



Springsted Incorporated
380 Jackson Street, Suite 300
Saint Paul, MN 55101-2887

Tel: 651-223-3000
Fax: 651-223-3002
www.springsted.com

MEMORANDUM

TO: Heidi Nelson, Deputy City Administrator/Director of Community Development

FROM: Tom Denaway, Analyst
Tony Schertler, Senior Vice President
Mikaela Huot, Assistant Vice-President

DATE: October 20, 2010

SUBJECT: TIF Plan Overview

At the request of the City we have prepared a draft TIF Plan for the COR Development at Ramsey project. Included with preparation of the TIF Plan is the development of a projected TIF revenue stream that assists with creation of the TIF Plan budget. The purpose of this memo is to outline the assumptions Springsted used to create the draft TIF Plan, as well as identify potential outstanding policy decisions related to the creation of the TIF District.

The memo will address the following topics:

1. Purpose of the TIF Plan
2. Build-out and value projections, including underlying assumptions
3. The impact of Fiscal Disparities election on the TIF Plan Budget
4. Proposed TIF Plan Budget for revenues and expenses

Purpose of the TIF Plan:

The TIF plan outlines the future development assumptions, notes the statutory authority under which the District is created and must adhere to, and sets the budget for the future revenues and expenses of the TIF District. The TIF Plan does not provide and/or require the direct financing of the projects.. It,does, however, provide the authority for the future financing of certain anticipated development activities, which is important for large TIF Districts such as the proposed HRA TIF District one in which future development activities may be unknown. The TIF Plan provides the HRA and City with the authority to enter into future financial obligations based on actual development activities. The build-out and value assumptions used in preparing the draft TIF Plan were used to set the overall budget authority for the District. These assumptions are based on the speculative nature of the project at this initial phase, and are used to set the budget of the District while providing the HRA and City with maximum flexibility with future administration.

The financing of specific public improvements, and/or the providing of development subsidies, should be evaluated on a case by case basis to determine feasibility, need for assistance, and the appropriate amount of financing issued. This financing analysis will be performed on more concrete development assumptions, and based on specific projects and development outcomes. It is assumed this secondary analysis will create the actual TIF obligations of the District for which the TIF Plan provides the authority, and will be based on specific development plans.

Build-Out Projections:

Private Residential Development:

We projected the remaining build-out for the privately owned residential portion of the COR Development area. Our projections were created using the existing building valuations in the area, and parcel information from Anoka County indicating which parcels are currently undeveloped. Based on this information we projected an additional 155 residential units will be constructed within this area and that the average valuation per home will be \$130,654, which is the current average value for the homes that have already been constructed in the area. The preliminary revenue projections include a 15-year build-out for the remaining homes. The chart below shows the current base values, the projected growth values, and the projections for future Tax Capacity.

*The average valuation per home assumption was prepared using current value information as provided by Anoka County. Additionally, a 2% annual market value inflator has been included starting in 2018, as directed by City Staff.

Private Residential Portion				
<u>Base Market Value</u>			<u>Base Tax Capacity</u>	
<u>Land</u>	<u>Building</u>	<u>Total</u>	<u>Total</u>	
3,738,000	14,633,300	18,371,300	178,393	
<u>Post Development Market Value</u>			<u>Post Dev Tax Cap.</u>	
<u>Land</u>	<u>Building</u>	<u>Total</u>	<u>Total</u>	
3,738,000	34,884,742	38,622,742	386,227	
		20,251,442	Growth	207,834
Build-Out Schedule: 15 Years, starting with construction in 2010				
<u>Year</u>	<u>Base TC</u>	<u>Total TC</u>	<u>Incremental Growth</u>	
1 - 2012	178,393	192,249	13,856	
2 - 2013	178,393	206,104	27,711	
3 - 2014	178,393	219,960	41,567	
4 - 2015	178,393	233,816	55,423	
5 - 2016	178,393	247,671	69,278	
6 - 2017	178,393	261,527	83,134	
7 - 2018	178,393	280,613	102,220	
8 - 2019	178,393	300,081	121,688	
9 - 2020	178,393	319,938	141,545	
10 - 2021	178,393	340,192	161,799	
11 - 2022	178,393	360,852	182,459	
12 - 2023	178,393	381,925	203,532	
13 - 2024	178,393	403,419	225,026	
14 - 2025	178,393	425,343	246,950	
15 - 2026	178,393	447,705	269,312	
16 - 2027	178,393	456,659	278,266	
17 - 2028	178,393	465,792	287,399	
18 - 2029	178,393	475,108	296,715	
19 - 2030	178,393	484,611	306,218	
20 - 2031	178,393	494,303	315,910	
21 - 2032	178,393	504,189	325,796	
22 - 2033	178,393	514,273	335,880	
23 - 2034	178,393	524,558	346,165	
24 - 2035	178,393	535,049	356,656	
25 - 2036	178,393	545,750	367,357	
26 - 2037	178,393	556,665	378,272	

