

**City of East Bethel  
Economic Development Authority  
Agenda**

**Regular Meeting – 7:00 p.m.  
Date: July 18, 2016**



**AGENDA**

		<u>Item</u>	
<b>7:00 PM</b>		<b>1.0</b>	<b>Call to Order</b>
<b>7:01 PM</b>	p. 1	<b>2.0</b>	<b>Adopt Agenda</b>
<b>7:03 PM</b>	p. 2-8	<b>3.0</b>	<b>June 20, 2016 Minutes</b>
<b>7:04 PM</b>	p. 9-15	<b>4.0</b>	<b>Business Development Report</b>
<b>7:10 PM</b>	p. 16-26	<b>5.0</b>	<b>Available Land and Building report</b>
<b>7:20 PM</b>	p. 27-34	<b>6.0</b>	<b>Financing 101 Tax Increment Financing Tax Abatement</b>
<b>7:40 PM</b>		<b>7.0</b>	<b>Chamber Update</b>
<b>7:50 PM</b>		<b>8.0</b>	<b>City Council Update</b>
<b>8:00 PM</b>		<b>9.0</b>	<b>Adjournment</b>

EAST BETHEL ECONOMIC DEVELOPMENT AUTHORITY MEETING  
June 20, 2016

The Economic Development Authority (EDA) met for a regular meeting at 7:00 pm at City Hall.

MEMBERS PRESENT: Dan Butler, Chair      Doug Welter      Julie Lux  
                         Brian Bezanson      Brian Mundle      Steve Voss  
                         Oskar Granquist

ALSO PRESENT: Colleen Winter, Community Development Director  
                         Jack Davis, City Administrator

1. Call to Order      Chair Butler called the meeting to order at 7:00 pm.
  
2. Adopt Agenda      **Mr. Voss moved and Mr. Granquist seconded to adopt the agenda as presented. Motion carried.**
  
3. Approve 5/16/16 Minutes      **Mr. Bezanson moved and Mr. Welter seconded to approve the May 16, 2016 minutes as written. Motion carried.**
  
4. Business Development Report April-June 2016      City Staff has assisted with or provided direct action on the following:
  - Working on Site Plan review for Second Generation Chimneys who will be locating on lot 1, Block 1, Sauter Commercial Park. They are building a 6,500 square foot facility for their office and shop, with future expansion for an additional 6,000 sq. ft. They rebuild chimneys and are a HVAC contractor.
  - Working with Lisa Palm owner of the Ponds of Hidden Prairie. Ms. Palm is proposing to build a 10,000 sq. ft. wedding event center on 221st Avenue NE. Site plan will be submitted shortly.
  - Working with Jill Hoffman – Granny May’s. Jill has applied for an Interim Use permit to operate a commercial kitchen out of her garage for three years.
  - Working with George Cossette, George’s Boatworld. George is looking at expansion at his current location.
  - Working with CST, they are required to complete an EAW and we are waiting for their response to the EAW.
  - Working with a local developer interested in platting a rural subdivision.
  - Met with Don Shaw on his Viking Preserve development. He is currently completing site work including filling in a portion of a pond and bringing in fill to make house pad corrections.
  - Met with Don Shaw on his expansion plans for Shaw Trucking. Mr. Shaw is planning to construct a 6,400 sq. ft. cold storage facility and expanding his storage area.
  - Completing building plan review for Garfish brewery who will be locating in Bethel, MN
  - Final BR&E report presented to the City Council and three committees formed: Connect 17 – Broadband, Communication, Recruitment

Other Development Assistance Activities and Information:

  - Assistance provided to Tom Sauter for the Sauter Commercial Park 2nd

addition plat

- Continue to participate in the TH Hwy. 65 Coalition
- Completed RFP (request for proposal) for Comprehensive Plan update
- Intersection improvements at Hwy 65 and Viking Boulevard

Ms. Winter clarified that the rural subdivision currently is a 40 acre field and the developer would like to divide it into 16 two acre lots that would be on private septic and well. The developer is trying to get 16 lots on this property and would like to have preliminary work started by fall to have lots available for purchase spring of 2017.

## 5. Strategic Plan

In March 2016 the EDA adopted a Strategic Plan. Items I, II, and VI are in progress or substantially completed.

Item IV – Marketing. City Staff is requesting that the EDA discuss and move forward with the plans as outlined under this item: Define the vision of the City and development of a marketing concept, Marketing study, Competitive/Non-competitive, Ecommerce and social media, Network, Available Land and Building inventory, and Update of marketing materials. Ms. Winter noted that many actions have been taken in moving forward with the EDA Strategic Plan. The Comp Plan is underway and business recruitment is off to a great start. One thing needed is a defined marketing concept for the City. The City has a wonderful website with a lot of great information, however, a cohesive tagline is missing. East Bethel will be at MNCAR and it was discussed having a flash drive presentation that talks about the benefits of locating a business in East Bethel. To do that it should be defined what makes East Bethel the place for a developer to locate. A target marketing plan would help with this endeavor. There is also another opportunity for East Bethel to be part of the Anoka County Brokers program that will take place in October. Having a defined tagline and consistent marketing will help to move this forward. Part of the EDA Strategic Plan is to define what the vision of the City is and to develop that marketing concept that applies to achieving that realization, i.e. “If your business was here you’d already be home” or “If you worked here you’d be two hours closer to the cabin”.

Mr. Granquist shared that he choose to relocate to East Bethel because of the closeness to Fortune 100 businesses and he is able to live in an area where many people choose to vacation. He believes those two points would be great selling points. One could live where they would vacation – staycation. Being conscience of the different types of businesses that would stimulate a stronger socio-economic impact as far as a tax revenue basis, i.e. medical, pharmacology, pharmaceutical, and bio-firm firms in the Twin Cities area, he believes that if they had more information such as proximity to the airport, proximity to downtown, and all the good things in East Bethel such as environmental type of attractions, the outdoors, there might be a target market to look at if you did an external SWAT analysis with sister cities and looked at the pros and cons that each has used as their selling points. This is a very unique geographical area where people could have pharmaceutical labs and/or dental labs that could downsize the number of commuters on Hwy 65 and Hwys 35E and 35W into the

Twin Cities. Mr. Granquist would like to discuss further the “think tank” ideas presented in order to consider other genre businesses for the area.

Ms. Lux said that being an affiliate member of MNCAR, the EDA should be able to send broadcast emails to 400-600 brokers every month cuing them up for the MNCAR Expo and telling them about East Bethel’s shovel-ready sites or however the EDA wants to phrase the availability of land. She believes this is a great way to market for free. Closer to the event, there will be a list of attendees to further cater the marketing to.

Mr. Welter asked what type of deliverables does the City want; does it want a tagline or a vision and which one does it want first? Once that is decided, members can think of ideas to be brought to a future meeting, rather than trying to come up with something at a meeting. Maybe somehow these ideas could be shared prior to a meeting and then synthesize the ideas at the meeting. Mr. Mundle asked if this could be in conjunction with the magazine ad to be addressed later in the meeting. What are a couple of words that could sum up East Bethel and what are some of the best ideals? This could be a starting point to segway into marketing. Ms. Lux said such as Woods, Water, Workers.

Mr. Bezanson said a great appeal is that East Bethel has reasonably priced undeveloped land and is located on what could be deemed a good transportation system or a bad transportation system, depending on the time of day it is being used. He believes a partnership with Cedar Creek Natural History Area would be good marketing for East Bethel on an agricultural/environmental basis. Is there a location in East Bethel where a business headquarter could be on a sewer system and have land in back to do different experiments with or on?

Chair Butler has always viewed northern Anoka County as a gateway both going south and north. Why not promote East Bethel as a gateway city? Also, East Bethel has all types of events going on that draw anywhere from 200-3,000 people from all over the state and outside of the state. These could be people to capitalize on to carry the message out to where they came from.

Mr. Granquist shared that he believes the features and benefits of this area outweigh the travel time to MSP or the Twin Cities. He also finds it plausible that a light rail system could expand its way into northern Anoka County if there is commerce to support it.

Ms. Winter recapped the different shared ideas – deliverables for a tagline is unknown, low taxes, available land, commute times, undeveloped land at an excellent price, potential connection with Cedar Creek, gateway to north and south, and talked about woods, workers, and waters being critical elements. Ms. Winter believes the work force needs to be emphasized, because that is one thing that Anoka County is in a better position with than other counties. She believes that northern Anoka County may have a unique opportunity to promote itself differently from the rest of Anoka County. Moving forward with MNCAR and possibly the Anoka County Brokers event, it would definitely be an advantage to have a tagline and/or marketing ideas. Staff is going to put together

a tax comparison to get a good idea of where East Bethel stands tax wise, raw land value and what the costs are there, as well as commuting times, which will be based on major markets to commute to. Ms. Lux thinks Greater MSP probably has a lot of that information for the counties. Ms. Winter said they do, however, East Bethel does not show up on their marketing materials.

