finance District

The City Council has held three previous workshop meetings to discuss a request for business assistance for a proposed economic development project in Little Canada. The proposed development consists of the acquisition of the approximately 207,000 square-foot (SF) Slumberland distribution facility located in the City of Little Canada at the SE quadrant of 35E and 694 on two parcels of land. The Economic Development TIF District is being created to facilitate an expansion of the company's food processing and distribution capabilities and accommodate growth.

The proposed project will relocate approximately 400 existing jobs and create 160 net new positions over the next five years. The project has received a Minnesota Job Creation Fund award through the MN Department of Employment and Economic Development (DEED). The project will require an investment of approximately \$25M to acquire the existing facility, up-fit the building to food-grade standards and furniture, fixtures, equipment and IT. The proposed improvements include approximately 60,000 SF of refrigerated, cooler and freezer space; 91,000 SF of storage, dock and maintenance; 26,000 SF of processing; and 20,000 SF of office space.

The developer is considering a purchase of the existing building and anticipates a total of \$14,706,250 in improvements. The current taxable market value of the property is \$8,427,500 (\$1,753,500 for land and \$6,674,000 for the building). The Ramsey County Assessor indicated that the property value will increase by \$1,500,000 to \$2,000,000 once the upgrades have been completed. Based on analysis from Ehlers Financial Advisors, the project will generate an estimated \$32,588 in annual tax increment.

Before the Council can take action on establishing a TIF District, Minnesota Statutes require that the Planning Commission review the proposed plan and program to determine if it conforms with the general plans for development/redevelopment for the City as described in the Little Canada Comprehensive Plan (Minnesota Statutes, Section 469.175, Subd. 3). The Planning Commission met on Thursday, November 8<sup>th</sup> and approved the attached Resolution.

The Planning Commission considered the current zoning and guidance from the Little Canada Comprehensive Plan in making this determination. The Comprehensive Plan identifies this area in the southeast quadrant of the I-35 E/I-694 interchange area as Industrial. Both the 2030 & 2040 Comprehensive Plans identify this area as an Industrial Land Use based on the following Goals and Policies:

**Goals:**

1. Promote continued industrial development in order to expand the local employment base and opportunities within Little Canada.
2. Provide industrial development areas that attract businesses and offer employment opportunities for Little Canada residents.
3. Provide opportunities and mechanisms for reinvestment in established industrial areas and redevelopment of targeted areas.
4. Ensure that opportunities exist for business expansion and growth within the City in order to retain key businesses and preserve the industrial tax base.

**Policies:**

1. Continue to maintain the City's industrial tax base to assist in paying for needed services and in reducing tax impact on residential land uses.
2. Existing industrial uses shall be retained and new industrial development shall be encouraged to locate in existing industrial parks and industrially zoned areas.
3. Encourage industrial site designs that integrate the facility with natural features of the land and provide an aesthetically attractive appearance.
4. Outside storage of equipment and materials shall be screened and landscaped to eliminate any visual impact.
5. Existing industrial development and new industrial development shall not cause pollutants or contaminants to be emitted into the surrounding environment in excess of state and federal regulations.
6. An aesthetically pleasing environment free from excessive outdoor storage shall guide the physical development of the northwest quadrant of the City.

The purpose of this workshop is to review the attached Tax Increment Financing Plan in further detail and discuss the proposed terms to be included in the Contract for Private Development. Additional information related to the project and the proposed terms will be provided at the meeting. Please feel free to contact me if you have any additional questions. Thanks!

**PLANNING COMMISSION  
CITY OF LITTLE CANADA  
RAMSEY COUNTY, MINNESOTA**

RESOLUTION NO. 2018-PC-2

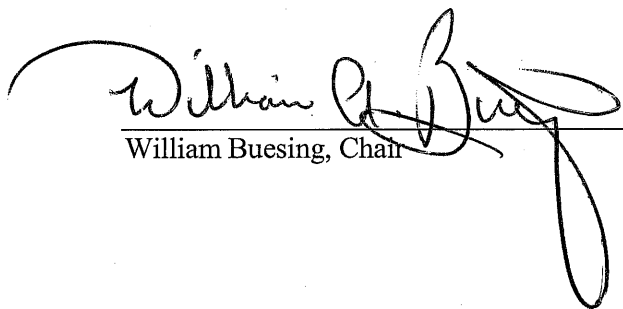
**RESOLUTION OF THE CITY OF LITTLE CANADA PLANNING  
COMMISSION FINDING THAT A MODIFICATION TO THE DEVELOPMENT  
PROGRAM FOR DEVELOPMENT DISTRICT NO. 7 AND A TAX INCREMENT  
FINANCING PLAN FOR TAX INCREMENT FINANCING DISTRICT NO. 7-2  
CONFORMS TO THE GENERAL PLANS FOR THE DEVELOPMENT AND  
REDEVELOPMENT OF THE CITY**

WHEREAS, the City of Little Canada (the "City") has proposed to adopt a Modification to the Development Program for Development District No. 7 (the "Development Program Modification") and a Tax Increment Financing Plan for Tax Increment Financing District No. 7-2 (the "TIF Plan") therefor (the Development Program Modification and the TIF Plan are referred to collectively herein as the "Program and Plan") and has submitted the Program and Plan to the City Planning Commission (the "Commission") pursuant to Minnesota Statutes, Section 469.175, Subd. 3, and,

WHEREAS, the Commission has reviewed the Program and Plan to determine their conformity with the general plans for the development and redevelopment of the City as described in the comprehensive plan for the City.

NOW, THEREFORE, BE IT RESOLVED by the Commission that the Program and Plan conform to the general plans for the development and redevelopment of the City as a whole.

Dated: November 8, 2018

  
\_\_\_\_\_  
William Buesing, Chair

ATTEST:

  
\_\_\_\_\_  
Heidi Heller, City Clerk

## Schedule of Events

City of Little Canada  
Ramsey County, Minnesota

For the proposed Modification to the Development Program  
for Development District No. 7 and

the proposed establishment of Tax Increment Financing District No. 7-2: Project Surf  
(an economic development district)

### Draft as of October 12, 2018

- ASAP Project information (property identification numbers and legal descriptions, detailed project description, maps, but/for statement, and list of sources and uses of funds) for drafting necessary documentation sent to Ehlers.
- Ehlers confirms with the City whether building permits have been issued on the property to be included in the TIF District.
- N/A Project information submitted to the County Board for review of county road impacts (at least 45 days prior to public hearing).
- \*The County Board, by law, has 45 days to review the TIF Plan to determine if any county roads will be impacted by the development. Because the City staff believes that the proposed tax increment financing district will require unplanned county road improvements, the TIF Plan will be forwarded to the County Board 45 days prior to the public hearing.
- By October 24, 2018 Ehlers conducts internal review of TIF Plan.
- October 26, 2018 Fiscal/economic implications received by School Board Clerk and County Auditor (at least 30 days prior to public hearing). *[Ehlers will fax & mail on or before October 26, 2018.]*
- October 29, 2018 City Council adopts a resolution calling for a public hearing on the Modification to Development District No. 7 and the establishment of Tax Increment Financing District No. 7-2. *[Ehlers sent resolution to the City by October 24, 2018.]*
- November 8, 2018 Planning Commission reviews the Program Modification and TIF Plan to determine if they are in compliance with City's comprehensive plan. *[Ehlers will e-mail information by November 1, 2018]*
- November 13, 2018 Date of publication of hearing notice and map (at least 10 days but not more than 30 days prior to hearing). *[Roseville Review publication deadline November 6, 2018 – Ehlers will submit notice and map to newspaper via email on or before November 5, 2018.]*

## Schedule of Events – page 2

City of Little Canada  
Ramsey County, Minnesota

For the proposed Modification to the Development Program  
for Development District No. 7 and

the proposed establishment of Tax Increment Financing District No. 7-2: Project Surf  
(an economic development district)

November 28, 2018      City Council holds public hearing at 7:30 P.M. on the Modification to Development District No. 7 and the establishment of Tax Increment Financing District No. 7-2 and considers a resolution approving the Program Modification and TIF Plan. *[Ehlers will send Council packet information via email to the City on or before November 20, 2018.]*

City Council passes an Interfund Loan in conjunction with the TIF District.