Private Commercial Development – Within COR Area

Using the Anoka County property records system we identified the privately owned parcels within the COR area that are anticipated to include private commercial development. The projected future development assumptions, valuations and revenue projections for those parcels are included in the charts below. For this portion of the preliminary projections we assumed a 15-year build-out period with construction starting in 2010.

*The post development value assumptions were prepared using value/square foot information as provided by City Staff, and include a 2% annual market value inflator starting in 2018.

Private Development - Within COR Area				
Parcel ID	Parcel Size	Base Value	Post Develop. Value	Value Calculation
28-32-25-41-0007	1.27	460,900	2,095,500	SF/Acre Density of 15,000 and Value/SF of \$110.
28-32-25-42-0014	4.18	1,141,700	6,897,000	SF/Acre Density of 15,000 and Value/SF of \$110.
28-32-25-42-0015	5.23	1,430,900	8,629,500	SF/Acre Density of 15,000 and Value/SF of \$110.
28-32-25-41-0006	1.23	3,498,900	2,029,500	SF/Acre Density of 15,000 and Value/SF of \$110.
28-32-25-42-0020	3.14	3,542,900	9,410,900	Based on Current Bldg Value x 2 for additional build-out.
28-32-25-41-0011	9.98	2,720,200	16,467,000	SF/Acre Density of 15,000 and Value/SF of \$110.
28-32-25-41-0012	N/A	35,000	35,000	No Future Growth projected.
28-32-25-41-0014	1.36	1,058,600	2,244,000	SF/Acre Density of 15,000 and Value/SF of \$110.
28-32-25-41-0015	3	338,300	4,950,000	SF/Acre Density of 15,000 and Value/SF of \$110.
		14,227,400	52,758,400	

Private Commercial Portion (Within COR Area)				
Base Market Value				Base Tax Capacity
<u>Land</u>	<u>Building</u>	<u>Total</u>		<u>Total</u>
8,314,100	5,913,300	14,227,400		278,373
Post Development Market Value				Post Dev Tax Cap.
<u>Land</u>	<u>Building</u>	<u>Total</u>		<u>Total</u>
8,314,100	44,444,300	52,758,400		1,048,993
			38,531,000	Growth
				770,620
Build-Out Schedule: 15 Years, starting with construction in 2010				
<u>Year</u>	<u>Base TC</u>	<u>Total TC</u>	<u>Incremental Growth</u>	
1 - 2012	278,373	329,748	51,375	
2 - 2013	278,373	381,122	102,749	
3 - 2014	278,373	432,497	154,124	
4 - 2015	278,373	483,872	205,499	
5 - 2016	278,373	535,246	256,873	
6 - 2017	278,373	586,621	308,248	
7 - 2018	278,373	649,728	371,355	
8 - 2019	278,373	714,097	435,724	
9 - 2020	278,373	779,754	501,381	
10 - 2021	278,373	846,724	568,351	
11 - 2022	278,373	915,033	636,660	
12 - 2023	278,373	984,708	706,335	
13 - 2024	278,373	1,055,777	777,404	
14 - 2025	278,373	1,128,267	849,894	
15 - 2026	278,373	1,202,207	923,834	
16 - 2027	278,373	1,226,251	947,878	
17 - 2028	278,373	1,250,776	972,403	
18 - 2029	278,373	1,275,792	997,419	
19 - 2030	278,373	1,301,308	1,022,935	
20 - 2031	278,373	1,327,334	1,048,961	
21 - 2032	278,373	1,353,881	1,075,508	
22 - 2033	278,373	1,380,958	1,102,585	
23 - 2034	278,373	1,408,577	1,130,204	
24 - 2035	278,373	1,436,749	1,158,376	
25 - 2036	278,373	1,465,484	1,187,111	
26 - 2037	278,373	1,494,794	1,216,421	

Private Commercial Development – Outside of COR Areas (TIF Areas A, B, C, D & E):

For the preliminary projections consisting of private commercial development outside COR areas, we utilized the value assumptions provided by the City, in addition to information provided by Anoka County for the base value information. We assumed a 10-year build-out period with construction starting in 2016. The charts below show the valuation assumptions along with the current base values, the projected growth values, and the projections for future Tax Capacity.