Mr. Mundle encouraged contacting Cedar Creek. There is a new director there who seems to want to take it in a new direction and wants to be a steward in the community and involved with the City.

Chair Butler said another three word alliteration that comes to mind – land, location, labor. Mr. Welter said using the word “balance” came to his mind – balance between close in and far out, balance between rural and suburban, the idea of having balance. Mr. Voss sees balance as the best of both worlds for a lot of definitions. Maybe not using the word balance, but some way of communicating that thought/idea.

Mr. Voss sees this marketing campaign almost as a marketing blitz – getting out there all at once to all different entities and if done correctly he believes people will start asking why they haven’t heard of East Bethel and that maybe they should look into it. Create some excitement all at once, rather than a little here and a little there; create the buzz. Mr. Bezanson said it may not do much now, but may in the future; EDA moves at a glacial pace.

Mr. Granquist asked Ms. Lux, since she is in commercial real estate, does she have access to GIS codes that would break down businesses by industry. If so, could she utilize it for narrowing down the blitz to specific industries such as R & D, pharma companies, companies that don’t want to pay the taxes in the city, but want to have proximity to the city, want a clean environment, want to be stewards of the community, and they also want to live there because it’s a great place to raise kids, great schools, and they’re not missing anything by not being in the city properly. Ms. Lux said that would be Standard Industry Code (SIC) codes. Mr. Granquist said the EDA could look at the top seven industries and decide which industries East Bethel could plausibly support. Or does East Bethel market it as a great future development for such an industry. Ms. Lux said if you are selective about the data, you could get a quality list. Mr. Granquist agreed that if the grouping is a little narrower and a little more specific, and weed out those businesses that are not unique or similar to others, then the EDA could narrow down the specific industries/businesses that they want to target market. Ms. Lux said all of these targets are working with developers. Greater MSP is an economic development quasi-public firm that works and travels constantly trying to promote business within the State of Minnesota. East Bethel has not had good luck with them so far, because people are looking for buildings that already exist. However, soon that will change when the buildings inventory runs out, then they’ll be looking for the land. Mr. Granquist asked if SCORE retired executives has been used, as they often offer pro bono work? If not, he would be willing to work with that group. Ms. Winter said that the Minnesota Department of Economic Development has five targeted industries for the state and that they continually promote. East Bethel could get

its information from its labor market analyst, plus East Bethel has access to Reference USA, Sales Force, and Dunn and Bradstreet. The five target markets are bio sciences, manufacturing, data centers, clean technology and renewable energy, banking and finance, and health care services.

Chair Butler did note that there are firms that will do the marketing for you and they will track who is looking at the marketing. He is not sure of the cost involved.

Mr. Davis said for marketing they are talking about condiments, but where's the beef? When the businesses come to East Bethel, what is there to show? There is no industrial park and there are some areas that could be suitable for commercial. The EDA needs to consider having something available to show potential businesses. For example, a pharmaceutical company wants to locate on 40 acres, where in East Bethel will they go? There is no place in East Bethel that could serve their immediate needs. Mr. Davis said it's good to have goals - attainable goals. Of all the prospects sent out by Greater MSP over the last four years, East Bethel has only be able to respond to one.

Mr. Granquist noted that the businesses he is thinking about offer a much smaller footprint and that that is something to be discussed at another meeting.

#### 6. Retail Market and Grocery Store Discussion

Per the retail analysis profile for the City of East Bethel there are three market sectors in the City where there is a surplus: Motor vehicle dealers, liquor stores, and drinking places.

All other categories indicate sectors that are either served by other areas or are opportunities for expansion/location in the City. Both the attached analysis and the Ady Voltdge Study, identified grocery stores as the primary establishments as underserved niches in the East Bethel trade area.

Not only does the statistical information provide an indication of feasibility for this type of business, it is the near unanimous need expressed by residents for retail service.

In addition to discussing a proposed grocery store-outlot retail project with a developer, Staff has had previous contact with the following retail food store chains:

- Hy-Vee – Hy-Vee is currently expanding in the Twin Cities market and has just had plans approved in both Maple Grove and Brooklyn Park. A typical store is 90,000 square feet and the traffic generated in that size of store is 30,000 customer trips per week. Hy-Vee is focused in the more densely populated metro areas. The smallest market that Hy-Vee has located in this area is Farmington (south metro). At that location they built a 55,000 sq. ft. store.
- Lucky's (Colorado based operation)
- Meijer (Michigan based operation)
- Aldi – Staff has had contact with their real estate representatives.
- Coborn's – They are currently building a store in Isanti, MN. In discussions with their Real Estate Representative, they did not receive any incentives from

the City of Isanti to locate in that community. Additionally, Coborn's was not recruited by Isanti but selected this location based on their market studies. A site in East Bethel was of potential interest to them but was unavailable at the time they made the decision to locate in the Hwy 65 corridor.

Other stores that are expanding in the Metro area are: 365, Trader Joe's, Fresh Thyme. The City has not had no contact with these chains at this time.

Ms. Winter displayed a retail market analysis based on East Bethel's GIS system and reiterated those being captured by East Bethel - other motor vehicle dealers, liquor stores, and drinking places (alcoholic beverages). All the other listed retail markets could be on East Bethel's radar. Grocery stores have been talked about for many years and are an underserved niche in the East Bethel trade area. There are many grocery store type of establishments that are looking to expand into Minnesota. Currently, someone owns land at Viking Blvd. and Hwy 65, however, future plans are unknown for that property.

Mr. Bezanson said it makes sense that East Bethel has captured the bar and liquor store businesses, most of East Bethel businesses are located on the highway. With regard to the property Ms. Winter referenced, Mr. Bezanson believes the owner bought that property to protect his market and until he believes there is enough market to capture this far east, the property will remain undeveloped.

Mr. Granquist believes many people shop by store name such as Aldi and Trader Joe's and that these stores do bring a somewhat unique shopping experience, yet are cost effective. Ms. Winter noted that Aldi is expanding to smaller market areas and that she had talked with a rep several times and sent information.

Ms. Lux knows the exclusive rep for Hy-Vee and has suggested locating in East Bethel. The rep said at this time it is not on the near term, however, she will continue to keep in contact with him. Ms. Winter noted that the main real estate person for Hy-Vee said the same thing, not now, but possibly in the near future.

7. Business  
Climate  
magazine ad  
space  
discussion –  
MNCAR  
update

Business Climate magazine has teamed up with the MN Dept. of Employment and Economic Development to publish the 2nd Annual Minnesota – Thriving in the North magazine. The annual print magazine reaches thousands of top business executives and site selectors worldwide. In addition to the printed magazine, there is also an online distribution component that can be viewed on a variety of digital devices. MNDEED utilizes the magazine as a primary marketing tool at events, tradeshow, and meetings both locally and globally. Many area communities will be advertising in this year's publication including Isanti, Cambridge, Coon Rapids, and Anoka County. The costs vary depending on the type of Ad that you place. A targeted distribution list was included in the packet, along with national exposure to a targeted audience information.

Ms. Winter showed two examples of two different types of Ad spaces and their associated costs - City Type full Cost and Cost w/out banner ads:  
Blaine 1/3 page vertical ad \$3,395 and \$1,955  
New Ulm 2/3 vertical bleed \$5,365 and \$3,565

Ms. Winter said a decision will need to be made soon on whether to do an ad this year or wait until next year. Discussion followed. Consensus of the EDA was that it is not ready to advertise at this time.

8. Chamber of Commerce Reports There will be a golf outing on Friday, July 15 at Viking meadows. Hole-in-one prize will be a General Polaris ATV 2 up (\$18,000) and a Slingshot motorcycle (\$20,000). Thank you to Northway Sports for providing these prizes and monitoring the Hole-in-one contest. Thank you also to Tim Harrington, City Council and Liz Uram, Chamber of Commerce for heading up the golf outing teams. This is in conjunction with Booster Days.

Chamber Events – August is MN Fresh Farms and there will be state and county political reps present. September will be a joint meeting with Ham Lake Chambers with the topic of Building Success – Turning Ideas into Action.