By June 30, 2019      Ehlers files TIF Plan with the MN Department of Revenue and the Office of the State Auditor, and requests certification of the TIF District with Ramsey County.



*As of November 1, 2018  
Draft for Planning Commission review*

**Modification to the Development Program  
for Development District No. 7**

**and the**

**Tax Increment Financing Plan**

**for the establishment of**

**Tax Increment Financing District No. 7-2  
(an economic development district)**

**within**

**Development District No. 7**

City of Little Canada  
Ramsey County  
State of Minnesota

Public Hearing: November 28, 2018  
Adopted:



**EHLERS**

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**Table of Contents**  
(for reference purposes only)

Section 1 - Modification to the Development Program	
for Development District No. 7 .....	1-4
Foreword .....	1-4
Section 2 - Tax Increment Financing Plan	
for Tax Increment Financing District No. 7-2 .....	2-1
Subsection 2-1. Foreword .....	2-1
Subsection 2-2. Statutory Authority .....	2-1
Subsection 2-3. Statement of Objectives .....	2-1
Subsection 2-4. Development Program Overview .....	2-1
Subsection 2-5. Description of Property in the District and Property To Be Acquired ..	2-2
Subsection 2-6. Classification of the District .....	2-2
Subsection 2-7. Duration and First Year of Tax Increment of the District .....	2-2
Subsection 2-8. Original Tax Capacity, Tax Rate and Estimated Captured Net Tax Capacity	
Value/Increment and Notification of Prior Planned Improvements .....	2-3
Subsection 2-9. Sources of Revenue/Bonds to be Issued .....	2-4
Subsection 2-10. Uses of Funds .....	2-4
Subsection 2-11. Fiscal Disparities Election .....	2-5
Subsection 2-12. Business Subsidies .....	2-6
Subsection 2-13. County Road Costs .....	2-7
Subsection 2-14. Estimated Impact on Other Taxing Jurisdictions .....	2-7
Subsection 2-15. Supporting Documentation .....	2-9
Subsection 2-16. Definition of Tax Increment Revenues .....	2-9
Subsection 2-17. Modifications to the District .....	2-9
Subsection 2-18. Administrative Expenses .....	2-10
Subsection 2-19. Limitation of Increment .....	2-10
Subsection 2-20. Use of Tax Increment .....	2-11
Subsection 2-21. Excess Increments .....	2-12
Subsection 2-22. Requirements for Agreements with the Developer .....	2-12
Subsection 2-23. Assessment Agreements .....	2-12
Subsection 2-24. Administration of the District .....	2-12
Subsection 2-25. Annual Disclosure Requirements .....	2-12
Subsection 2-26. Reasonable Expectations .....	2-13
Subsection 2-27. Other Limitations on the Use of Tax Increment .....	2-13
Subsection 2-28. Summary .....	2-14
Appendix A	
Project Description .....	A-1
Appendix B	
Map of Development District No. 7 and the District .....	B-1
Appendix C	
Description of Property to be Included in the District .....	C-1
Appendix D	
Estimated Cash Flow for the District .....	D-1



Appendix E	
Minnesota Business Assistance Form .....	E-1
Appendix F	
Findings Including But/For Qualifications .....	F-1

***Section 1 - Modification to the Development Program  
for Development District No. 7***

**Foreword**

The following text represents a Modification to the Development Program for Development District No. 7. This modification represents a continuation of the goals and objectives set forth in the Development Program for Development District No. 7. Generally, the substantive changes include the establishment of Tax Increment Financing District No. 7-2.

For further information, a review of the Development Program for Development District No. 7, adopted April 11, 2018, is recommended. It is available from the City Administrator at the City of Little Canada. Other relevant information is contained in the Tax Increment Financing Plans for the Tax Increment Financing Districts located within Development District No. 7.

## **Section 2 - Tax Increment Financing Plan for Tax Increment Financing District No. 7-2**

### **Subsection 2-1. Foreword**

The City of Little Canada (the "City"), staff and consultants have prepared the following information to expedite the establishment of Tax Increment Financing District No. 7-2 (the "District"), an economic development tax increment financing district, located in Development District No. 7.

### **Subsection 2-2. Statutory Authority**

Within the City, there exist areas where public involvement is necessary to cause development or redevelopment to occur. To this end, the City has certain statutory powers pursuant to *Minnesota Statutes ("M.S.")*, Sections 469.124 to 469.133, inclusive, as amended, and *M.S.*, Sections 469.174 to 469.1794, inclusive, as amended (the "Tax Increment Financing Act" or "TIF Act"), to assist in financing public costs related to this project.

This section contains the Tax Increment Financing Plan (the "TIF Plan") for the District. Other relevant information is contained in the Modification to the Development Program for Development District No. 7.

### **Subsection 2-3. Statement of Objectives**

The District currently consists of two parcels of land and adjacent and internal rights-of-way. The District is being created to facilitate expansion of an existing facility for a food processing and distribution facility in the City. Please see Appendix A for further District information. The City has not entered into an agreement, although anticipates to do so with the developer, as development is expected to begin in the fall of 2018. This TIF Plan is expected to achieve many of the objectives outlined in the Development Program for Development District No. 7.

The activities contemplated in the Modification to the Development Program and the TIF Plan do not preclude the undertaking of other qualified development or redevelopment activities. These activities are anticipated to occur over the life of Development District No. 7 and the District.

### **Subsection 2-4. Development Program Overview**

1. Property to be Acquired - Selected property located within the District may be acquired by the City and is further described in this TIF Plan.
2. Relocation - Relocation services, to the extent required by law, are available pursuant to *M.S., Chapter 117* and other relevant state and federal laws.
3. Upon approval of a developer's plan relating to the project and completion of the necessary legal requirements, the City may sell to a developer selected properties that it may acquire within the District or may lease land or facilities to a developer.
4. The City may perform or provide for some or all necessary acquisition, construction, relocation, demolition, and required utilities and public street work within the District.
5. The City proposes both public and private infrastructure within the District. The proposed reuse of private property within the District will be for a food processing and distribution facility, and there will be continued operation of Development District No. 7 after the

capital improvements within Development District No. 7 have been completed.

### **Subsection 2-5. Description of Property in the District and Property To Be Acquired**

The District encompasses all property and adjacent rights-of-way and abutting roadways identified by the parcels listed in Appendix C of this TIF Plan. Please also see the map in Appendix B for further information on the location of the District.

### **Subsection 2-6. Classification of the District**

The City, in determining the need to create a tax increment financing district in accordance with *M.S., Sections 469.174 to 469.1794*, as amended, inclusive, finds that the District, to be established, is an economic development district pursuant to *M.S., Section 469.174, Subd. 12* as defined below:

*"Economic development district" means a type of tax increment financing district which consists of any project, or portions of a project, which the authority finds to be in the public interest because:*

- (1) it will discourage commerce, industry, or manufacturing from moving their operations to another state or municipality; or*
- (2) it will result in increased employment in the state; or*
- (3) it will result in preservation and enhancement of the tax base of the state; or*
- (4) it satisfies the requirements of a workforce housing project under Section 469.176, Subdivision 4c, paragraph (d).*

The District is in the public interest because it will meet the statutory requirement from clauses 2 and 3.

Pursuant to *M.S., Section 469.176, Subd. 4c*, revenue derived from tax increment from an economic development district may not be used to provide improvements, loans, subsidies, grants, interest rate subsidies, or assistance in any form to developments consisting of buildings and ancillary facilities, if more than 15 percent of the buildings and facilities (determined on the basis of square footage) are used for a purpose other than:

- (1) The manufacturing or production of tangible personal property, including processing resulting in the change in condition of the property;
- (2) Warehousing, storage, and distribution of tangible personal property, excluding retail sales;
- (3) Research and development related to the activities listed in items (1) or (2);
- (4) Telemarketing if that activity is the exclusive use of the property; or
- (5) Tourism facilities;
- (6) Space necessary for and related to the activities listed in items (1) to (5); or
- (7) A workforce housing project that satisfies the requirements of paragraph (d).