*The post development value assumptions were prepared using value/square foot information provided by City Staff, including the use of a 2% annual market value inflator starting in 2018.

Redevelopment TIF District Additions		Acres	Land Value	Valuation	TIF Value
A	Acquired and added to The CoR	15.00	\$ 5,227,200	\$ 16,200,000	\$ 16,200,000
B	NW quad of new Armstrong Overpass	60.40	\$ 21,048,192	\$ 65,232,000	\$ 65,232,000
C	600' Strip south of 10	64.30	\$ 22,407,264	\$ 69,444,000	\$ 69,444,000
D	Church Parcel	32.00	\$ 11,151,360	\$ 34,560,000	\$ 34,560,000
E	Diamonds Parcel	40.20	\$ 14,008,896	\$ 43,416,000	\$ 43,416,000
		211.90	\$ 73,842,912	\$ 228,852,000	\$ 228,852,000

Private Commercial Portion (TIF Areas A, B, C, D, E)				
Base Market Value				Base Tax Capacity
Land	Building	Total		Total
21,363,200	14,106,000	35,469,200		671,877
Post Development Market Value				Post Dev Tax Cap.
Land	Building	Total		Total
73,842,912	155,009,088	228,852,000		4,573,290
			193,382,800	Growth
				3,901,414
Build-Out Schedule: 10 - years, starting with construction in 2016				
Year	Base TC	Total TC	Incremental Growth	
1 - 2012	671,877	671,877	0	
2 - 2013	671,877	671,877	0	
3 - 2014	671,877	671,877	0	
4 - 2015	671,877	671,877	0	
5 - 2016	671,877	671,877	0	
6 - 2017	671,877	671,877	0	
7 - 2018	671,877	1,062,018	390,141	
8 - 2019	671,877	1,473,400	801,523	
9 - 2020	671,877	1,893,009	1,221,132	
10 - 2021	671,877	2,321,010	1,649,134	
11 - 2022	671,877	2,757,572	2,085,695	
12 - 2023	671,877	3,202,865	2,530,988	
13 - 2024	671,877	3,657,063	2,985,187	
14 - 2025	671,877	4,120,346	3,448,470	
15 - 2026	671,877	4,592,894	3,921,018	
16 - 2027	671,877	5,074,894	4,403,017	
17 - 2028	671,877	5,176,391	4,504,515	
18 - 2029	671,877	5,279,919	4,608,043	
19 - 2030	671,877	5,385,518	4,713,641	
20 - 2031	671,877	5,493,228	4,821,351	
21 - 2032	671,877	5,603,093	4,931,216	
22 - 2033	671,877	5,715,154	5,043,278	
23 - 2034	671,877	5,829,457	5,157,581	
24 - 2035	671,877	5,946,047	5,274,170	
25 - 2036	671,877	6,064,968	5,393,091	
26 - 2037	671,877	6,186,267	5,514,390	

COR Development Area – City Owned Properties:

For this portion of the preliminary projections we utilized the value assumptions provided by the City, in addition to information provided by Anoka County for the base value information. We assumed a 10-year build-out period with construction starting between 2010 and 2014 depending on project type. It is important to note for the TIF calculations that these parcels are currently tax-exempt. Because they are tax exempt, the base value of the parcels will not be set until the time the parcels are sold to a private party and become taxable. As a result, the base value of these parcels will not realize land value growth, and therefore the TIF revenue projections are based solely on the incremental growth created by the building developments. The chart below shows the valuation assumptions used in these projections. The TIF valuation is the net growth from the projected land value (used for the future base value calculation) and the total valuation. For the mixed-use district we assumed a 50% split between commercial and rental property uses. It should also be noted that Housing areas H4 & H5 are located outside of the boundaries of the TIF District.

*The post development value assumptions were prepared using value/square foot information provided by City Staff, including the use of a 2% annual market value inflator starting in 2018.