9. City Council update Mr. Mundle reported that Friday, July 15 will be Movie in the Park night at Booster West showing the new Star Wars movie. There will be a costume contest with Star Wars cut-outs given out as prizes.

There was an administrative hearing on a detached accessory structure and discussion on the ambiguities with the code. City Council will send this to the Planning Commission for review and editing.

There was a joint meeting with the Planning Commission to discuss changes to the light industrial coding. Meeting was well attended by the public.

Council approved doing simple lot splits.

Authorized the purchase of property for connecting the new service road with the work to start in late summer/fall.

Council made a water ball challenge to Ham Lake.

10. Adjourn **Mr. Bezanson moved and Mr. Voss seconded to adjourn at 8:20 pm.**

Respectfully submitted,

Gail Gessner, Recording Secretary  
Submitted 6/29/16



# City of East Bethel Economic Development Authority Agenda Information

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**Date:**

July 18, 2016

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**Agenda Item Number:**

Item 4.0

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**Agenda Item:**

Business Contact Report: June 2016

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**Requested Action:**

Information only

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**Background Information:**

City Staff has assisted with or provided direct action on the following:

- Working with Steve Standlund – Prairie Ridge Estate, a rural 10 lot subdivision.
- New business – CAM is renting space at 23773 Johnson St. They manufacture prototypes for other businesses. Currently have three employees.

**Please advise staff of any items the may be of interest or need for the July 2016 Agenda.**

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**Attachments:**

- 1.) June 2016 Piwik report
- 2.) Other cities

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**Fiscal Impact:**

To be determined.

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**Recommendation:**

No action required.

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**Economic Development Authority Action:**

Motion by: \_\_\_\_\_

Second by: \_\_\_\_\_

Vote Yes: \_\_\_\_\_

Vote No: \_\_\_\_\_

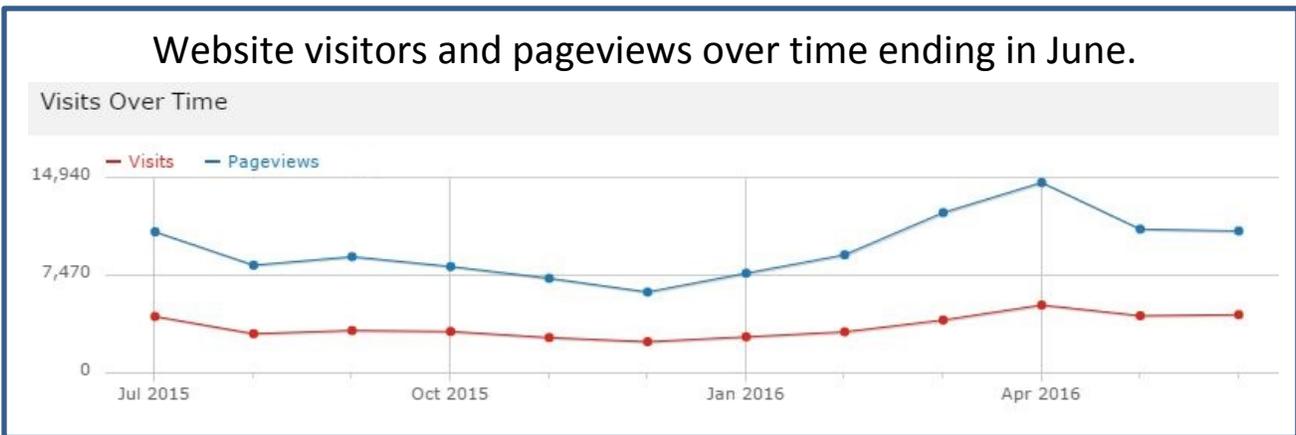
No Action Required: \_\_\_\_\_

# June 2016 Piwik Analysis

Most frequently viewed webpages this month		
Label	Total Pageviews	Bounce Rate
East Bethel, MN - Official Website	2067	49%
East Bethel, MN	1056	54%
East Bethel Booster Day	209	77%
Building Inspections & Permits	203	47%
City Council	124	20%
City Code	99	27%
Residents	99	33%
City Maps	83	36%
Planning Commission	82	47%
Community Development	75	40%
City Government	72	50%
Parks & Recreation	59	33%
GIS	54	45%
Fire	50	69%
Agendas & Minutes	48	0%
Administration	44	83%
Departments	44	20%
Economic Development Authority	39	33%
Planning Division	39	0%
About East Bethel	35	44%
Comprehensive Plan	33	21%
Public Works	33	67%
Recycling Events	33	68%
Public Utilities	32	19%
Informational Handouts & Building Guidelines	30	0%

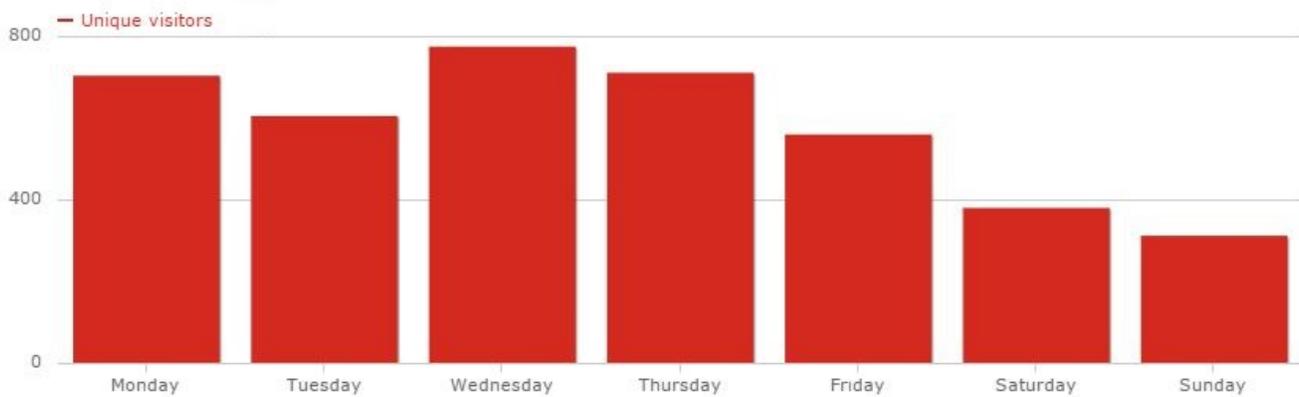
Searches within our Site this month	
Searched	# of searches
rfp	10
search	7
zoning map	6
2016 facilities request form	4
booster day	4
booster days	4
comprehensive plan	4
horses	3
hours	3
interim use permit	3
jobs	3
maps	3
5k	2
5k application	2
911 call reports	2
911 calls	2
accessory structures	2
booster park	2
city code	2
csi	2
cst	2
dog license	2
garage size	2
grocery	2
hunting	2

33% of users viewed our site via mobile devices this month.



Most Downloaded Documents from our Website	
Document	# of times downloaded this month
East Bethel Resident Guide	158
Request for Proposals for Comp Plan Update	105
Accessory Building Pamphlet	59
Permit Application for Electrical Permit	40
Firearms Ordinance Quick Reference Guide	37
Zoning Map	34
Fee Schedule	33

### Visits by Day of Week



This report was generated using data from 2016-06-01 – 2016-06-30.

[Business](#) • [Government](#)

# Ramsey seeking 'shovel ready' certifications

Published July 5, 2016 at 6:03 am



By [Eric Hagen](#)

## Staff Writer

I cover the cities of Andover, Blaine and Ramsey. I have worked at ABC Newspapers since August 2007.



The Ramsey City Council on June 14 approved a contract of \$86,000 with WSB & Associates to review 10 properties the city owns plus the future business park area owned by two property owners.

The goal is to have these properties in The COR and the nearby business park certified as "shovel ready" by the Minnesota Department of Employment and Economic Development. Sites certified as "shovel ready" will be marketed at national conferences, trade shows and on the MnPRO.com Website.



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**USACUP**

America's largest youth soccer tourney  
is looking for volunteers

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***Great group or team opportunity!***  
Easy shifts & free gear - in Blaine, MN

Patrick Brama, Ramsey's economic development coordinator, said there are many unknowns existing for someone interested in buying land in The COR today. This includes the cost of completing Ramsey Parkway, Zeolite Street, Veterans Drive and Peridot Street, how much soil

replacement is needed and what are the plans for stormwater infiltration.

According to DEED, the “shovel ready” documents for each property also includes information on major highways in the area and access to rail, what utilities are available on the sites, a Phase 1 environmental assessment of soil conditions, zoning and land use descriptions of the site and surrounding properties so the prospective buyers know the city’s development goals for the area and current real estate taxes and assessments that would be owed.