In meeting the statutory criteria the City relies on the following facts and findings:

Pursuant to *M.S., Section 469.176, Subd. 7*, the District does not contain any parcel or part of a parcel that qualified under the provisions of *M.S., Sections 273.111, 273.112, or 273.114* or *Chapter 473H* for taxes payable in any of the five calendar years before the filing of the request for certification of the District.

### **Subsection 2-7. Duration and First Year of Tax Increment of the District**

Pursuant to *M.S., Section 469.175, Subd. 1, and M.S., Section 469.176, Subd. 1*, the duration of the District must be indicated within the TIF Plan. Pursuant to *M.S., Section 469.176, Subd. 1b.*, the duration of the

District will be 8 years after receipt of the first increment by the City. The date of receipt by the City of the first tax increment is expected to be 2021. Thus, it is estimated that the District, including any modifications of the TIF Plan for subsequent phases or other changes, would terminate after 2029, or when the TIF Plan is satisfied. If increment is received in 2020, the term of the District will be 2028. The City reserves the right to decertify the District prior to the legally required date.

**Subsection 2-8. Original Tax Capacity, Tax Rate and Estimated Captured Net Tax Capacity Value/Increment and Notification of Prior Planned Improvements**

Pursuant to *M.S., Section 469.174, Subd. 7 and M.S., Section 469.177, Subd. 1*, the Original Net Tax Capacity (ONTC) as certified for the District will be based on the market values placed on the property by the assessor in 2018 for taxes payable 2019.

Pursuant to *M.S., Section 469.177, Subds. 1 and 2*, the County Auditor shall certify in each year (beginning in the payment year 2019) the amount by which the original value has increased or decreased as a result of:

1. Change in tax exempt status of property;
2. Reduction or enlargement of the geographic boundaries of the district;
3. Change due to adjustments, negotiated or court-ordered abatements;
4. Change in the use of the property and classification;
5. Change in state law governing class rates; or
6. Change in previously issued building permits.

In any year in which the current Net Tax Capacity (NTC) value of the District declines below the ONTC, no value will be captured and no tax increment will be payable to the City.

The original local tax rate for the District will be the local tax rate for taxes payable 2019, assuming the request for certification is made before June 30, 2019. The ONTC and the Original Local Tax Rate for the District appear in the table below.

Pursuant to *M.S., Section 469.174 Subd. 4 and M.S., Section 469.177, Subd. 1, 2, and 4*, the estimated Captured Net Tax Capacity (CTC) of the District, within Development District No. 7, upon completion of the projects within the District, will annually approximate tax increment revenues as shown in the table below. The City requests 100 percent of the available increase in tax capacity for repayment of its obligations and current expenditures, beginning in the tax year payable 2021. The Project Tax Capacity (PTC) listed is an estimate of values when the projects within the District are completed.

<b>Project Estimated Tax Capacity upon Completion (PTC)</b>	<b>\$227,780</b>	
<b>Original Estimated Net Tax Capacity (ONTC)</b>	<b>\$187,780</b>	
<b>Fiscal Disparities</b>	<b>\$13,969</b>	
<b>Estimated Captured Tax Capacity (CTC)</b>	<b>\$26,031</b>	
<b>Original Local Tax Rate</b>	<b>1.25191</b>	Pay 2018
<b>Estimated Annual Tax Increment (CTC x Local Tax Rate)</b>	<b>\$32,588</b>	
<b>Percent Retained by the City</b>	<b>100%</b>	

Pursuant to *M.S., Section 469.177, Subd. 4*, the City shall, after a due and diligent search, accompany its request for certification to the County Auditor or its notice of the District enlargement pursuant to *M.S., Section 469.175, Subd. 4*, with a listing of all properties within the District or area of enlargement for which building permits have been issued during the eighteen (18) months immediately preceding approval of the TIF Plan by the municipality pursuant to *M.S., Section 469.175, Subd. 3*. The County Auditor shall increase the original net tax capacity of the District by the net tax capacity of improvements for which a building permit was issued.

**The City has reviewed the area to be included in the District and found that no building permits have been issued during the 18 months immediately preceding approval of the TIF Plan by the City.**

**Subsection 2-9. Sources of Revenue/Bonds to be Issued**

The costs outlined in the Uses of Funds will be financed primarily through the annual collection of tax increments. The City reserves the right to incur bonds or other indebtedness as a result of the TIF Plan. As presently proposed, the projects within the District will be financed by a pay-as-you-go note and interfund loan. Any refunding amounts will be deemed a budgeted cost without a formal TIF Plan Modification. This provision does not obligate the City to incur debt. The City will issue bonds or incur other debt only upon the determination that such action is in the best interest of the City.

The total estimated tax increment revenues for the District are shown in the table below:

<u>SOURCES OF FUNDS</u>	<u>TOTAL</u>
Tax Increment	\$292,246
<u>Interest</u>	<u>\$29,225</u>
<b>TOTAL</b>	<b>\$321,471</b>

The City may issue bonds (as defined in the TIF Act) secured in whole or in part with tax increments from the District in a maximum principal amount of \$252,893. Such bonds may be in the form of pay-as-you-go notes, revenue bonds or notes, general obligation bonds, or interfund loans. This estimate of total bonded indebtedness is a cumulative statement of authority under this TIF Plan as of the date of approval.

**Subsection 2-10. Uses of Funds**

Currently under consideration for the District is a proposal to facilitate expansion of an existing facility for a food processing and distribution facility. The City has determined that it will be necessary to provide assistance to the project(s) for certain District costs, as described. The City has studied the feasibility of the development or redevelopment of property in and around the District. To facilitate the establishment and development or redevelopment of the District, this TIF Plan authorizes the use of tax increment financing to pay for the cost of certain eligible expenses. The estimate of public costs and uses of funds associated with the District is outlined in the following table.

<u>USES OF TAX INCREMENT FUNDS</u>	<u>TOTAL</u>
Utilities	\$223,668
<u>Administrative Costs (up to 10%)</u>	<u>\$29,225</u>
PROJECT COST TOTAL	\$252,893
<u>Interest</u>	<u>\$68,578</u>
<b>PROJECT AND INTEREST COSTS TOTAL</b>	<b>\$321,471</b>

The total project cost, including financing costs (interest) listed in the table above does not exceed the total projected tax increments for the District as shown in Subsection 2-9.

Estimated capital and administrative costs listed above are subject to change among categories by modification of the TIF Plan without hearings and notices as required for approval of the initial TIF Plan, so long as the total capital and administrative costs combined do not exceed the total listed above. Further, the City may spend up to 20 percent of the tax increments from the District for activities (described in the table above) located outside the boundaries of the District but within the boundaries of the Project (including administrative costs, which are considered to be spend outside the District), subject to all other terms and conditions of this TIF Plan.

### **Subsection 2-11. Fiscal Disparities Election**

Pursuant to *M.S., Section 469.177, Subd. 3*, the City may elect one of two methods to calculate fiscal disparities. If the calculations pursuant to *M.S., Section 469.177, Subd. 3, clause b*, (within the District) are followed, the following method of computation shall apply:

- (1) *The original net tax capacity shall be determined before the application of the fiscal disparity provisions of Chapter 276A or 473F. The current net tax capacity shall exclude any fiscal disparity commercial-industrial net tax capacity increase between the original year and the current year multiplied by the fiscal disparity ratio determined pursuant to M.S., Section 276A.06, subdivision 7 or M.S., Section 473F.08, subdivision 6. Where the original net tax capacity is equal to or greater than the current net tax capacity, there is no captured tax capacity and no tax increment determination. Where the original tax capacity is less than the current tax capacity, the difference between the original net tax capacity and the current net tax capacity is the captured net tax capacity. This amount less any portion thereof which the authority has designated, in its tax increment financing plan, to share with the local taxing districts is the retained captured net tax capacity of the authority.*
- (2) *The county auditor shall exclude the retained captured net tax capacity of the authority from the net tax capacity of the local taxing districts in determining local taxing district tax rates. The local tax rates so determined are to be extended against the retained captured net tax capacity of the authority as well as the net tax capacity of the local taxing districts. The tax generated by the extension of the less of (A) the local taxing district tax rates or (B) the original local tax rate to the retained captured net tax capacity of the authority is the tax increment of the authority.*

The City shall submit to the County Auditor at the time of the request for certification which method of computation of fiscal disparities the City elected.

