

**MINUTES OF THE SPECIAL MEETING
CITY COUNCIL
LITTLE CANADA, MINNESOTA**

AUGUST 22, 2018

Pursuant to due call and notice thereof a special meeting of the City Council of Little Canada, Minnesota was convened on the 22nd day of August, 2018 in the Council Chambers of the City Center located at 515 Little Canada Road in said City.

Mayor John Keis called the meeting to order at 6:00 p.m. and the following members of the City Council were present at roll call:

CITY COUNCIL:	Mayor	Mr. John Keis
	Council Member	Mr. Tom Fischer
	Council Member	Mr. Mike McGraw
	Council Member	Mr. Christian Torkelson (arrived at 6:43pm)

ABSENT:	Council Member	Mr. Rick Montour
---------	----------------	------------------

ALSO PRESENT:	Finance Director	Ms. Sharon Provos
	Public Works Director	Mr. Bill Dircks
	Parks/Rec/Comm. Ser. Mgr	Mr. Bryce Shearen
	Assoc. Planner/Code Enf.	Ms. Jessica Jagoe
	Finance Director	Ms. Sharon Provos
	City Clerk	Ms. Heidi Heller
	Incoming City Administrator	Mr. Chris Heineman
	Ehlers	Ms. Shelly Eldridge

**DISCUSS
POTENTIAL
REDEVELOPMENT
/ECOMONIC
DEVELOPMENT
OPTIONS**

Keis stated that the meeting tonight is to discuss economic development options for a new business. He explained that a local company is looking to move into Little Canada, and is asking the City to participate financially in their move and reuse of the property. He noted that this site would not qualify as a regular tax increment financing (TIF) district due to the lack of blighted buildings, so the Council is looking at what options the City has. He stated that the Minnesota Department of Employment and Economic Development (DEED) has indicated they will provide some funding through their Job Creation Fund.

Ms. Eldridge with Ehlers, explained that only doing interior building improvements and adding fixtures may not increase the property value a lot, so not much tax increment would be generated. She stated that someone should talk with the Ramsey County assessor to get an idea of

**MINUTES
CITY COUNCIL SPECIAL MEETING
AUGUST 22, 2018**

how much the property value could increase based on the expected property investment. She explained that an economic development TIF district would allow up to nine years of increment. She stated that economic development TIF districts must be for manufacturing, warehouse or distribution so this buyer's business would qualify.

Ms. Eldridge recommends the district be set up as a pay-as-you-go and reimburse the company as they incur costs, rather than giving the funds upfront. Fischer pointed out that the business is calculating that the property value will be substantially more than it is right now, which is likely not the case since the improvements are to the interior and fixtures and that does not typically increase the property value much.

Ms. Eldridge stated there would be administrative costs incurred to set up this district. She explained that it will need to be looked at to see whether enough increment can be captured to make it worth using an economic development TIF district.

Keis stated that the realtor mentioned both tax abatement and an economic development district. Ms. Eldridge explained that tax abatement is completely different than TIF. Keis asked how long tax abatement can last. Ms. Eldridge stated the law allows it to go for 15 years, although other factors can allow it to go up to 20 years.

Mr. Heineman explained that tax abatement has limits, and it can also be used for road projects, which City has possibly done in the past, so we may want to look at other options instead. Fischer stated he might want to use this option for other projects such as large park improvements that are more difficult to finance, rather than this situation.

Ms. Eldridge explained that if the property value after the improvements does not reach what was first estimated, the city only pays out what taxes they actually receive. Mr. Heineman stated that this company prefers to use the State's Job Creation Fund, and it is rare that both the Jobs Creation Fund and the Minnesota Investment Fund are used. McGraw asked if the City needs to do anything with DEED in order for this company to get funding from the state. Mr. Heineman stated the City would only need to provide a letter of support for the state funding. He noted that DEED has likely done a lot of due diligence on this company in order to agree to fund them.

McGraw stated that this buyer is a growing company and he would hate for this building to sit empty. He is not in favor of tax abatement, but there does not seem to be much of a downside to an economic

**MINUTES
CITY COUNCIL SPECIAL MEETING
AUGUST 22, 2018**

development TIF district. He asked if Metro Transit would consider adding a bus route to service this facility.

Fischer stated that it does not seem that most of the Council is interested in offering tax abatement, but they are willing to discuss an economic development district to some extent. Mr. Heineman noted that if there is not going to be enough property value increase, the economic development district will not work. Keis clarified that if tax abatement were used, could we limit it to only the tax amount over what is already being paid. Ms. Eldridge stated that is usually how it works. Keis stated that the City should have the business talk to the Ramsey County assessor and get an idea of how much the property value could potentially increase with interior improvements and added equipment. He stated that this information should be shared with the City and Ehlers.

**DISCUSS ONBOARDING
SERVICE FOR NEW
CITY ADMINISTRATOR**

Due to time, the discussion about the onboarding service for the new City Administrator did not occur. It is on the agenda for discussion at the August 22, 2018 regular Council meeting beginning at 7:30pm.

ADJOURN There being no further business, the meeting was adjourned at 7:28 p.m.

John T. Keis, Mayor

Attest: _____
Bill Dircks, Acting City Administrator