“This is making these ready to go and removing unknowns for buyers, which it makes it easier for us to sell it and get it back on the tax rolls,” said Council Member Chris Riley, who also sits on the Ramsey Economic Development Authority. The EDA also approved this move. 

Brama said Hageman Holdings, one of the property owners in the planned business park west of Armstrong Boulevard and north of Highway 10, said they would contribute \$5,000 to this effort which covers half of the shovel ready certification costs for its property.

In addition, Brama said Connexus Energy would be giving the city \$18,000 in future rebates to help contribute to getting this DEED “shovel ready” certification.

### **Home project approved**

A new single-family home neighborhood with 30 homes received council approval June 14.

The third addition of the Woodlands will be constructed in an area east of Variolite Street and south of 161st Avenue.

This area was originally platted for the Sweetbay Ridge development in 2005 but was changed to Woodlands in 2014. Lennar Corporation is the developer.

According to Chris Anderson, city planner, the completion of this third addition would mean 71 of the 85 homes approved in the preliminary plat would have been built.

[eric.hagen@ecm-inc.com](mailto:eric.hagen@ecm-inc.com)

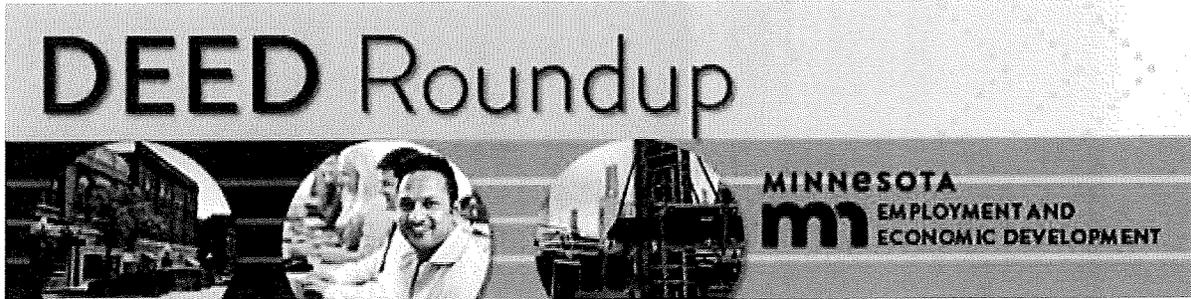
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**From:** DEED Communications [MNDEED@public.govdelivery.com]  
**Sent:** Monday, July 11, 2016 11:28 AM  
**To:** Colleen Winter  
**Subject:** DEED Roundup-July 11, 2016



July 11, 2016

**In the News**



**Isanti Celebrates SnoBear Opening**

*Isanti County News-6/29/16*

The city of Isanti and SnoBear USA recently celebrated the partnership that led to the relocation of the SnoBear headquarters and production facility from North Dakota to Isanti. SnoBear produces recreational ice fishing vehicles. DEED provided support from the Job Creation Fund and the Minnesota Investment Fund.

**Willmar Site Certified as Shovel Ready**

*West Central Tribune-7/7/16*

Developers seeking potential sites to locate their business can look to the Willmar Industrial Park. The city's application to certify the industrial park as "Shovel Ready" has been accepted by DEED. "The local and regional business community is very pleased with the Shovel Ready certification, which takes unknowns out of the process for businesses that are ready to expand," said Aaron Backman, executive director of the Kandiyohi County and city of Willmar Economic Development Commission.

**Did You Know?**

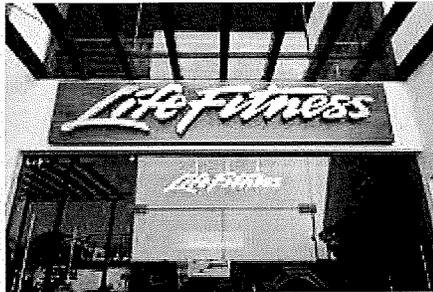


The Twin Cities ranked fourth in

**Press Releases**

**DEED Convenes Information Sessions**

Information sessions will be convened for Minnesota nonprofit organizations [501(c)(3)] interested in applying for competitive grants that will invest in programs that increase economic opportunities for racial and ethnic communities, women, youth, people with disabilities and veterans. DEED will offer two identical information sessions that will focus on grant requirements and program outcome expectations.



**Life Fitness Expanding in Owatonna**

Exercise equipment manufacturer Life Fitness said last week it will add 110 jobs as part of a \$22.9 million expansion of its factory in Owatonna. The Rosemont, Ill., based company said it will expand the facility by 150,000 square feet to make room for increased production of Cybex exercise equipment. DEED is supporting the project with an \$850,000 grant from the Job Creation Fund.

**Recent Blog Posts**



# City of East Bethel Economic Development Authority Agenda Information

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**Date:**

July 18, 2016

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**Agenda Item Number:**

Item 5.0

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**Agenda Item:**

Available Land and Building Inventory

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**Requested Action:**

Information only

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**Background Information:**

At the last EDA meeting we discussed marketing the community and what we had to offer. One of the items that came up as a positive was available and inexpensive land. Please find attached to this report the current available properties in the City of East Bethel. These properties are currently marketed on the MNCAR website. Some questions to consider are:

How do we promote these properties?

Which of these properties have access to sewer and water?

Would any of these sites be considered Shovel Ready?

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**Attachments:**

1.) Available Property Report

2.) Map

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**Fiscal Impact:**

To be determined.

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**Recommendation:**

Discussion only

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**Economic Development Authority Action:**

Motion by: \_\_\_\_\_

Second by: \_\_\_\_\_

Vote Yes: \_\_\_\_\_

Vote No: \_\_\_\_\_

No Action Required: \_\_\_\_\_

## Commercial/Industrial Properties for sale in East Bethel

#	Land/Bldg	Acres/sq ft	Zoning	Price	Taxes	Location	PID #
1	Land	56.28	Central business/Industrial	\$1,500,000.00	\$3,453.07	1360 - 221st Ave NE	08-33-23-21-0002
2	Land	10.57	3A - Commercial/Industrial	Negotiable	\$42,367.44	18635 Ulysses St NE	32-33-23-24-0017
3	Land	34.35	B2 & R2 - Mixed use	\$1,100,000.00	\$2,663.15	20754 Hwy 65 NE	17-33-23-31-0001
4	Land	12.68	Commercial/Office	\$519,000.00	\$4,791.96	21057 Highway 65	17-33-23-24-0011
5	Land	24	Light Industrial	\$675,000.00	\$8,945.66	22126 Hwy 65 NE	05-33-23-34-0005
6	Land	2.07	3A - Commercial/Industrial	\$150,000.00	\$1,670.71	23566 Ulysses St. NE	32-34-23-21-0019
7	Land	2.06	3A - Commercial/Industrial	\$150,000.00	\$1,655.70	23592 Ulysses St. NE	32-34-23-21-0018
8	Land	4	I - Industrial	\$295,000.00	\$1,861.25	23622 Hwy 65 NE	32-34-23-21-0017
9	Land	10.1	Special Use	\$199,000.00	\$2,672.54	Hwy 65 and 241st Street	29-34-23-31-0004
10	Land	4.43	Industrial	\$675,000.00	\$41,841.60	NW of 187th Lane NE and Hwy 65 NE	32-33-23-21-0011
11	Land	3	Special Use	\$325,000.00	\$1,862.85	NW of 237th Ave NE and Hwy 65 NE	29-34-23-34-0011
12	Land	40.93	B3 - Commercial	\$350,000.00	\$4,003.22	NW of Hwy 65 and 187th Lane NE	32-33-23-22-0002
13	Land	3.14	B3 - Office	\$76,114.65	\$2,752.25	NW of Sims Road and Hwy 65 East	83-32-33-40-0012
14	Land	25.66	3A - Commercial/Industrial	\$265,000.00	\$8,429.43	1542 - 221 st Ave NE	08-33-23-12-0005
15	Land	2.02	Commercial/Office	\$65,000.00	\$16,161.04	21429 Ulysses St. NE	08-33-23-34-0014

# Listings Summary Report

1



## Central Business Industrial Land

1360 221st Ave NE  
East Bethel, MN 55011

**Lot Size:** 56.28 Ac.                      **Price:** \$1,500,000  
**Divisible:**                                      **Price/Acre:** \$31,393.89  
**General Use:** Land                              **Price/SF:** \$.72  
**Specific Use:** Raw Land                      **Max Contig:**  
**Frontage:**                                      **Min Div:** 47.78 Ac.  
**Depth:**    **Zoning Code:** Central business Industri  
**Rail:** No

**Listing Agent:**  
KW Commercial Real Estate  
Chris Fritch  
(763) 746-3996

**Listing Notes:** This property offers 47.78 acres of high traffic counts and visibility to Highway 65.

2



## East Bethel Land

18635 Ulysses St NE  
East Bethel, MN 55011

**Lot Size:** 10.57 Ac.                              **Price:** Negotiable  
**Divisible:**    **Price/Acre:**  
**General Use:** Land                              **Price/SF:**  
**Specific Use:** Retail -- General Purpose **Max Contig:**  
**Frontage:**    **Min Div:** 2.16 Ac.  
**Depth:**    **Zoning Code:** B3  
**Rail:** No

**Listing Agent:**  
Colliers International/Minneapolis-St Paul  
Gary Germundsen  
(952) 897-7700

**Listing Notes:** There are 3 lots 2.16 acres each or 6.58 total, plus two outlots for sale. Right off Hwy 65 and 187th Ln. Zoned commercial - B3 District. Great location. City sewer is now available.