**The City will choose to calculate fiscal disparities by clause b.**

According to *M.S., Section 469.177, Subd. 3*:

- (c) *The method of computation of tax increment applied to a district pursuant to paragraph (a) or (b) shall remain the same for the duration of the district, except that the governing body may elect to change its election from the method of computation in paragraph (a) to the method in paragraph (b).*

## **Subsection 2-12. Business Subsidies**

Pursuant to *M.S., Section 116J.993, Subd. 3*, the following forms of financial assistance are not considered a business subsidy:

- (1) A business subsidy of less than \$150,000;
- (2) Assistance that is generally available to all businesses or to a general class of similar businesses, such as a line of business, size, location, or similar general criteria;
- (3) Public improvements to buildings or lands owned by the state or local government that serve a public purpose and do not principally benefit a single business or defined group of businesses at the time the improvements are made;
- (4) Redevelopment property polluted by contaminants as defined in *M.S., Section 116J.552, Subd. 3*;
- (5) Assistance provided for the sole purpose of renovating old or decaying building stock or bringing it up to code and assistance provided for designated historic preservation districts, provided that the assistance is equal to or less than 50% of the total cost;
- (6) Assistance to provide job readiness and training services if the sole purpose of the assistance is to provide those services;
- (7) Assistance for housing;
- (8) Assistance for pollution control or abatement, including assistance for a tax increment financing hazardous substance subdistrict as defined under *M.S., Section 469.174, Subd. 23*;
- (9) Assistance for energy conservation;
- (10) Tax reductions resulting from conformity with federal tax law;
- (11) Workers' compensation and unemployment compensation;
- (12) Benefits derived from regulation;
- (13) Indirect benefits derived from assistance to educational institutions;
- (14) Funds from bonds allocated under chapter 474A, bonds issued to refund outstanding bonds, and bonds issued for the benefit of an organization described in section 501 (c) (3) of the Internal Revenue Code of 1986, as amended through December 31, 1999;
- (15) Assistance for a collaboration between a Minnesota higher education institution and a business;
- (16) Assistance for a tax increment financing soils condition district as defined under *M.S., Section 469.174, Subd. 19*;
- (17) Redevelopment when the recipient's investment in the purchase of the site and in site preparation is 70 percent or more of the assessor's current year's estimated market value;
- (18) General changes in tax increment financing law and other general tax law changes of a principally technical nature;
- (19) Federal assistance until the assistance has been repaid to, and reinvested by, the state or local government agency;
- (20) Funds from dock and wharf bonds issued by a seaway port authority;
- (21) Business loans and loan guarantees of \$150,000 or less;
- (22) Federal loan funds provided through the United States Department of Commerce, Economic Development Administration; and
- (23) Property tax abatements granted under *M.S., Section 469.1813* to property that is subject to valuation under Minnesota Rules, chapter 8100.



The City will comply with *M.S., Sections 116J.993 to 116J.995* to the extent the tax increment assistance under this TIF Plan does not fall under any of the above exemptions.

**Subsection 2-13. County Road Costs**

Pursuant to *M.S., Section 469.175, Subd. 1a*, the county board may require the City to pay for all or part of the cost of county road improvements if the proposed development to be assisted by tax increment will, in the judgment of the county, substantially increase the use of county roads requiring construction of road improvements or other road costs and if the road improvements are not scheduled within the next five years under a capital improvement plan or within five years under another county plan.

If the county elects to use increments to improve county roads, it must notify the City within forty-five days of receipt of this TIF Plan. In the opinion of the City and consultants, the proposed development outlined in this TIF Plan will have little or no impact upon county roads, therefore the TIF Plan was not forwarded to the county 45 days prior to the public hearing. The City is aware that the county could claim that tax increment should be used for county roads, even after the public hearing.

**Subsection 2-14. Estimated Impact on Other Taxing Jurisdictions**

The estimated impact on other taxing jurisdictions assumes that the redevelopment contemplated by the TIF Plan would occur without the creation of the District. However, the City has determined that such development or redevelopment would not occur "but for" tax increment financing and that, therefore, the fiscal impact on other taxing jurisdictions is \$0. The estimated fiscal impact of the District would be as follows if the "but for" test was not met:

<b>IMPACT ON TAX BASE</b>			
	<b>2017/Pay 2018 Total Net Tax Capacity</b>	<b>Estimated Captured Tax Capacity (CTC) Upon Completion</b>	<b>Percent of CTC to Entity Total</b>
Ramsey County	494,087,447	26,031	<b>0.0053%</b>
City of Little Canada	10,488,156	26,031	<b>0.2482%</b>
ISD No. 623	62,936,980	26,031	<b>0.0414%</b>

<b>IMPACT ON TAX RATES</b>				
	<b>Pay 2018 Extension Rates</b>	<b>Percent of Total</b>	<b>CTC</b>	<b>Potential Taxes</b>
Ramsey County	0.539620	43.10%	26,031	<b>14,047</b>
City of Little Canada	0.266640	21.30%	26,031	<b>6,941</b>
ISD No. 623	0.343960	27.47%	26,031	<b>8,954</b>
Other	<u>0.101690</u>	<u>8.12%</u>	<u>26,031</u>	<u>2,647</u>
<b>Total</b>	1.251910	100.00%		<b>32,588</b>

The estimates listed above display the captured tax capacity when all construction is completed. The tax rate used for calculations is the actual Pay 2018 rate. The total net capacity for the entities listed above are based on actual Pay 2018 figures. The District will be certified under the actual Pay 2019 rates, which were

unavailable at the time this TIF Plan was prepared.

Pursuant to *M.S. Section 469.175 Subd. 2(b)*:

- (1) Estimate of total tax increment. It is estimated that the total amount of tax increment that will be generated over the life of the District is \$292,246;
- (2) Probable impact of the District on city provided services and ability to issue debt. An impact of the District on police protection is not expected. The City currently contracts with the Ramsey County Sheriff's Office for police services. With any addition of new residents or businesses, police calls for service may be increased. New developments may add an increase in traffic, and additional overall demands to the call load. The City does not expect that the proposed development, in and of itself, will necessitate new capital investment or require that the City expand its contract with Ramsey County.

The probable impact of the District on fire protection is not expected to be significant. Typically new buildings generate few calls, if any, and are of superior construction.

The impact of the District on public infrastructure is expected to be minimal. The development is not expected to significantly impact any traffic movements in the area. The current infrastructure for sanitary sewer, storm sewer and water will be able to handle the additional volume generated from the proposed development. Based on the development plans, there are no additional costs associated with street maintenance, sweeping, plowing, lighting and sidewalks. The development in the District is expected to contribute to sanitary sewer (SAC) and water (WAC) connection fees.

The probable impact of any District general obligation tax increment bonds on the ability to issue debt for general fund purposes is expected to be minimal. It is not anticipated that there will be any general obligation debt issued in relation to this project, therefore there will be no impact on the City's ability to issue future debt or on the City's debt limit.

- (3) Estimated amount of tax increment attributable to school district levies. It is estimated that the amount of tax increments over the life of the District that would be attributable to school district levies, assuming the school district's share of the total local tax rate for all taxing jurisdictions remained the same, is \$80,280;
- (4) Estimated amount of tax increment attributable to county levies. It is estimated that the amount of tax increments over the life of the District that would be attributable to county levies, assuming the county's share of the total local tax rate for all taxing jurisdictions remained the same, is \$125,958;
- (5) Additional information requested by the county or school district. The City is not aware of any standard questions in a county or school district written policy regarding tax increment districts and impact on county or school district services. The county or school district must request additional information pursuant to *M.S. Section 469.175 Subd. 2(b)* within 15 days after receipt of the tax increment financing plan.

No requests for additional information from the county or school district regarding the proposed development for the District have been received.

## **Subsection 2-15. Supporting Documentation**

Pursuant to *M.S. Section 469.175, Subd. 1 (a), clause 7* the TIF Plan must contain identification and description of studies and analyses used to make the determination set forth in *M.S. Section 469.175, Subd. 3, clause (b)(2)* and the findings are required in the resolution approving the District. Following is a list of reports and studies on file at the City that support the City's findings:

- Application for Tax Increment Financing.
- Letter from Developer requesting tax increment financing assistance.