Retail District		Acres	Land Value	Valuation	TIF Value
R1	Large Flexible Retail Space	21.11	5,516,934	\$ 42,744,840	\$ 37,227,906
R2	Small Retail Space	4.78	2,500,116	\$ 9,685,367	\$ 7,185,251
R3	Large Flexible Retail Space	11.98	3,131,292	\$ 24,261,043	\$ 21,129,751
R4	Large Flexible Retail Space	11.28	2,947,122	\$ 22,834,106	\$ 19,886,984
R5	Med. Retail Adjacent to MXD	5.49	2,867,964	\$ 11,110,398	\$ 8,242,434
R6	Small Retail Adj to Sunwood	0.81	701,720	\$ 1,631,064	\$ 929,344
R7	Small Retail Adj to Sunwood	0.69	544,374	\$ 1,405,925	\$ 861,551
R8	Small Retail Adj to Sunwood	0.69	482,704	\$ 1,402,485	\$ 919,781
R9	Small Retail Adj to Sunwood	0.69	358,416	\$ 1,388,492	\$ 1,030,076
R10	Small Retail Adj to Sunwood	0.51	268,860	\$ 1,041,555	\$ 772,695
R11	Small Retail Adj to Sunwood	2.47	1,288,788	\$ 4,992,722	\$ 3,703,934
R12	Small Retail Adj to Sunwood	2.13	1,113,732	\$ 4,314,561	\$ 3,200,829
R13	Small Retail Adj to Sunwood	1.35	705,912	\$ 2,734,680	\$ 2,028,768
R14	Small Retail Adj to Sunwood	1.36	713,172	\$ 2,762,805	\$ 2,049,633
R15	Small Retail Adj to Sunwood	1.37	1,786,710	\$ 2,768,662	\$ 981,952
R16	Ramp Liner Space	0.70	613,100	\$ 1,425,077	\$ 811,977
R17	Ramp Liner Space	1.02	887,480	\$ 2,062,841	\$ 1,175,361
R18	Lakeside Restaurant Parcel	0.26	225,000	\$ 522,986	\$ 297,986
R19	Lakeside Restaurant Parcel	0.27	232,040	\$ 539,349	\$ 307,309
R120	Lakeside Restaurant Parcel	0.27	238,700	\$ 554,830	\$ 316,130
		69.23	27,124,136	\$ 140,183,786	\$ 113,059,650

Mixed Use District		Acres	Land Value	Valuation	TIF Value
M1	NW Quadrant	2.86	2,490,920	\$ 11,579,690	\$ 9,088,770
M2	SW Quadrant	2.72	2,366,020	\$ 10,999,060	\$ 8,633,040
M3	NE Quadrant	1.93	1,680,120	\$ 7,810,475	\$ 6,130,355
M4	SE Quadrant	1.07	932,880	\$ 4,336,736	\$ 3,403,856
M5	East Parcel	1.70	890,040	\$ 6,895,971	\$ 6,005,931
		10.28	8,359,980	\$ 41,621,932	\$ 33,261,952

Business District		Acres	Land Value	Valuation	TIF Value
B1	Large Business Parcel	7.60	1,984,926	\$ 12,540,000	\$ 10,555,074
B2	Corner - Ramsey Blvd Frontage	3.00	2,357,568	\$ 4,950,000	\$ 2,592,432
B3	Ramsey Blvd Frontage	1.70	677,151	\$ 2,805,000	\$ 2,127,849
B4	Ramsey Blvd Frontage	2.70	1,057,968	\$ 4,455,000	\$ 3,397,032
		15.00	6,077,613	\$ 24,750,000	\$ 18,672,387

Housing District		Acres	Land Value	Valuation	TIF Value
H1	High Density Res adj. to Lake	3.49	1,366,830	\$ 20,918,733	\$ 19,551,903
H2	Lifecycle Housing	7.17	2,500,272	\$ 27,981,694	\$ 25,481,422
H3	SW quad Ramsey/Bunker	5.34	1,396,884	\$ 16,034,022	\$ 14,637,138
H4	SF Site north of Bunker	0.00	-	\$ -	\$ -
H5	SF Triangle Site North of Bunker	0.00	-	\$ -	\$ -
		16.01	5,263,986	\$ 64,934,449	\$ 59,670,463

The following charts below show the current base values, the projected growth values, and the projections for future Tax Capacity.