# Listings Summary Report

3



**20754 Hwy 65 NE**  
20754 Hwy 65 NE  
East Bethel, MN 55011

**Lot Size:** 34.35 Ac.                   **Price:** \$1,100,000  
**Divisible:**                               **Price/Acre:** \$32,023.29  
**General Use:** Land                   **Price/SF:** \$.74  
**Specific Use:** Other Land           **Max Contig:**  
**Frontage:**                               **Min Div:** 34.35 Ac.  
**Depth:**                                  **Zoning Code:** B2 & R2  
**Rail:** No

**Listing Agent:**  
Premier Commercial Properties  
Robert (Marty) Fisher  
(763) 862-2005

**Listing Notes:** This is a great buy on a large contiguous parcel. Frontage road in with cul-de-sac. West side of road is 15.45 acres, zoned R2 residential (single family or townhomes). East side of road is 18.90 acres with frontage along Central Ave ( Hwy 65). This is zoned B3 general business. City is open to zoning changes and owner is open to splitting the land. Great development opportunity. 2016 Taxes are \$2,663.15.

4



**21057 Highway 65**  
21057 Highway 65  
East Bethel, MN 55011

**Lot Size:** 12.68 Ac.                   **Price:** \$519,000  
**Divisible:**                               **Price/Acre:** \$40,930.6  
**General Use:** Land                   **Price/SF:** \$.94  
**Specific Use:** Raw Land           **Max Contig:**  
**Frontage:**                               **Min Div:** 12.68 Ac.  
**Depth:**                                  **Zoning Code:** Commercial  
**Rail:** No

**Listing Agent:**  
KW Commercial Real Estate  
Chris Fritch  
(763) 746-3996

**Listing Notes:** 12.68 acre parcel zoned Commercial/Golf Course is bank owned. Situated with fantastic visibility from Highway 65. Utilities are available from the municipality. Other retailers are nearby as well as Cedar Creek Elementary School, Hidden Haven Golf Club, a post office, restaurants, and more.

# Listings Summary Report

5



**22126 Hwy 65 NE**  
22126 Hwy 65 NE  
East Bethel, MN 55011

<b>Lot Size:</b> 24 Ac.	<b>Price:</b> \$675,000
<b>Divisible:</b>	<b>Price/Acre:</b> \$28,125
<b>General Use:</b> Land	<b>Price/SF:</b> \$.65
<b>Specific Use:</b> Industrial -- Other	<b>Max Contig:</b>
<b>Frontage:</b>	<b>Min Div:</b> 24 Ac.
<b>Depth:</b>	<b>Zoning Code:</b> Light Industrial
<b>Rail:</b> No	

**Listing Agent:**  
KW Commercial Real Estate  
Chris Fritch  
(763) 746-3996

**Listing Notes:** Great piece of property with close access to I-65.

6



**23566 Ulysses St NE**  
23566 Ulysses St NE  
East Bethel, MN 55005

<b>Lot Size:</b> 2.07 Ac.	<b>Price:</b> \$150,000
<b>Divisible:</b>	<b>Price/Acre:</b> \$72,463.77
<b>General Use:</b> Land	<b>Price/SF:</b> \$1.66
<b>Specific Use:</b> Industrial -- Other	<b>Max Contig:</b>
<b>Frontage:</b>	<b>Min Div:</b> 2.07 Ac.
<b>Depth:</b>	<b>Zoning Code:</b>
<b>Rail:</b>	

**Listing Agent:**  
Edina Realty Inc  
Jeff Steeves  
(763) 286-3550

**Listing Notes:** 2 acres zoned for commercial and light industrial. Hwy 65 frontage which provides prime exposure. Adjacent 2 acre lot available.

# Listings Summary Report

7



**23592 Ulysses St NE**  
23592 Ulysses St NE  
East Bethel, MN 55005

**Lot Size:** 2.06 Ac.                   **Price:** \$150,000  
**Divisible:**                               **Price/Acre:** \$72,815.53  
**General Use:** Land                   **Price/SF:** \$1.67  
**Specific Use:** Industrial -- Other **Max Contig:**  
**Frontage:**                               **Min Div:** 2.06 Ac.  
**Depth:**                                  **Zoning Code:**  
**Rail:**

**Listing Agent:**  
Edina Realty Inc  
Jeff Steeves  
(763) 286-3550

**Listing Notes:** 2 acres zoned for commercial and light industrial. Hwy 65 frontage which provides prime exposure. Adjacent 2 acre lot available.

8



**Hwy 65 Parcel**  
23622 Hwy 65 NE  
East Bethel, MN 55005

**Lot Size:** 4 Ac.                         **Price:** \$295,000  
**Divisible:**                               **Price/Acre:** \$73,750  
**General Use:** Land                   **Price/SF:** \$1.69  
**Specific Use:** Industrial -- Other **Max Contig:**  
**Frontage:**                               **Min Div:** 4 Ac.  
**Depth:**                                  **Zoning Code:** I  
**Rail:** No

**Listing Agent:**  
Premier Commercial Properties  
Robert (Marty) Fisher  
(763) 862-2005

**Listing Notes:** Going to work side of Highway 65 here are 3 available lots: 1, 1A, & 2 in the Westside Estates. Rental income provides positive cash flow, and there are approximately 431' of frontage on Highway 65. It is located near a signalized intersection, and there is flexible City zoning. 20,700 vehicles per day. Perfect redevelopment.

# Listings Summary Report

9



**Hwy 65 and 241st St**  
NE of 241st Ave NE and Highway 65  
East Bethel, MN 55011

**Lot Size:** 10.1 Ac.                      **Price:** \$199,000  
**Divisible:**                                **Price/Acre:** \$19,702.97  
**General Use:** Land                      **Price/SF:** \$.45  
**Specific Use:** Other Land              **Max Contig:**  
**Frontage:**                                **Min Div:** 10.1 Ac.  
**Depth:**                                    **Zoning Code:**  
**Rail:** No

**Listing Agent:**  
Integrated Real Estate Services, Inc  
Bill Hughes  
(612) 272-8839

**Listing Notes:** Located on the SW corner of busy Highway 65 with possible commercial usage. Â This land does need to be platted, but Â city water and sewer are available. Â This land is mainly made up of sanded soils. Possible contract for deed sale. Approximately 6.5 usable acres with street access to the site.

10



**NW of 187th Ln NE and Hwy 65**  
NW of 187th Ln NE and Hwy 65  
East Bethel, MN 55005

**Lot Size:** 4.43 Ac.                      **Price:** \$675,000  
**Divisible:**                                **Price/Acre:** \$152,370.2  
**General Use:** Land                      **Price/SF:** \$3.5  
**Specific Use:** Raw Land                **Max Contig:**  
**Frontage:**                                **Min Div:** 4.43 Ac.  
**Depth:**                                    **Zoning Code:**  
**Rail:**

**Listing Agent:**  
Premier Commercial Properties  
Myles Borstad CCIM  
(612) 270-0354

**Listing Notes:** This raw land is located just north of Village Bank just off of Ulysses St NE near the intersection of 187th Ln NE and Hwy 65. City water & sewer are available, it is shovel ready, and the ponding is completed.