## **Subsection 2-16. Definition of Tax Increment Revenues**

Pursuant to *M.S., Section 469.174, Subd. 25*, tax increment revenues derived from a tax increment financing district include all of the following potential revenue sources:

1. Taxes paid by the captured net tax capacity, but excluding any excess taxes, as computed under *M.S., Section 469.177*;
2. The proceeds from the sale or lease of property, tangible or intangible, to the extent the property was purchased by the authority with tax increments;
3. Principal and interest received on loans or other advances made by the authority with tax increments;
4. Interest or other investment earnings on or from tax increments;
5. Repayments or return of tax increments made to the Authority under agreements for districts for which the request for certification was made after August 1, 1993; and
6. The market value homestead credit paid to the Authority under *M.S., Section 273.1384*.

## **Subsection 2-17. Modifications to the District**

In accordance with *M.S., Section 469.175, Subd. 4*, any:

1. Reduction or enlargement of the geographic area of the District, if the reduction does not meet the requirements of *M.S., Section 469.175, Subd. 4(e)*;
2. Increase in amount of bonded indebtedness to be incurred;
3. A determination to capitalize interest on debt if that determination was not a part of the original TIF Plan;
4. Increase in the portion of the captured net tax capacity to be retained by the City;
5. Increase in the estimate of the cost of the District, including administrative expenses, that will be paid or financed with tax increment from the District; or
6. Designation of additional property to be acquired by the City,

shall be approved upon the notice and after the discussion, public hearing and findings required for approval of the original TIF Plan.

Pursuant to *M.S., Section 469.175 Subd. 4(f)*, the geographic area of the District may be reduced, but shall not be enlarged after five years following the date of certification of the original net tax capacity by the county auditor. If an economic development district is enlarged, the reasons and supporting facts for the determination that the addition to the district meets the criteria of *M.S., Section 469.174, Subd. 12* must be documented in writing and retained. The requirements of this paragraph do not apply if (1) the only modification is elimination of parcel(s) from the District and (2) (A) the current net tax capacity of the parcel(s) eliminated from the District equals or exceeds the net tax capacity of those parcel(s) in the District's original net tax capacity or (B) the City agrees that, notwithstanding *M.S., Section 469.177, Subd. 1*, the original net tax capacity will be reduced by no more than the current net tax capacity of the parcel(s)

eliminated from the District.

The City must notify the County Auditor of any modification to the District. Modifications to the District in the form of a budget modification or an expansion of the boundaries will be recorded in the TIF Plan.

### **Subsection 2-18. Administrative Expenses**

In accordance with *M.S., Section 469.174, Subd. 14*, administrative expenses means all expenditures of the City, *other than*:

1. Amounts paid for the purchase of land;
2. Amounts paid to contractors or others providing materials and services, including architectural and engineering services, directly connected with the physical development of the real property in the District;
3. Relocation benefits paid to or services provided for persons residing or businesses located in the District;
4. Amounts used to pay principal or interest on, fund a reserve for, or sell at a discount bonds issued pursuant to *M.S., Section 469.178*; or
5. Amounts used to pay other financial obligations to the extent those obligations were used to finance costs described in clauses (1) to (3).

For districts for which certification was requested after July 31, 2001, no tax increment may be used to pay any administrative expenses for District costs which exceed ten percent of total estimated tax increment expenditures authorized by the TIF Plan or the total tax increments, as defined in *M.S., Section 469.174, Subd. 25, clause (1)*, from the District, whichever is less.

Pursuant to *M.S., Section 469.176, Subd. 4h*, tax increments may be used to pay for the County's actual administrative expenses incurred in connection with the District and are not subject to the percentage limits of *M.S., Section 469.176, Subd. 3*. The county may require payment of those expenses by February 15 of the year following the year the expenses were incurred.

Pursuant to *M.S., Section 469.177, Subd. 11*, the County Treasurer shall deduct an amount (currently .36 percent) of any increment distributed to the City and the County Treasurer shall pay the amount deducted to the State Commissioner of Management and Budget for deposit in an account in the special revenue fund to be appropriated to the State Auditor for the cost of financial reporting of tax increment financing information and the cost of examining and auditing authorities' use of tax increment financing. This amount may be adjusted annually by the Commissioner of Revenue.

### **Subsection 2-19. Limitation of Increment**

The tax increment pledged to the payment of bonds and interest thereon may be discharged and the District may be terminated if sufficient funds have been irrevocably deposited in the debt service fund or other escrow account held in trust for all outstanding bonds to provide for the payment of the bonds at maturity or redemption date.

Pursuant to *M.S., Section 469.176, Subd. 6*:

*if, after four years from the date of certification of the original net tax capacity of the tax increment financing district pursuant to M.S., Section 469.177, no demolition, rehabilitation or renovation of property or other site preparation, including qualified improvement of a street adjacent to a parcel but not installation of utility service including sewer or water*

*systems, has been commenced on a parcel located within a tax increment financing district by the authority or by the owner of the parcel in accordance with the tax increment financing plan, no additional tax increment may be taken from that parcel, and the original net tax capacity of that parcel shall be excluded from the original net tax capacity of the tax increment financing district. If the authority or the owner of the parcel subsequently commences demolition, rehabilitation or renovation or other site preparation on that parcel including qualified improvement of a street adjacent to that parcel, in accordance with the tax increment financing plan, the authority shall certify to the county auditor that the activity has commenced and the county auditor shall certify the net tax capacity thereof as most recently certified by the commissioner of revenue and add it to the original net tax capacity of the tax increment financing district. The county auditor must enforce the provisions of this subdivision. The authority must submit to the county auditor evidence that the required activity has taken place for each parcel in the district. The evidence for a parcel must be submitted by February 1 of the fifth year following the year in which the parcel was certified as included in the district. For purposes of this subdivision, qualified improvements of a street are limited to (1) construction or opening of a new street, (2) relocation of a street, and (3) substantial reconstruction or rebuilding of an existing street.*

The City or a property owner must improve parcels within the District by approximately December 2022 and report such actions to the County Auditor.

#### **Subsection 2-20. Use of Tax Increment**

The City hereby determines that it will use 100 percent of the captured net tax capacity of taxable property located in the District for the following purposes:

1. To pay the principal of and interest on bonds issued to finance a project;
2. To finance, or otherwise pay the capital and administration costs of Development District No. 7 pursuant to *M.S., Sections 469.124 to 469.133*;
3. To pay for project costs as identified in the budget set forth in the TIF Plan;
4. To finance, or otherwise pay for other purposes as provided in *M.S., Section 469.176, Subd. 4*;
5. To pay principal and interest on any loans, advances or other payments made to or on behalf of the City or for the benefit of Development District No. 7 by a developer;
6. To finance or otherwise pay premiums and other costs for insurance or other security guaranteeing the payment when due of principal of and interest on bonds pursuant to the TIF Plan or pursuant to *M.S., Chapter 462C, M.S., Sections 469.152 through 469.165*, and/or *M.S., Sections 469.178*; and
7. To accumulate or maintain a reserve securing the payment when due of the principal and interest on the tax increment bonds or bonds issued pursuant to *M.S., Chapter 462C, M.S., Sections 469.152 through 469.165*, and/or *M.S., Sections 469.178*.

These revenues shall not be used to circumvent any levy limitations applicable to the City nor for other purposes prohibited by *M.S., Section 469.176, Subd. 4*.

Tax increments generated in the District will be paid by Ramsey County to the City for the Tax Increment Fund of said District. The City will pay to the developer(s) annually an amount not to exceed an amount as specified in a developer's agreement to reimburse the costs of land acquisition, public improvements, demolition and relocation, site preparation, and administration. Remaining increment funds will be used for City administration (up to 10 percent) and for the costs of public improvement activities outside the District.

### **Subsection 2-21. Excess Increments**

Excess increments, as defined in *M.S., Section 469.176, Subd. 2*, shall be used only to do one or more of the following:

1. Prepay any outstanding bonds;
2. Discharge the pledge of tax increment for any outstanding bonds;
3. Pay into an escrow account dedicated to the payment of any outstanding bonds; or
4. Return the excess to the County Auditor for redistribution to the respective taxing jurisdictions in proportion to their local tax rates.

