

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

**SEPTEMBER 26, 2018**

Pursuant to due call and notice thereof a workshop meeting of the City Council of Little Canada, Minnesota was convened on the 26<sup>th</sup> day of September, 2018 in the Conference Room 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. Rick Montour
	Council Member	Mr. Mike McGraw
	Council Member	Mr. Christian Torkelson (arrived at 6:19 p.m.)

ALSO PRESENT:	City Administrator	Mr. Chris Heineman
	Finance Director	Ms. Sharon Provos
	Public Works Director	Mr. Bill Dircks
	Assoc. Planner/Code Enf.	Ms. Jessica Jagoe
	City Clerk	Ms. Heidi Heller
	Ehlers	Mr. Todd Hagen

**DISCUSS  
ECONOMIC  
DEVELOPMENT  
OPTIONS**

Mayor Keis stated that the purpose of this evening's workshop is to discuss a proposed economic development project in Little Canada. Keis stated that Senior Municipal Advisor Todd Hagen from Ehlers, is here to review the incentive options.

Todd Hagen, Ehlers, stated that they received the property value increase amount from Ramsey County, which is estimated at a \$1.5 - \$2 million increase, and there is tax increment that could come from that. He stated that he talked to the brokers from CBRE, and they are agreeable to any amount of increment, which he estimates to be around \$263,000. He noted that they will be installing a lot of equipment that they are not taxed on. He stated that he wants to make sure that the County has enough information upfront so that after they move in, the assessor does not raise the value by a lot more which would cause problems.

The City Administrator stated that he had \$292,302 stated in the staff report which is the gross increment before fees. Mr. Hagen stated that 90% of the increment typically goes to the developer.

**MINUTES  
CITY COUNCIL WORKSHOP  
SEPTEMBER 26, 2018**

Mr. Hagen stated that he is proposing an Economic Development Tax Increment Financing (TIF) District, which captures the increased portion of the city, county and school district property taxes. Keis noted that the business had originally indicated they were not looking for any other jurisdictions taxes. The City Administrator stated that he thinks they may not have understood the process when they said that. He noted that it would qualify for an economic development TIF District. Mr. Hagen stated that there are limits to tax abatement and the City may want to keep that for other future projects.

Keis asked if it is worth it for the business to go through with setting up a TIF District that will not generate a huge amount of money. The City Administrator stated that by partnering with a new business this way, it shows the City wants to be a partner with them, and the property tax value may continue to increase even more than the original \$1.5-\$2 million. Mr. Hagen stated that it also helps with financing since it keeps their taxes more level for a number of years. The City Administrator stated that all of the discussion so far has been with the CBRE brokers, and there can be further analysis on the businesses actual financial needs. Keis noted that this business is a high water user so the City would generate additional revenue from that.

The City Administrator stated that there was a Business Subsidy Policy adopted by the Council in 2007. He explained that this business's starting wages are a moving target and employees are eligible for two to three wage increases within the probationary period which can raise the lowest wage to \$12.00 per hour. He stated that it appears they are paying market level wages.

Montour asked what the business's timeline is. The City Administrator stated that at this point they cannot move forward until they receive the City's support. He noted that the resolution of support for their DEED Jobs Creation Fund application, and the agreement for a major Sewer Availability Charge (SAC) credit transfer are ready for Council action if the Council chooses. Keis noted that the brokers have indicated that they would like to have some answers from the City by October. Montour asked what happens if the City starts the process for a TIF District, but then residents are against it. The City Administrator stated that the property is zoned for this business to move in and operate with no additional city approvals required. Mr. Hagen stated that the City can set up the TIF District, but then opt out of funding any time prior to final signatures. He noted that the Council could put some conditions on the site operations into the development agreement that would be in play for the nine year life of the district.

Fischer stated that he is fine with the SAC credit transfer and DEED support, but is not comfortable with using tax abatement. Montour noted that by giving them

**MINUTES  
CITY COUNCIL WORKSHOP  
SEPTEMBER 26, 2018**

the small amount of increment over the existing tax base would give the City a seat at the table.

Keis clarified that the Council is supportive of transferring the SAC credits and supporting the DEED funding. Fischer clarified that the Council would only consider an economic development TIF District. The City Administrator stated that it will be up to the company to show their need for City financial incentives. There was Council consensus to consider economic development incentives for Project Surf and directed staff to start the process for an economic development TIF District.

The City Administrator explained that he received a request for the City to participate in conduit financing with Presbyterian Homes on a project in Roseville. He noted that there is a Fund Balance Policy, and the fees generated from this financing would be directed into the economic development fund rather than the general fund. Fischer noted that by doing this conduit financing, the City would be locked out for 2018 and 2019 for issuing tax-exempt bonds. He asked what happens if the City wanted to do a big capital improvement project in the next two years. Mr. Hagen explained other ways of funding large projects. There was Council consensus to move forward with this request from Presbyterian Homes for conduit financing.

There being no further business, the workshop was adjourned at 7:26 p.m.

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John T. Keis, Mayor

Attest: \_\_\_\_\_  
Christopher Heineman, City Administrator