# Listings Summary Report

11



**NW of 237th Ave NE and Hwy 65 NE**  
 NW of 237th Ave NE and Hwy 65 NE  
 East Bethel, MN 55011

**Lot Size:** 3 Ac.                      **Price:** \$325,000  
**Divisible:**                              **Price/Acre:** \$108,333.33  
**General Use:** Land                      **Price/SF:** \$2.49  
**Specific Use:** Other Land              **Max Contig:**  
**Frontage:**                                **Min Div:** 3 Ac.  
**Depth:**                                    **Zoning Code:**  
**Rail:** No

**Listing Agent:**  
 Premier Commercial Properties  
 Robert (Marty) Fisher  
 (763) 862-2005

**Listing Notes:** Huge price reduction on this corner lot! Motivated seller. Excellent user or developer corner with 30,000 vehicles per day on the going to work side. Signalized intersection. 3.0 acres with flexible zoning.

12



**East Bethel Land**  
 NW of Hwy 65 and 187th Ln NE  
 East Bethel, MN 55011

**Lot Size:** 40.93 Ac.                      **Price:** \$3,500,000  
**Divisible:**                              **Price/Acre:** \$85,511.85  
**General Use:** Land                      **Price/SF:** \$1.96  
**Specific Use:** Raw Land                **Max Contig:**  
**Frontage:**                                **Min Div:** 40.93 Ac.  
**Depth:**                                    **Zoning Code:** B3  
**Rail:** No

**Listing Agent:**  
 Essence Real Estate  
 Jeff Nordness  
 (651) 482-1871

**Listing Notes:** There is approximately 40 acres of land available in this pro development city. It is zoned B-3 highway commercial with over 1,300 SF of frontage in East Bethel, MN. Call ERSI at (651) 482-1871 for more information. Visit [www.essencerealestate.com](http://www.essencerealestate.com) for other available listings.

# Listings Summary Report

13



## Hwy 65 Land

NW of Sims Rd NE and Hwy 65  
East Bethel, MN 55005

<b>Lot Size:</b> 3.14 Ac.	<b>Price:</b> \$239,000
<b>Divisible:</b>	<b>Price/Acre:</b> \$76,114.65
<b>General Use:</b> Land	<b>Price/SF:</b> \$1.75
<b>Specific Use:</b> Raw Land	<b>Max Contig:</b>
<b>Frontage:</b>	<b>Min Div:</b> 3.14 Ac.
<b>Depth:</b>	<b>Zoning Code:</b> B3
<b>Rail:</b> No	

**Listing Agent:**  
Premier Commercial Properties  
Robert (Marty) Fisher  
(763) 862-2005

**Listing Notes:** This property is great for office, retail, or Light Industrial use. City is embarking on water/sewer project. Great access to Highway 65.

# Listings Summary Report

14



**1542 221<sup>st</sup> Avenue NE**  
1542 221<sup>st</sup> Avenue NE  
East Bethel, MN 55011

**Lot size:** 25.66 acres

**Divisible:**

**General Use:**

**Specific Use:** Industrial

**Frontage:**

**Depth:**

**Rail:** No

**Price:** \$265,000

**Price/Acre:**

**Price/SF:**

**Max Contig:**

**Min. Div:**

**Zoning Code:** Business/Commercial/Industrial

**Listing Agent:**

Company  
Agent Name  
Phone Number

**Listing notes:** Great location and access to Highway 65. Two large steel frame buildings on property (120x40 & 80x40) both with concrete floor. Access to property off private road 1 blk east of Highway 65, zoned commercial/industrial Great opportunity! **PROPERTY SOLD "AS IS"**.

15



**21429 Ulysses Street**  
21429 Ulysses Street  
East Bethel, MN 55011

**Lot size:** 2.02 acres

**Divisible:**

**General Use:** Land

**Specific Use:**

**Frontage:**

**Depth:**

**Rail:**

**Price:** \$65,000

**Price/Acre:**

**Price/SF:**

**Max Contig:**

**Min. Div:**

**Zoning Code:** B-3 & B-2

**Listing Agent:**

Company  
Agent Name  
Phone Number

**Listing notes:** Fabulous 2.9 acres business/commercial lot in East Bethel commercial district (zone B-3 & B-2). Lot is at the end of the cul-de-sac w/lots of woods. Fully platted and developed w/paved street, curbs and turn around. City said "quick turnaround."



# OFFICIAL MAP OF THE CITY OF EAST BETHEL

**PRESIDENTS**

**CITIES**

**BATTLES**

**OLD CARS**

UNIVERSITY EXT  
3RD ST NE  
4TH ST NE  
5TH ST NE  
6TH ST NE  
7TH ST NE  
TERRACE RD NE  
WASHINGTON ST NE  
JEFFERSON ST NE  
HARRISON ST NE  
MORRIS ST NE  
MONROE ST NE  
QUINCY ST NE  
JACKSON ST NE  
VAN BUREN ST NE  
ABLE ST NE  
TYLER ST NE  
POLK ST NE  
TAYLOR ST NE  
FILLMORE ST NE  
PERCE ST NE  
BUCHANAN ST NE  
LINCOLN ST NE  
JOHNSON ST NE  
LAYSSES ST NE  
HIGHWAY 65  
ABERDEEN ST NE  
BALTIMORE ST NE  
CHISHOLM ST NE  
DAVENPORT ST NE  
EVELYTH ST NE  
FERGUS ST NE  
GOODHUE ST NE  
HASTINGS ST NE  
SMITH ST NE  
JENKINS ST NE  
KENYON ST NE  
LONDON ST NE  
MANKATO ST NE  
NAKSAUST NE  
ONADONA ST NE  
PALMAGE ST NE  
QUAMBA ST NE  
ROCHESTER ST NE  
STAPLES ST NE  
TACOMITE ST NE  
URBANK ST NE  
VERMILION ST NE  
WALCONA ST NE  
XYLITE ST NE  
YANCY ST NE  
ZIMBROTAST NE

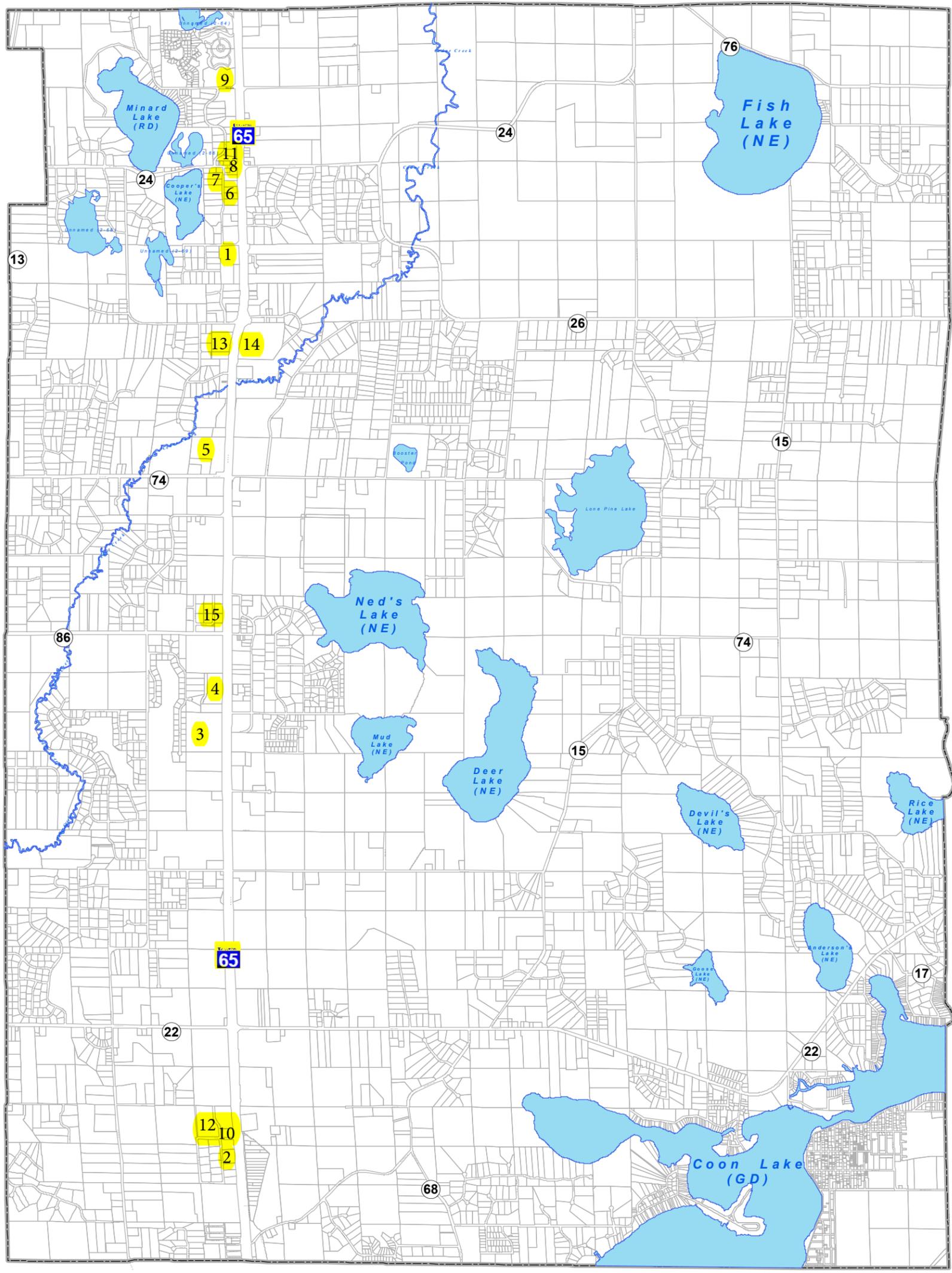
ALAMO ST NE  
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CORALEAST NE  
DUNKIRK ST NE  
EDISON ST NE  
FLANDERS ST NE  
GUADALCANAL ST NE  
HARRIS ST NE  
MO JIMAST NE  
JAMESTOWN ST NE  
KASKA ST NE  
LEWY ST NE  
MIDWAY ST NE  
MARLES ST NE  
OKMAWA ST NE  
PETERSBURG ST NE  
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BRANT ST NE  
CORD ST NE  
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ERWIN ST NE  
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GHA ST NE  
HUPP ST NE  
RETTAST NE  
JEWELL ST NE  
RESELS ST NE  
LEVERST NE  
WARREN ST NE  
WATSON ST NE  
ORL ST NE  
PICKARD ST NE  
QUIT ST NE  
ROCKNEY ST NE  
STUTZ ST NE  
TUCKER ST NE