The City must spend or return the excess increments under paragraph (c) within nine months after the end of the year. In addition, the City may, subject to the limitations set forth herein, choose to modify the TIF Plan in order to finance additional public costs in Development District No. 7 or the District.

### **Subsection 2-22. Requirements for Agreements with the Developer**

The City will review any proposal for private development to determine its conformance with the Development Program and with applicable municipal ordinances and codes. To facilitate this effort, the following documents may be requested for review and approval: site plan, construction, mechanical, and electrical system drawings, landscaping plan, grading and storm drainage plan, signage system plan, and any other drawings or narrative deemed necessary by the City to demonstrate the conformance of the development with City plans and ordinances. The City may also use the Agreements to address other issues related to the development.

Pursuant to *M.S., Section 469.176, Subd. 5*, no more than 10 percent, by acreage, of the property to be acquired in the project area as set forth in the TIF Plan shall at any time be owned by the City as a result of acquisition with the proceeds of bonds issued pursuant to *M.S., Section 469.178* to which tax increments from property acquired is pledged, unless prior to acquisition in excess of 10 percent of the acreage, the City concluded an agreement for the development of the property acquired and which provides recourse for the City should the development not be completed.

### **Subsection 2-23. Assessment Agreements**

Pursuant to *M.S., Section 469.177, Subd. 8*, the City may enter into a written assessment agreement in recordable form with the developer of property within the District which establishes a minimum market value of the land and completed improvements for the duration of the District. The assessment agreement shall be presented to the County Assessor who shall review the plans and specifications for the improvements to be constructed, review the market value previously assigned to the land upon which the improvements are to be constructed and, so long as the minimum market value contained in the assessment agreement appears, in the judgment of the assessor, to be a reasonable estimate, the County Assessor shall also certify the minimum market value agreement.

### **Subsection 2-24. Administration of the District**

Administration of the District will be handled by the City Administrator.

### **Subsection 2-25. Annual Disclosure Requirements**

Pursuant to *M.S., Section 469.175, Subds. 5, 6, and 6b* the City must undertake financial reporting for all tax increment financing districts to the Office of the State Auditor, County Board and County Auditor on or



before August 1 of each year. *M.S., Section 469.175, Subd. 5* also provides that an annual statement shall be published in a newspaper of general circulation in the City on or before August 15.

If the City fails to make a disclosure or submit a report containing the information required by *M.S., Section 469.175 Subd. 5 and Subd. 6*, the Office of the State Auditor will direct the County Auditor to withhold the distribution of tax increment from the District.

### **Subsection 2-26. Reasonable Expectations**

As required by the TIF Act, in establishing the District, the determination has been made that the anticipated development would not reasonably be expected to occur solely through private investment within the reasonably foreseeable future and that the increased market value of the site that could reasonably be expected to occur without the use of tax increment financing would be less than the increase in the market value estimated to result from the proposed development after subtracting the present value of the projected tax increments for the maximum duration of the District permitted by the TIF Plan. In making said determination, reliance has been placed upon written representation made by the developer to such effects and upon City staff awareness of the feasibility of developing the project site(s) within the District. A comparative analysis of estimated market values both with and without establishment of the District and the use of tax increments has been performed as described above. Such analysis is included with the cashflow in Appendix D, and indicates that the increase in estimated market value of the proposed development (less the indicated subtractions) exceeds the estimated market value of the site absent the establishment of the District and the use of tax increments.

### **Subsection 2-27. Other Limitations on the Use of Tax Increment**

1. General Limitations. All revenue derived from tax increment shall be used in accordance with the TIF Plan. The revenues shall be used to finance, or otherwise pay the capital and administration costs of Development District No. 7 pursuant to *M.S., Sections 469.124 to 469.133*. Tax increments may not be used to circumvent existing levy limit law. No tax increment may be used for the acquisition, construction, renovation, operation, or maintenance of a building to be used primarily and regularly for conducting the business of a municipality, county, school district, or any other local unit of government or the state or federal government. This provision does not prohibit the use of revenues derived from tax increments for the construction or renovation of a parking structure.
2. Pooling Limitations. At least 80 percent of tax increments from the District must be expended on activities in the District or to pay bonds, to the extent that the proceeds of the bonds were used to finance activities within said district or to pay, or secure payment of, debt service on credit enhanced bonds. Not more than 20 percent of said tax increments may be expended, through a development fund or otherwise, on activities outside of the District except to pay, or secure payment of, debt service on credit enhanced bonds. For purposes of applying this restriction, all administrative expenses must be treated as if they were solely for activities outside of the District.
3. Five Year Limitation on Commitment of Tax Increments. Revenues derived from tax increments paid by properties in the District shall be deemed to have satisfied the 80 percent test set forth in paragraph (2) above only if the five year rule set forth in *M.S., Section 469.1763, Subd. 3*, has been satisfied; and beginning with the sixth year following certification of the District, 80 percent of said tax increments that remain after expenditures permitted under said five year rule must be used only to pay previously committed expenditures or credit enhanced bonds as more fully set forth in *M.S., Section 469.1763, Subd. 5*.

**Subsection 2-28. Summary**

The City of Little Canada is establishing the District to preserve and enhance the tax base, and provide employment opportunities in the City. The TIF Plan for the District was prepared by Ehlers & Associates, Inc., 3060 Centre Pointe Drive, Roseville, Minnesota 55113-1105, telephone (651) 697-8500.



## Appendix A

### Project Description

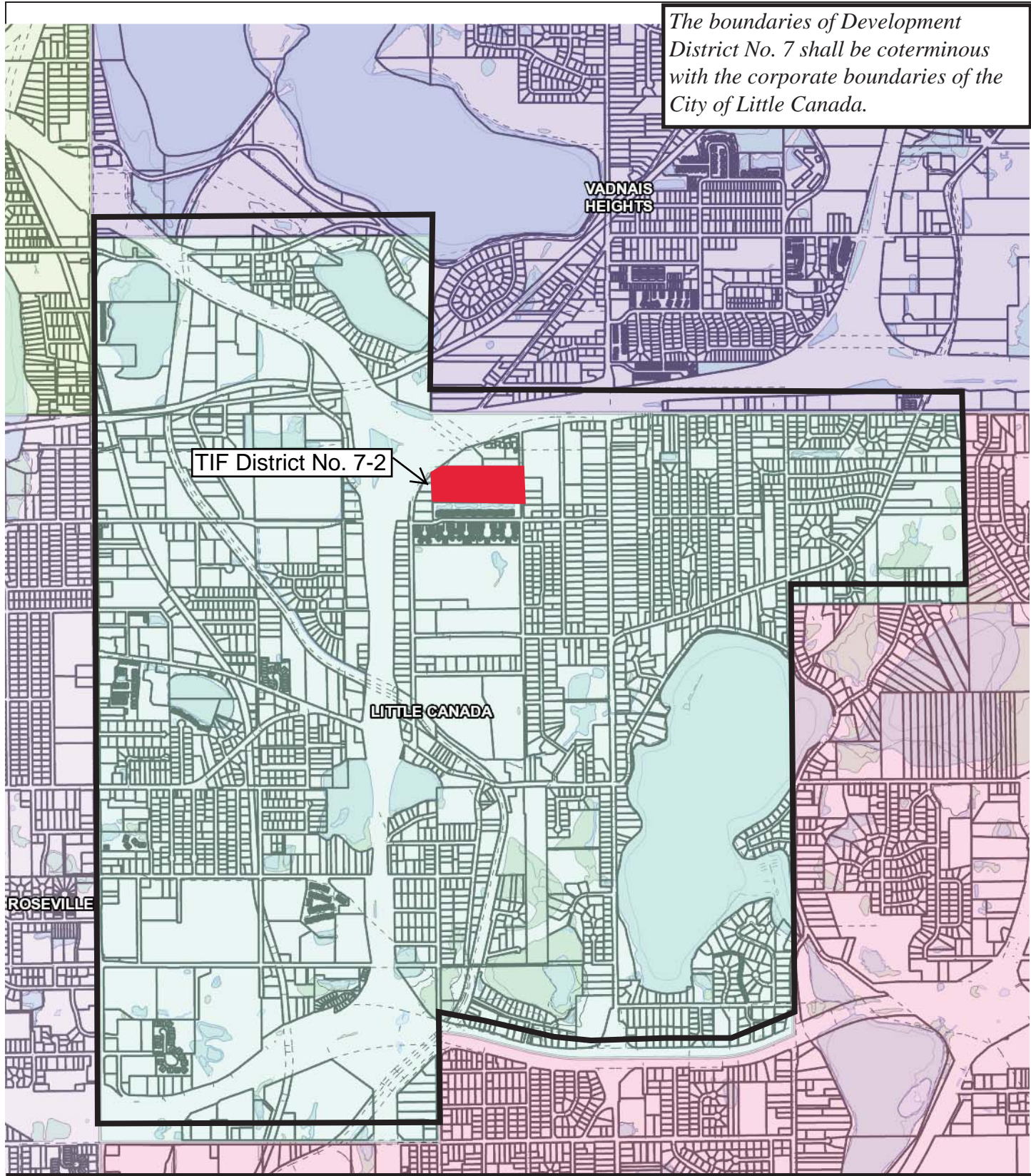
The proposed development consists of the acquisition of the approximately 200,000 SF Slumberland distribution facility located in the City at the corner of 35E and 694 on two parcels of land. The District is being created to facilitate an expansion of the company's food processing and distribution capabilities to accommodate growth and meet customer demand. The overall project will create approximately 160 net new positions and will require a \$25M investment to acquire the existing facility, up-fit the building to food-grade standards and furniture, fixtures, equipment and IT. The proposed improvements include approximately 60,000 SF of refrigerated, cooler and freezer space; 91,000 SF of storage, dock and maintenance; 26,000 SF of processing; and 20,000 SF of office space.