Total COR Development Area (City Owned)				Retail/Commercial Districts			
Base Market Value			Base Tax Capacity	Base Market Value			Base Tax Capacity
Land	Building	Total	Total	Land	Building	Total	Total
46,825,715	0	46,825,715	830,775	27,124,136	0	27,124,136	527,483
Post Development Market Value			Post Dev Tax Cap.	Post Development Market Value			Post Dev Tax Cap.
Land	Building	Total	Total	Land	Building	Total	Total
46,825,715	224,664,452	271,490,167	4,580,877	27,124,136	113,059,650	140,183,786	2,773,676
224,664,452			Growth 3,750,102	113,059,650			Growth 2,246,193
Year	Base TC	Total TC	Incremental Growth	Build-Out Schedule: 10-Years, starting with construction in 2014			
1 - 2012	18,474	298,086	279,612	Year	Base TC	Total TC	Incremental Growth
2 - 2013	36,948	399,334	362,386	1 - 2012	0	0	0
3 - 2014	67,277	656,179	588,901	2 - 2013	0	0	0
4 - 2015	97,606	794,471	696,865	3 - 2014	0	0	0
5 - 2016	180,684	1,684,866	1,504,182	4 - 2015	0	0	0
6 - 2017	263,761	2,047,778	1,784,017	5 - 2016	52,748	752,102	699,354
7 - 2018	346,839	2,451,645	2,104,807	6 - 2017	105,497	976,721	871,225
8 - 2019	429,916	2,863,590	2,433,674	7 - 2018	158,245	1,220,875	1,062,630
9 - 2020	512,994	3,283,774	2,770,781	8 - 2019	210,993	1,469,912	1,258,919
10 - 2021	596,071	3,712,362	3,116,291	9 - 2020	263,741	1,723,929	1,460,188
11 - 2022	660,674	4,048,273	3,387,598	10 - 2021	316,490	1,983,027	1,666,538
12 - 2023	725,278	4,390,902	3,665,624	11 - 2022	369,238	2,247,307	1,878,069
13 - 2024	778,026	4,703,340	3,925,313	12 - 2023	421,986	2,516,873	2,094,886
14 - 2025	830,775	5,022,026	4,191,251	13 - 2024	474,734	2,791,829	2,317,095
15 - 2026	830,775	5,122,466	4,291,692	14 - 2025	527,483	3,072,285	2,544,802
16 - 2027	830,775	5,224,916	4,394,141	15 - 2026	527,483	3,133,731	2,606,248
17 - 2028	830,775	5,329,414	4,498,639	16 - 2027	527,483	3,196,406	2,668,923
18 - 2029	830,775	5,436,002	4,605,228	17 - 2028	527,483	3,260,334	2,732,851
19 - 2030	830,775	5,544,722	4,713,948	18 - 2029	527,483	3,325,540	2,798,058
20 - 2031	830,775	5,655,617	4,824,842	19 - 2030	527,483	3,392,051	2,864,568
21 - 2032	830,775	5,768,729	4,937,955	20 - 2031	527,483	3,459,892	2,932,409
22 - 2033	830,775	5,884,104	5,053,329	21 - 2032	527,483	3,529,090	3,001,607
23 - 2034	830,775	6,001,786	5,171,011	22 - 2033	527,483	3,599,672	3,072,189
24 - 2035	830,775	6,121,821	5,291,047	23 - 2034	527,483	3,671,665	3,144,182
25 - 2036	830,775	6,244,258	5,413,483	24 - 2035	527,483	3,745,099	3,217,616
26 - 2037	830,775	6,369,143	5,538,368	25 - 2036	527,483	3,820,000	3,292,518
				26 - 2037	527,483	3,896,400	3,368,918