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Parcel/Lot  
City Limits



Sources:  
Anoka County  
East Bethel Planning Department  
East Bethel GIS

Adopted October 17, 2007



# City of East Bethel Economic Development Authority Agenda Information

\*\*\*\*\*

**Date:**

July 18, 2016

\*\*\*\*\*

**Agenda Item Number:**

Item 6.0

\*\*\*\*\*

**Agenda Item:**

Basic Finance Tools – TIF and Tax Abatement

\*\*\*\*\*

**Requested Action:**

Information only

\*\*\*\*\*

**Background Information:**

Many communities utilize Tax Increment Financing and Tax Abatement as Economic development tools to bridge the financing gap for businesses who wish to locate in a community. The City of East Bethel has utilized TIF one time for Aggressive Hydraulics.

Staff will provide an overview of TIF and Tax Abatement.

Questions to consider:

- Does the City of East Bethel want to utilize TIF and Tax Abatement as economic development tools?
- What types of businesses do we want to attract utilizing Tax incentives?
- Should TIF be utilized for housing and other projects?

Attached are several news articles and basic information about TIF and Tax Abatement.

\*\*\*\*\*

**Attachments:**

- 1.) TIF Basics
- 2.) Tax Abatement
- 3.) News Articles

\*\*\*\*\*

**Fiscal Impact:**

To be determined.

\*\*\*\*\*

**Recommendation:**

Forward comments to City Council

\*\*\*\*\*

**Economic Development Authority Action:**

Motion by: \_\_\_\_\_

Second by: \_\_\_\_\_

Vote Yes: \_\_\_\_\_

Vote No: \_\_\_\_\_

No Action Required: \_\_\_\_\_

## Tax Increment Financing

### *What is TIF?*

Tax increment financing (TIF) uses the increased property taxes that a new real estate development generates to finance costs of the development. In Minnesota, TIF is used for two basic purposes:

- To induce or cause a development or redevelopment that otherwise would not occur—e.g., to convince a developer to build an office building, retail, industrial, or housing development that otherwise would not be constructed. To do so, the increased property taxes are used to pay for costs (e.g., land acquisition or site preparation) that the developer would normally pay.
- To finance public infrastructure (streets, sewer, water, or parking facilities) that are related to the development. In some cases, the developer would be required to pay for this infrastructure through special assessments or other charges. In other cases, all taxpayers would pay through general city taxes.

### *How does TIF work?*

When a new TIF district is created, the county auditor certifies (1) the current net tax capacity (i.e., property tax base) of the TIF district and (2) the local property tax rates. As the net tax capacity of the district increases, the property taxes (i.e., the “tax increment”) paid by this increase in value is dedicated and paid to the development authority. The tax increment is limited to the tax derived from the certified tax rate. Increases in value that generate increment may be caused by construction of the development or by general inflation in property values. The authority uses the increment to pay qualifying costs (e.g., land acquisition, site preparation, and public infrastructure) that it has incurred for the TIF project.

### *How is TIF used to pay “upfront” development costs?*

There is a mismatch between when most TIF costs must be paid—at the beginning of a development—and when increments are received—after the development is built and begins paying higher property taxes. Three basic financing techniques are used to finance these upfront costs:

- **Bonds.** The authority or municipality (city or county) may issue its bonds to pay these upfront costs and use increment to pay the bonds back. Often, extra bonds are issued to pay interest on the bonds (“capitalizing” interest) until increments begin to be received.
- **Interfund loans.** In some cases, the authority or city may advance money from its own funds (e.g., a development fund or sewer and water fund) and use the increments to reimburse the fund.
- **Pay-as-you-go financing.** The developer may pay the costs with its own funds. The increments, then, are used to reimburse the developer for these costs. This type of developer financing is often called “pay-as-you-go” or “pay-go” financing.

### *What governmental units can use TIF?*

Minnesota authorizes development authorities to use TIF. These authorities are primarily housing and redevelopment authorities (HRAs), economic

development authorities (EDAs), port authorities, and cities. In addition, the “municipality” (usually the city) in which the district is located must approve the TIF plan and some key TIF decisions. TIF uses the property taxes imposed by all types of local governments. But the school district and county, the two other major entities imposing property taxes, are generally limited to providing comments to the development authority and city on proposed uses of TIF. The state-imposed tax on commercial-industrial and seasonal-recreational properties is not captured by TIF.

**What is the but-for test?**

Before an authority may create a TIF district, it and the city must make “but-for” findings that (1) the development would not occur without TIF assistance and (2) that the market value of the TIF development will be higher (after subtracting the value of the TIF assistance) than what would occur on the site, if TIF were not used.

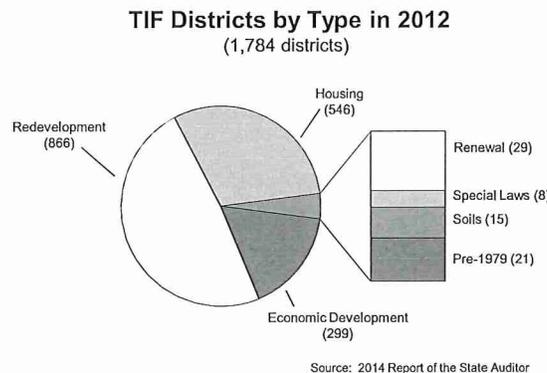
**What types of TIF districts may be created?**

Minnesota allows several different types of TIF districts. The legal restrictions on how long increments may be collected, the sites that qualify, and the purposes for which increments may be used vary with the type of district.

District type	Use of Increment	Maximum duration
Redevelopment	Redevelop blighted areas	25 years
Renewal and renovation	Redevelop areas with obsolete uses, not meeting blight test	15 years
Economic development	Encourage manufacturing and other footloose industries	8 years
Housing	Assist low- and moderate-income housing	25 years
Soils	Clean up contaminated sites	20 years
Compact development	Redevelop commercial areas with more dense developments	25 years

**How many TIF districts exist?**

According to the 2014 report of the Office of State Auditor (OSA), there were 1,784 active TIF districts in 2012. The graph shows the relative shares by type of district.



**For more information:** Contact legislative analyst Joel Michael at 651-296-5057. Also see the House Research website for more information on TIF at [www.house.mn/hrd/issinfo/tifmain.aspx](http://www.house.mn/hrd/issinfo/tifmain.aspx).

The Research Department of the Minnesota House of Representatives is a nonpartisan office providing legislative, legal, and information services to the entire House.