TIF assistance will likely include utility infrastructure. The initial project will be funded by a pay-as-you-go note and an interfund loan for preliminary expenses prior to receipt of tax increment.

Appendix B

Map of Development District No. 7 and the District

*The boundaries of Development District No. 7 shall be coterminous with the corporate boundaries of the City of Little Canada.*



**Development District No. 7  
City of Little Canada  
Ramsey County, Minnesota**

## Appendix C

### Description of Property to be Included in the District

The District encompasses all property and adjacent rights-of-way and abutting roadways identified by the parcel listed below.

<u>Parcel Numbers</u>	<u>Address</u>	<u>Owner</u>
052922220016	3060 Centerville Rd.	Larson Enterprises
052922220017	0 Centerville Rd.	Larson Enterprises

Appendix D

Estimated Cash Flow for the District



## Project Surf Redevelopment Project - New TIF District

City of Little Canada, Minnesota

Proposed Office/Production/Warehouse/Storage/Distribution Facility

### ASSUMPTIONS AND RATES

<b>DistrictType:</b>	Economic Development
<b>District Name/Number:</b>	TBD
<b>County District #:</b>	TBD
<b>First Year Construction or Inflation on Value</b>	2019
<b>Existing District - Specify No. Years Remaining</b>	NA
Inflation Rate - Every Year:	0.00%
Interest Rate:	5.50%
Present Value Date:	1-Feb-20
First Period Ending	1-Aug-20
Tax Year District was Certified:	Pay 2019
Cashflow Assumes First Tax Increment For Development:	2021
Years of Tax Increment	9
Assumes Last Year of Tax Increment	2029
Fiscal Disparities Election [Outside (A), Inside (B), or NA]	Inside(B)
Incremental or Total Fiscal Disparities	Incremental
Fiscal Disparities Contribution Ratio	34.9213% Pay 2018
Fiscal Disparities Metro-Wide Tax Rate	145.0950% Pay 2018
Maximum/Frozen Local Tax Rate:	125.191% Pay 2018
Current Local Tax Rate: (Use lesser of Current or Max.)	125.191% Pay 2018
State-wide Tax Rate (Comm./Ind. only used for total taxes)	43.8650% Pay 2018
Market Value Tax Rate (Used for total taxes)	0.21951% Pay 2018

#### Tax Rates

Exempt Class Rate (Exempt)	0.00%
Commercial Industrial Preferred Class Rate (C/I Pref.)	
First \$150,000	1.50%
Over \$150,000	2.00%
Commercial Industrial Class Rate (C/I)	2.00%
Rental Housing Class Rate (Rental)	1.25%
Affordable Rental Housing Class Rate (Aff. Rental)	
First \$139,000	0.75%
Over \$139,000	0.25%
Non-Homestead Residential (Non-H Res. 1 Unit)	
First \$500,000	1.00%
Over \$500,000	1.25%
Homestead Residential Class Rate (Hmstd. Res.)	
First \$500,000	1.00%
Over \$500,000	1.25%
Agricultural Non-Homestead	1.00%

### BASE VALUE INFORMATION (Original Tax Capacity)

Map #	PID	Owner	Address	Land Market Value	Building Market Value	Total Market Value	Percentage Of Value Used for District	Original Market Value	Tax Year Original Market Value	Property Tax Class	Current Original Tax Capacity	Class After Conversion	After Conversion Orig. Tax Cap.	Area/Phase
1				1,753,500	6,674,000	8,427,500	100%	8,427,500	Pay 2018	C/I Pref.	167,800	C/I Pref.	167,800	1
2				999,000	0	999,000	100%	999,000	Pay 2018	C/I	19,980	C/I	19,980	2
				2,752,500	6,674,000	9,426,500		9,426,500			187,780		187,780	

**Note:**

1. Base values are for taxes payable in 2018 based upon review of County website referencing Estimated Market Values on August 22, 2018.



**Project Surf Redevelopment Project - New TIF District**  
 City of Little Canada, Minnesota  
 Proposed Office/Production/Warehouse/Storage/Distribution Facility

PROJECT INFORMATION (Project Tax Capacity)													
Area/Phase	New Use	Estimated Market Value Per Sq. Ft./Unit	Taxable Market Value Per Sq. Ft./Unit	Total Sq. Ft./Units	Total Taxable Market Value	Property Tax Class	Project Tax Capacity	Project Tax Capacity/Unit	Percentage Completed 2019	Percentage Completed 2020	Percentage Completed 2021	Percentage Completed 2022	First Year Full Taxes Payable
1	Industrial	11,426,500	11,426,500	1	11,426,500	C/I Pref.	227,780	227,780	100%	100%	100%	100%	2021
<b>TOTAL</b>					<b>11,426,500</b>		<b>227,780</b>						
<b>Subtotal Residential</b>				<b>0</b>	<b>0</b>		<b>0</b>						
<b>Subtotal Commercial/Ind.</b>				<b>1</b>	<b>11,426,500</b>		<b>227,780</b>						

**Note:**

1. Market values are based upon estimates from County Assessor on September 20, 2018 i.e., property value will increase by \$1.5M to \$2M once the cooler conversion is completed.

TAX CALCULATIONS									
New Use	Total Tax Capacity	Fiscal Disparities Tax Capacity	Local Tax Capacity	Local Property Taxes	Fiscal Disparities Taxes	State-wide Property Taxes	Market Value Taxes	Total Taxes	Taxes Per Sq. Ft./Unit
Industrial	227,780	79,544	148,236	185,578	115,414	99,916	25,082	425,990	425,990.45
<b>TOTAL</b>	<b>227,780</b>	<b>79,544</b>	<b>148,236</b>	<b>185,578</b>	<b>115,414</b>	<b>99,916</b>	<b>25,082</b>	<b>425,990</b>	

**Note:**

1. Taxes and tax increment will vary significantly from year to year depending upon values, rates, fiscal disparities, state law and other factors which cannot be predicted.