Mixed Use Area - Rental				Mixed Use Area - Commercial			
<u>Base Market Value</u>			<u>Base Tax Capacity</u>	<u>Base Market Value</u>			<u>Base Tax Capacity</u>
<u>Land</u>	<u>Building</u>	<u>Total</u>	<u>Total</u>	<u>Land</u>	<u>Building</u>	<u>Total</u>	<u>Total</u>
4,179,990	0	4,179,990	52,250	4,179,990	0	4,179,990	79,850
<u>Post Development Market Value</u>			<u>Post Dev Tax Cap.</u>	<u>Post Development Market Value</u>			<u>Post Dev Tax Cap.</u>
<u>Land</u>	<u>Building</u>	<u>Total</u>	<u>Total</u>	<u>Land</u>	<u>Building</u>	<u>Total</u>	<u>Total</u>
4,179,990	16,630,976	20,810,966	260,137	4,179,990	16,630,976	20,810,966	408,719
		16,630,976	Growth	207,887			
				16,630,976	Growth	328,870	
Build-Out Schedule: 10-Years, starting with construction in 2010				Build-Out Schedule: 10-Years, starting with construction in 2010			
<u>Year</u>	<u>Base TC</u>	<u>Total TC</u>	<u>Incremental Growth</u>	<u>Year</u>	<u>Base TC</u>	<u>Total TC</u>	<u>Incremental Growth</u>
1 - 2012	5,225	73,039	67,814	1 - 2012	7,985	112,737	104,752
2 - 2013	10,450	93,827	83,377	2 - 2013	15,970	133,525	117,556
3 - 2014	15,675	114,616	98,941	3 - 2014	23,955	154,314	130,359
4 - 2015	20,900	135,405	114,505	4 - 2015	31,940	175,103	143,163
5 - 2016	26,125	156,193	130,069	5 - 2016	39,925	195,892	155,967
6 - 2017	31,350	176,982	145,632	6 - 2017	47,910	216,680	168,770
7 - 2018	36,575	201,311	164,736	7 - 2018	55,895	241,803	185,908
8 - 2019	41,800	226,125	184,326	8 - 2019	63,880	267,427	203,548
9 - 2020	47,025	251,437	204,412	9 - 2020	71,865	293,565	221,700
10 - 2021	52,250	277,254	225,004	10 - 2021	79,850	320,225	240,375
11 - 2022	52,250	282,799	230,549	11 - 2022	79,850	326,629	246,779
12 - 2023	52,250	288,455	236,205	12 - 2023	79,850	333,162	253,312
13 - 2024	52,250	294,224	241,974	13 - 2024	79,850	339,825	259,975
14 - 2025	52,250	300,109	247,859	14 - 2025	79,850	346,622	266,772
15 - 2026	52,250	306,111	253,861	15 - 2026	79,850	353,554	273,704
16 - 2027	52,250	312,233	259,983	16 - 2027	79,850	360,625	280,775
17 - 2028	52,250	318,478	266,228	17 - 2028	79,850	367,838	287,988
18 - 2029	52,250	324,847	272,598	18 - 2029	79,850	375,194	295,345
19 - 2030	52,250	331,344	279,095	19 - 2030	79,850	382,698	302,848
20 - 2031	52,250	337,971	285,721	20 - 2031	79,850	390,352	310,502
21 - 2032	52,250	344,731	292,481	21 - 2032	79,850	398,159	318,309
22 - 2033	52,250	351,625	299,375	22 - 2033	79,850	406,122	326,273
23 - 2034	52,250	358,658	306,408	23 - 2034	79,850	414,245	334,395
24 - 2035	52,250	365,831	313,581	24 - 2035	79,850	422,530	342,680
25 - 2036	52,250	373,148	320,898	25 - 2036	79,850	430,980	351,131
26 - 2037	52,250	380,611	328,361	26 - 2037	79,850	439,600	359,750

Business Park			
<u>Base Market Value</u>			<u>Base Tax Capacity</u>
<u>Land</u>	<u>Building</u>	<u>Total</u>	<u>Total</u>
6,077,613	0	6,077,613	118,552
<u>Post Development Market Value</u>			<u>Post Dev Tax Cap.</u>
<u>Land</u>	<u>Building</u>	<u>Total</u>	<u>Total</u>
6,077,613	18,672,387	24,750,000	489,000

18,672,387	Growth	370,448
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Build-Out Schedule: 10-Years, starting with construction in 2012

Year	<u>Base TC</u>	<u>Total TC</u>	<u>Incremental Growth</u>
1 - 2012	0	0	0
2 - 2013	0	0	0
3 - 2014	11,855	155,597	143,742
4 - 2015	23,710	192,642	168,931
5 - 2016	35,566	229,687	194,121
6 - 2017	47,421	266,731	219,310
7 - 2018	59,276	309,111	249,835
8 - 2019	71,131	352,338	281,206
9 - 2020	82,987	396,429	313,443
10 - 2021	94,842	441,403	346,561
11 - 2022	106,697	487,275	380,578
12 - 2023	118,552	534,066	415,513
13 - 2024	118,552	544,747	426,195
14 - 2025	118,552	555,642	437,090
15 - 2026	118,552	566,755	448,203
16 - 2027	118,552	578,090	459,538
17 - 2028	118,552	589,652	471,099
18 - 2029	118,552	601,445	482,893
19 - 2030	118,552	613,474	494,921
20 - 2031	118,552	625,743	507,191
21 - 2032	118,552	638,258	519,706
22 - 2033	118,552	651,023	532,471
23 - 2034	118,552	664,044	545,491
24 - 2035	118,552	677,324	558,772
25 - 2036	118,552	690,871	572,319
26 - 2037	118,552	704,688	586,136