## Tax Abatement for Public Improvements and Facilities

Tax abatement is a flexible tool local governments can use to finance public improvements and facilities, including recreation facilities. Municipalities can issue general obligation bonds without a referendum if principal on those bonds is repaid with a tax abatement levy.

### What is tax abatement?

Tax abatement is the ability for an individual taxing entity to capture and use all or a portion of the local property tax revenues within a defined geographic area to finance a specified project or improvement. It allows each major taxing jurisdiction to choose to contribute its share of the taxes and limit abatement in any manner it determines appropriate. The taxing entity can grant an abatement without other jurisdictions agreeing to participate. Tax abatement is governed by Minnesota Statutes 469.1812-469.1815.

### How does tax abatement work?

In practice, tax abatement is a reallocation of taxes rather than an exemption from paying taxes. The property for which taxes have been abated will continue to pay their taxes in full. The amount of the abatement, however, is redirected to a specific project rather than going to the general fund. To offset the lost revenue, the municipality annually adopts an abatement portion of their property tax levy equal to the amount of abated taxes.

### What kinds of projects can be financed with tax abatement bonds?

Tax abatement is a tool that can be used to finance public infrastructure, public facilities including parks and recreational facilities, as well as development and redevelopment projects. The benefited project or infrastructure does not need to be on or adjacent to the parcel for which taxes are being abated.

There are several recent examples of how Minnesota communities have used tax abatement. In all of these examples the communities issued general obligation tax abatement bonds to finance the project, and repaid the bonds in full or in part with the proceeds of an abatement.

- Land acquisition for parks
- Swimming pools and recreation facilities
- Civic centers
- Expansion of major intersections to accommodate new retail projects
- Stoplights for new, market rate housing subdivisions

### Bonding authority

The maximum principal amount of tax abatement bonds may not exceed the estimated sum of the abatements for the property for the years authorized. If bonds are issued to provide advance payment of abatements, the amount of abatement is not subject to periodic review by the political subdivision that approved the abatement. Tax abatement bonds are excluded from the calculation of the net debt limit.



## What is the process for establishing tax abatement?

After identifying the details of the abatement, including the amount, term and the parcels for abatement, a public hearing with at least a 10 day published notice must be held by each entity granting the abatement. The entity granting the abatement is then required to adopt a resolution approving the abatement. The adopting resolution must include the following: (1) Term of the abatement; (2) Statement of public benefit expected to result from the abatement; (3) Required findings; and (4) Schedule of repayment of deferred taxes (if applicable). This process must be completed by each entity granting the abatement.

## What are the findings a community must make to approve abatement?

The entity granting the abatement must make a finding that the abatement benefits to the political subdivision at least equal the costs of the proposed agreement, and that the abatement is in the public interest for at least one of the following reasons:

- Increase or preserve tax base
- Provide employment opportunities
- Provide or help acquire or construct public facilities
- Redevelop or renew blighted areas
- Provide access to services for residents
- Provide public infrastructure
- Phase in a property tax increase, in specific circumstances
- Stabilize the tax base

## What is the term of abatement?

If all three taxing entities (city, county and school district) participate in tax abatement the maximum term is 15 years. However, if only one or two of the entities participate, the term is a maximum of 20 years. The term of the abatement must be included in the adopting resolution. If the resolution is silent to the term, the maximum term is 8 years.

## What is the maximum amount that can be abated?

In any one year, the TOTAL amount a political subdivision may abate may not exceed the greater of 10 percent of the entity's net tax capacity or \$200,000. In addition, taxes on a parcel may not be abated while the parcel is located in a tax increment district.

## How do abatements affect tax levies?

Abatements are special tax levies. The amount of the abatement must be added to the total levy for the current year. The abatement amount must be included in the proposed levy for Truth in Taxation as well as the certified levy.

## Where can I get more information?

Contact your Ehlers Financial Advisor at 651-697-8500. A list of Minnesota Financial Advisors and their direct dial numbers can be found under the Contact Us tab at the top of our website at [www.ehlers-inc.com](http://www.ehlers-inc.com).





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## Breaking Fertile Soil: Developing Senior Housing

By [Todd Hagen](#), Senior Financial Advisor



The City of Fertile, located in northwestern Minnesota, broke ground on its first senior assisted living development. The new 19- unit building is attached to the City-owned nursing home and will serve the 5,000 people living in and near Fertile. The Fertile Economic Development Authority (EDA) is the long-term owner.

“This project will create jobs, build on our base of economic development, and provide a missing housing option for seniors,” said City Administrator John Frohrip. The project will also take advantage of its proximity to the nursing home to share the commercial kitchen, staffing, and management, making both operations more

financially viable.

The EDA financed the project with general obligation housing revenue bonds issued in September of 2012. Ehlers helped the City and EDA obtain their first bond rating – an A from Standard and Poor’s. “Once you have a good bond rating, and you hold on to it, it serves you in good stead,” said Frohrip. The goal of the financing was to keep the project as affordable as possible. By getting the City rated Ehlers was able to competitively bid the bonds and drive down financing costs. The lowest of three bidders provided fixed-rate financing over 27 years for a true interest cost of 3.47%, including costs of issuance.



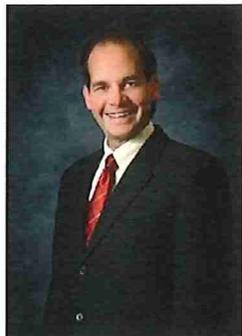
While the financing was competitively bid, the construction price was determined through a design-build process. The building contractor, Peter Jesh of Icon Architects, opened their books to the EDA and charged their construction cost plus an agreed upon fee. “If you can get the basic data as to cost, bids aren’t cheaper,” states Frohrip. “Guess what the low bidder will come in waiving? Change orders.”

Financing and construction costs can be a barrier for small projects. This project was able to overcome both of those through a competitive bond sale and the EDA’s design-build process.



## Community Development Agency Maximizes TIF for Housing

By [Mark Ruff](#), Senior Financial Advisor and [Jessica Cook](#), Financial Specialist



Leveraging private investment in affordable housing. That was the main factor driving the Dakota County Community Development Agency (CDA) when it began developing workforce family housing 20 years ago. Since then, 19 developments have been completed providing 648 affordable rental townhomes for working families.

Each townhome development is owned by a public-private partnership that uses the federal low income housing tax credits. Typically 50 – 75% of the development costs are paid for by private corporations who invest to obtain the tax credits. The affordable housing rents can only support a small mortgage, so the remaining funding has been provided by the Minnesota Housing Finance Agency, Metropolitan Council, Federal Home Loan Bank, and the Family Housing Fund.

“To be competitive for the gap funding sources, the CDA has to make a local contribution to the project,” said Kari Gill, Deputy Executive Director. “We contribute tax increment from one of our housing TIF Districts. For new construction, we use the increment to buy land or install utilities.”

“Ehlers helped us develop a financial management plan for all of our tax increment districts. The Ehlers plan tells us how much increment we can use from our existing TIF districts to construct or renovate affordable housing development, even if the housing isn’t in the TIF District.”

After nearly 20 years, the CDA’s early housing developments need renovations to improve their appearance and reduce maintenance costs. New roofing and siding, energy efficient windows and new garage doors are usually on the list.

### **Spruce Pointe, Inver Grove Heights**

When renovating, the CDA is still committed to its philosophy of leveraging private funds. On a recent renovation to Spruce Pointe in Inver Grove Heights, over 30% of the renovation costs came from project reserves held by the private investors, and the rest





from public and private grants and tax increment. The Dakota County CDA has also used tax increment to preserve federally subsidized housing. The CDA has made deferred rehab loans to private developers.



### **Rosemount Greens, Rosemount**

Twin Cities Housing Development Corporation, a private, non-profit developer, created a tax credit partnership to acquire, preserve, and substantially rehabilitate this 28-unit federally subsidized rental housing development for families in Rosemount. The CDA used tax increment district fund balance from a housing district located in another area of Rosemount to provide a \$200,000 rental rehabilitation deferred loan to the project.

### **Cliff Hill, Burnsville**

Shelter Corporation, a private developer, created a tax credit partnership to acquire, preserve, and substantially rehabilitate this 32-unit federally subsidized rental housing development for families in Burnsville. The CDA used tax increment district fund balance from a housing district located in another area of Burnsville to provide a \$100,000 rental rehabilitation deferred loan to the project.

“The rules for using tax increment for affordable housing are relatively flexible,” says Andrea Brennan, Director of Community and Economic Development. “And by pledging TIF to workforce housing development and renovation, we are able to leverage the public and private resources we need to complete the projects.”