WHAT IS EXCLUDED FROM TIF?	
Total Property Taxes	425,990
less State-wide Taxes	(99,916)
less Fiscal Disp. Adj.	(115,414)
less Market Value Taxes	(25,082)
less Base Value Taxes	(152,989)
<b>Annual Gross TIF</b>	<b>32,589</b>

MARKET VALUE BUT / FOR ANALYSIS	
Current Market Value - Est.	9,426,500
New Market Value - Est.	11,426,500
Difference	2,000,000
Present Value of Tax Increment	216,829
Difference	1,783,171
Value likely to occur without Tax Increment is less than:	<b>1,783,171</b>





**Project Surf Redevelopment Project - New TIF District**  
 City of Little Canada, Minnesota  
 Proposed Office/Production/Warehouse/Storage/Distribution Facility

<b>TAX INCREMENT CASH FLOW</b>														
% of OTC	Project Tax Capacity	Original Tax Capacity	Fiscal Disparities Incremental	Captured Tax Capacity	Local Tax Rate	Annual Gross Tax Increment	Semi-Annual Gross Tax Increment	State Auditor 0.36%	Admin. at 10%	Semi-Annual Net Tax Increment	Semi-Annual Present Value	PERIOD ENDING Yrs.	Tax Year	Payment Date
							-	-	-	-				08/01/20
100%	227,780	(187,780)	(13,969)	26,031	125.191%	32,589	16,295	(59)	(1,624)	14,612	13,470	0.5	2021	08/01/21
100%	227,780	(187,780)	(13,969)	26,031	125.191%	32,589	16,295	(59)	(1,624)	14,612	26,580	1	2021	02/01/22
100%	227,780	(187,780)	(13,969)	26,031	125.191%	32,589	16,295	(59)	(1,624)	14,612	39,339	1.5	2022	08/01/22
100%	227,780	(187,780)	(13,969)	26,031	125.191%	32,589	16,295	(59)	(1,624)	14,612	51,756	2	2022	02/01/23
100%	227,780	(187,780)	(13,969)	26,031	125.191%	32,589	16,295	(59)	(1,624)	14,612	63,841	2.5	2023	08/01/23
100%	227,780	(187,780)	(13,969)	26,031	125.191%	32,589	16,295	(59)	(1,624)	14,612	75,602	3	2023	02/01/24
100%	227,780	(187,780)	(13,969)	26,031	125.191%	32,589	16,295	(59)	(1,624)	14,612	87,049	3.5	2024	08/01/24
100%	227,780	(187,780)	(13,969)	26,031	125.191%	32,589	16,295	(59)	(1,624)	14,612	98,189	4	2024	02/01/25
100%	227,780	(187,780)	(13,969)	26,031	125.191%	32,589	16,295	(59)	(1,624)	14,612	109,032	4.5	2025	08/01/25
100%	227,780	(187,780)	(13,969)	26,031	125.191%	32,589	16,295	(59)	(1,624)	14,612	119,584	5	2025	02/01/26
100%	227,780	(187,780)	(13,969)	26,031	125.191%	32,589	16,295	(59)	(1,624)	14,612	129,853	5.5	2026	08/01/26
100%	227,780	(187,780)	(13,969)	26,031	125.191%	32,589	16,295	(59)	(1,624)	14,612	139,848	6	2026	02/01/27
100%	227,780	(187,780)	(13,969)	26,031	125.191%	32,589	16,295	(59)	(1,624)	14,612	149,575	6.5	2027	08/01/27
100%	227,780	(187,780)	(13,969)	26,031	125.191%	32,589	16,295	(59)	(1,624)	14,612	159,042	7	2027	02/01/28
100%	227,780	(187,780)	(13,969)	26,031	125.191%	32,589	16,295	(59)	(1,624)	14,612	168,256	7.5	2028	08/01/28
100%	227,780	(187,780)	(13,969)	26,031	125.191%	32,589	16,295	(59)	(1,624)	14,612	177,223	8	2028	02/01/29
100%	227,780	(187,780)	(13,969)	26,031	125.191%	32,589	16,295	(59)	(1,624)	14,612	185,950	8.5	2029	08/01/29
							16,295	(59)	(1,624)	14,612	194,443	9	2029	02/01/30
<b>Total</b>							<b>293,302</b>	<b>(1,056)</b>	<b>(29,225)</b>	<b>263,021</b>				
	<b>Present Value From</b>	<b>02/01/2020</b>	<b>Present Value Rate</b>	<b>5.50%</b>			<b>216,829</b>	<b>(781)</b>	<b>(21,605)</b>	<b>194,443</b>				



## Appendix E

### Minnesota Business Assistance Form (Minnesota Department of Employment and Economic Development)

A Minnesota Business Assistance Form (MBAF) should be used to report and/or update each calendar year's activity by April 1 of the following year.

Please see the Minnesota Department of Employment and Economic Development (DEED) website at <http://www.deed.state.mn.us/Community/subsidies/MBAFForm.htm> for information and forms.

## Appendix F

### Findings Including But/For Qualifications

<b>But-For Analysis</b>	
Current Market Value	\$9,426,500
New Market Value - Estimate	<u>\$11,426,500</u>
Difference	\$2,000,000
Present Value of Tax Increment	<u>\$216,829</u>
Difference	\$1,783,171
<b>Value Likely to Occur Without TIF is Less Than:</b>	<b>\$1,783,171</b>

The reasons and facts supporting the findings for the adoption of the Tax Increment Financing Plan for Tax Increment Financing District No. 7-2 as required pursuant to *M.S., Section 469.175, Subd. 3* are as follows:

1. *Finding that the Tax Increment Financing District No. 7-2 is an economic development district as defined in M.S., Section 469.174, Subd. 12.*

Tax Increment Financing District No. 7-2 is a contiguous geographic area within the City's Development District No. 7, delineated in the TIF Plan, for the purpose of financing economic development in the City through the use of tax increment. The District is in the public interest because it will facilitate the repurposing of an existing building for the expansion of a company's food processing and distribution business which will increase employment in the State and preserve and enhance the tax base of the state.

2. *Finding that the proposed development, in the opinion of the City Council, would not reasonably be expected to occur solely through private investment within the reasonably foreseeable future and that the increased market value of the site that could reasonably be expected to occur without the use of tax increment financing would be less than the increase in the market value estimated to result from the proposed development after subtracting the present value of the projected tax increments for the maximum duration of Tax Increment Financing District No. 7-2 permitted by the TIF Plan.*

*The proposed development, in the opinion of the City, would not reasonably be expected to occur solely through private investment within the reasonably foreseeable future:* This finding is supported by the fact that the development proposed in this plan is a food processing and distribution facility that meets the City's objectives for economic development. The cost of acquiring the existing facility; upgrading the building to food-grade standards and finishes, fixtures, and equipment; and IT installing makes development of the building infeasible without City assistance. The developer was asked for and provided a letter as justification that the developer would not have gone forward without tax increment assistance (see attachment in Appendix F).

*The increased market value of the site that could reasonably be expected to occur without the use of tax increment financing would be less than the increase in market value estimated to result from the proposed development after subtracting the present value of the projected tax increments for the maximum duration of the TIF District permitted by the TIF Plan:* The City supported this finding on the grounds that the repurposing such a large building adds to the total development cost. The listed number of companies that could use such a large building in this area have made development infeasible without tax increment assistance. The City reasonably determines that no other development of similar scope is anticipated on this site without substantially similar assistance being provided to the development.

Therefore, the City concludes as follows:

- a. The City's estimate of the amount by which the market value of the entire District will increase without the use of tax increment financing is \$0.
  - b. If the proposed development occurs, the total increase in market value will be \$11,426,500 (see Appendix D and F of the TIF Plan)
  - c. The present value of tax increments from the District for the maximum duration of the district permitted by the TIF Plan is estimated to be \$216,829 (see Appendix D and F of the TIF Plan).
  - d. Even if some development other than the proposed development were to occur, the Council finds that no alternative would occur that would produce a market value increase greater than \$1,783,171 (the amount in clause b less the amount in clause c) without tax increment assistance.
3. *Finding that the TIF Plan for Tax Increment Financing District No. 7-2 conforms to the general plan for the development or redevelopment of the municipality as a whole.*

The Planning Commission reviewed the TIF Plan and found that the TIF Plan conforms to the general development plan of the City.

4. *Finding that the Tax Increment Financing Plan for Tax Increment Financing District No. 7-2 will afford maximum opportunity, consistent with the sound needs of the City as a whole, for the development of Development District No. 7 by private enterprise.*

The project to be assisted by the District will result in increased employment in the City and the State of Minnesota, increased tax base of the State, and add a high-quality development to the City.