Housing Areas - H1, H2, H3 (H4 & H5 are outside of district boundaries)			
<u>Base Market Value</u>			<u>Base Tax Capacity</u>
<u>Land</u>	<u>Building</u>	<u>Total</u>	<u>Total</u>
5,263,986	0	5,263,986	52,640
<u>Post Development Market Value</u>			<u>Post Dev Tax Cap.</u>
<u>Land</u>	<u>Building</u>	<u>Total</u>	<u>Total</u>
5,263,986	59,670,463	64,934,449	649,344

59,670,463	Growth	596,705
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Build-Out Schedule: 10-Years, starting with construction in 2010

Year	<u>Base TC</u>	<u>Total TC</u>	<u>Incremental Growth</u>
1 - 2012	5,264	112,310	107,046
2 - 2013	10,528	171,981	161,453
3 - 2014	15,792	231,651	215,859
4 - 2015	21,056	291,322	270,266
5 - 2016	26,320	350,992	324,672
6 - 2017	31,584	410,663	379,079
7 - 2018	36,848	478,546	441,698
8 - 2019	42,112	547,788	505,676
9 - 2020	47,376	618,414	571,038
10 - 2021	52,640	690,453	637,813
11 - 2022	52,640	704,262	651,622
12 - 2023	52,640	718,347	665,707
13 - 2024	52,640	732,714	680,074
14 - 2025	52,640	747,368	694,728
15 - 2026	52,640	762,316	709,676
16 - 2027	52,640	777,562	724,922
17 - 2028	52,640	793,113	740,473
18 - 2029	52,640	808,975	756,336
19 - 2030	52,640	825,155	772,515
20 - 2031	52,640	841,658	789,018
21 - 2032	52,640	858,491	805,851
22 - 2033	52,640	875,661	823,021
23 - 2034	52,640	893,174	840,534
24 - 2035	52,640	911,038	858,398
25 - 2036	52,640	929,258	876,619
26 - 2037	52,640	947,844	895,204

The following two charts show the summary tax capacity and market value information for all areas within the TIF District, and the TIF revenue projections.

Summary Page											
Taxes Payable		Private Residential		Private Commercial		TIF Areas A,B,C,D&E		COR Dev. Area		Total	
Year		Base TC	Total TC	Base TC	Total TC	Base TC	Total TC	Base TC	Total TC	Base TC	Total TC
1	2012	178,393	192,249	278,373	329,748	671,877	671,877	18,474	298,086	1,147,116	1,491,958
2	2013	178,393	206,104	278,373	381,122	671,877	671,877	36,948	399,334	1,165,590	1,658,437
3	2014	178,393	219,960	278,373	432,497	671,877	671,877	67,277	656,179	1,195,920	1,980,512
4	2015	178,393	233,816	278,373	483,872	671,877	671,877	97,606	794,471	1,226,249	2,184,035
5	2016	178,393	247,671	278,373	535,246	671,877	671,877	180,684	1,684,866	1,309,326	3,139,660
6	2017	178,393	261,527	278,373	586,621	671,877	671,877	263,761	2,047,778	1,392,404	3,567,802
7	2018	178,393	280,613	278,373	649,728	671,877	1,062,018	346,839	2,451,645	1,475,481	4,444,004
8	2019	178,393	300,081	278,373	714,097	671,877	1,473,400	429,916	2,863,590	1,558,559	5,351,168
9	2020	178,393	319,938	278,373	779,754	671,877	1,893,009	512,994	3,283,774	1,641,636	6,276,475
10	2021	178,393	340,192	278,373	846,724	671,877	2,321,010	596,071	3,712,362	1,724,713	7,220,288
11	2022	178,393	360,852	278,373	915,033	671,877	2,757,572	660,674	4,048,273	1,789,317	8,081,730
12	2023	178,393	381,925	278,373	984,708	671,877	3,202,865	725,278	4,390,902	1,853,920	8,960,400
13	2024	178,393	403,419	278,373	1,055,777	671,877	3,657,063	778,026	4,703,340	1,906,669	9,819,599
14	2025	178,393	425,343	278,373	1,128,267	671,877	4,120,346	830,775	5,022,026	1,959,417	10,695,982
15	2026	178,393	447,705	278,373	1,202,207	671,877	4,592,894	830,775	5,122,466	1,959,417	11,365,273
16	2027	178,393	456,659	278,373	1,226,251	671,877	5,074,894	830,775	5,224,916	1,959,417	11,982,720
17	2028	178,393	465,792	278,373	1,250,776	671,877	5,176,391	830,775	5,329,414	1,959,417	12,222,374
18	2029	178,393	475,108	278,373	1,275,792	671,877	5,279,919	830,775	5,436,002	1,959,417	12,466,822
19	2030	178,393	484,611	278,373	1,301,308	671,877	5,385,518	830,775	5,544,722	1,959,417	12,716,158
20	2031	178,393	494,303	278,373	1,327,334	671,877	5,493,228	830,775	5,655,617	1,959,417	12,970,481
21	2032	178,393	504,189	278,373	1,353,881	671,877	5,603,093	830,775	5,768,729	1,959,417	13,229,891
22	2033	178,393	514,273	278,373	1,380,958	671,877	5,715,154	830,775	5,884,104	1,959,417	13,494,489
23	2034	178,393	524,558	278,373	1,408,577	671,877	5,829,457	830,775	6,001,786	1,959,417	13,764,379
24	2035	178,393	535,049	278,373	1,436,749	671,877	5,946,047	830,775	6,121,821	1,959,417	14,039,666
25	2036	178,393	545,750	278,373	1,465,484	671,877	6,064,968	830,775	6,244,258	1,959,417	14,320,459
26	2037	178,393	556,665	278,373	1,494,794	671,877	6,186,267	830,775	6,369,143	1,959,417	14,606,869
Market Values*:		18,371,300	38,622,742	14,227,400	52,758,400	35,469,200	228,852,000	46,825,715	271,490,167	114,893,615	591,723,309

