

To: HONORABLE MAYOR AND CITY COUNCIL.

FROM: Laura Qualey, Economic Development

SUBJECT: Tax Increment Financing Services

DATE: February 16, 2021

BACKGROUND.

The accompanying *Work Plan* relating to *Creation of Economic Development TIF District* has been negotiated with Rebecca Kurtz representing Ehlers Public Finance Advisors. The *Scope of Services* includes the creation of a Tax Increment Financing District to facilitate development of Cannon Belles Cheese facility 105 Cannon Industrial Blvd, and Volumetric Technologies at Lot 1, Block 1 Business Park North 1st Replat.

REQUESTED COUNCIL ACTION.

The City Council is respectfully requested to approve the proposal negotiated with Ehlers Public Finance Advisors to and authorize execution of the contract.



Ehlers is pleased to submit this proposal to provide tax increment financing (TIF) services for the City's potential manufacturing developments. It is our understanding that the City wishes to establish a tax increment financing district for the proposed Cannon Belles and Volumetrics Technologies projects. Given the proposed projects, it appears that the City would be looking at the qualifications of an economic development tax increment financing district (a maximum 8-year term or 9-years of tax increment).

The first step in the process would be for Ehlers to determine that the development needs assistance, prepare an analysis of the potential tax increment on the project, and evaluate the level of assistance through a review of a development pro forma. We generally advise that the tax increment run for only as long as the assistance is needed, regardless of the term of the TIF district and that the City not issue bonds for the project, but reimburse the developer for the costs of the development and public improvements of the project over time. *Therefore, there is no risk to the taxpayers of the developer defaulting on the project.*

Should the City decide to proceed with the project, Ehlers knows what it takes to convert plans into reality. Our team has helped many cities with similar developments, and has the experience to ensure that key steps and details are not missed along the way.

We understand the importance of taking care of the details. We coordinate with the TIF attorney and staff to prepare all documents, including: a schedule, notices, resolutions, and the TIF plan. We publish the hearing notices on the City's behalf and complete all filings with the State and County once the TIF District is established.

Ehlers will take care of all aspects of creating a TIF district for the City including but not limited to:

1. Meeting with staff to determine size and type of TIF district to best meet the City's goals
2. TIF runs (financial projections for tax increment given assumptions for build-out)
3. TIF schedule of events required to certify TIF district
4. City Council and Planning Commission resolutions as required
5. Distribution list for TIF documents
6. Public hearing notices and memorandum to local newspaper regarding public hearing notice (if Ehlers submits)
7. County commissioner letter regarding roadway impacts/improvements and notification of creation of a TIF district
8. TIF plan – draft for county road impacts, draft with fiscal implications, draft for Council review at public hearing and final copy
9. Ehlers internal review of TIF plan

10. Fiscal impact determination, including impact analysis on fire, police, utilities, and City bonding, and fiscal implications notification letter to county and school district
11. File TIF plan with the state and request certification of the TIF district with the county
12. Parcel history research
13. TIF district book containing copies of all TIF documentation for establishment and certification of the TIF district
14. TIF administrative manual containing information and documents to assist the City in administrating the new TIF district
15. TIF budget
16. But-For analysis
17. Mailing of documents (courier fees will be billed directly to client)
18. Waiver letters and resolutions to county and school district (only as needed)
19. Attend Council meeting on approval
20. Map per state publication standards
21. Project summary

Project Team; Billing Philosophy; Compensation

Rebecca Kurtz will lead the Ehlers project team to serve the City of Cannon Falls, and will be assisted by Todd Hagen and Silvia Johnson. Numerous other advisors also have extensive experience with manufacturing developments and are available to guarantee timely and high-quality responses to the City's needs.

Our general philosophy on billing is if the client is not happy with the service, we ask them not to pay the bill. We often do not operate with a contract and are retained on an as-needed basis. We do not charge for mileage or regular business expenses.

Our flat fee charged for the complete establishment of your economic development tax increment financing district is \$10,000. Also, additional TIF attorney services will be needed to review throughout the process and to prepare resolutions and a development agreement. If the City chooses to establish a TIF district, the up-front costs would be paid by the developer and later reimbursed from tax increment. Facilitating the negotiation of a development agreement will also take extra time. If desired, we can assist the City with annual tax increment reporting to the state for an additional cost.

We look forward to the opportunity to work with you, your staff, and Council. Please contact us at 651.697.8516 (Rebecca) or 651.697.8508 (Todd) with any questions.

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