

TO: HONORABLE MAYOR AND CITY COUNCIL OF CANNON FALLS

FROM: Laura Qualey, Economic Development

SUBJECT: Keller-Baartman Housing Project

DATE: September 21, 2021

BACKGROUND:

The Economic Development Authority Board convened on July 1st, 2021 and discussed a few requested terms set forth by Keller-Baartman. The developer's intent is to redevelop the former Cannonball Truck Stop property into a multi-million-dollar, 79-unit, market rate apartment complex. In order for the project to occur, the developer has stated that the costs for the items listed below are prohibitive to the project and by the City/EDA covering such costs will aid in the development of housing for the area. The terms discussed by the EDA were:

- Waiving SAC/WAC fees (estimated \$128,000)
- Interfund loan to be repaid via the TIF administrative fee over time of (\$70,000)
- Covering the building permit fee (up to \$40,000)

Waiving the SAC/WAC of an estimated \$128,000 will not incur any cost to the city as there is already service to the property. New infrastructure will not be necessary.

The TIF was approved by Council on August 3, 2021 and will be certified in 2022. Upon the certification, the City will begin collecting a 10% administration fee commencing in 2023 over the 26-year lifetime of the TIF. A portion of these funds received will be used as a source of repaying the \$70,000 Interfund loan for miscellaneous expenses incurred during the redevelopment project.

The EDA had a conversation with Goodhue County regarding waiving the building permit fee of up to \$40,000. Currently there are funds available at the County for housing project costs such as the Keller-Baartman project. If Keller-Baartman is able to secure their building permit while there are still funds available, this item will ultimately be covered by the County. However, if the funds have been exhausted, the permit would need to be covered by the EDA. This item could increase the amount of the Interfund Loan to \$110,000 unless the County is willing to waive the cost.

The EDA brought these terms and recommendation to the Finance Committee on July 8, 2021. With a unanimous vote, the Finance Committee recommends the aforementioned incentives be approved for the redevelopment of the former Cannonball Truck Stop Lot.

REQUESTED ACTION:

The Economic Development Authority respectfully requests a motion to approve waiving the SAC/WAC fees of an estimated \$128,000, a \$70,000 inter-loan fund that will be repaid via the TIF Admin fee, and the building permit fees up to \$40,000 for the Keller-Baartman housing project.

**CITY OF CANNON FALLS
GOODHUE COUNTY, MINNESOTA**

RESOLUTION NUMBER 2577

**APPROVAL OF BUSINESS SUBSIDIES IN THE FORM OF TAX INCREMENT
FINANCING ET AL FOR THE KELLER-BAARTMAN PROPERTIES XIV, LLC
HOUSING PROJECT 2021 LOCATED AT 415 HICKORY DRIVE**

WHEREAS, Andy Baartman of Keller-Baartman, Properties XIV, LLC has made a Business Subsidy application for a 79-unit apartment complex at 415 Hickory Drive, PID #527300010 which was considered and approved by the Economic Development Authority for the City of Cannon Falls on July 1, 2021; and

WHEREAS, the purpose of this request is to acquire Business Subsidies in the form of:

- Tax Increment Financing District No. 2-10,
- WAC/SAC fees of an estimated \$128,000, and a
- \$70,000 up to a possible \$110,000 grant

the latter two of which will be reimbursed via the Administrative Fees from the TIF District 2-10; and

WHEREAS, the Cannon Falls Finance Committee has reviewed these business subsidies on July 8th, 2021 and finds them reasonable and recommends their approval by the City Council.

NOW, THEREFORE, BE IT RESOLVED THAT THE CITY OF CANNON FALLS CITY COUNCIL grants approval of the Business Subsidies in the form of Tax Increment Financing District No. 2-10, WAC/SAC fees of an estimated \$128,000, and a \$70,000 up to a possible \$110,000 grant for the Keller-Baartman Properties XIV, LLC Housing Project 2021 for a 79-unit apartment complex at 415 Hickory Drive.

ADOPTED by the Council this 21st day of September 2021.

John O. Althoff, Mayor

ATTEST: _____
Neil L. Jensen, City Administrator