*Total Market Values prior to inflation.

Impact of Fiscal Disparity Calculation:

When a TIF District is established, the City must choose whether to elect for the fiscal disparities contribution generated from new commercial-industrial property be made from within the district (Option B) or from properties outside the district (Option A). Choosing Option B typically reduces the impact to other taxpayers within the City because all fiscal disparities contribution amounts are paid by properties within the district. However, it also results in reduced tax increment revenues captured. Electing Option A will maximize revenue collections within the district, but may have an impact on properties outside of the district, resulting in an estimated levy increase and tax rate increase to offset the required contribution amounts.

MN statute allows for the City to change the election of the fiscal disparities contribution from outside of the district to properties within the district once during the term of the TIF District. However it does not allow for the reverse scenario, of electing to have the contribution be from within the District to outside the district. The impact of the fiscal disparities election is illustrated in the chart below and in the proposed budgets for the new district.

Historically the City has created TIF Districts electing both Option A and B. The City's existing TIF District Nos. 1, 2, 4, & 8 have all been established under Option A and the remaining districts elected Option B. As a result of the districts previously established under Option A, we estimate the City's total levy amount has been increasing, to make up for the collection of TIF on the Fiscal Disparity portion of those districts. Based on available information, we have prepared projections of this estimate for taxes payable 2011 of \$380,860, which is shown under the existing levy amount columns for both Option A and B. We have estimated the annual levy amounts through the remaining terms of the districts and as the districts are decertified the annual levy amounts should decrease.

The chart below illustrates the estimated impact to the City of electing Option A (fiscal disparities contribution outside the district) as opposed to Option B (fiscal disparities contribution from properties within district). With Option A, we estimate the City would have the additional annual TIF revenues as increased revenues (shown in the third column) resulting from the portion that would be used as the fiscal disparities contribution. If Option A is elected the result is increased revenues available in the district, however there is also estimated to be a need to levy a certain amount to offset the cost of the new district. The illustration of the estimated new levy amount is indicated under Option A (titled New Levy Amount).. With decertification of existing districts, the total estimated levy amount will be lower than the 2011 amount from 2012 through 2018. As commercial-industrial development occurs within the district, under Option A the estimated New Levy Amount will increase through the term of the district. With Option B we assume the City would not capture the increased TIF revenues illustrated in the third column. In addition, we include estimated existing annual levy amounts (same as Option A) with decreases in the existing levy amount as existing districts decertify. With Option B there would be less impact on properties outside the district but no capture of the additional TIF revenues provided under Option A. This difference is reflected in the two TIF Plan budgets shown above.

Option A								Option B		
Calculated with Fiscal Disparities from outside District								Calculated with Fiscal Disparities from within District		
Year	New District Fiscal Disparity Tax Capacity	Frozen Tax Rate	Increased TIF Revenue			Combined Impact of Fiscal Disparities**		Increased TIF Revenue	Impact of Fiscal Disparities From Existing Districts	
				Existing Levy Amount*	New Levy Amount	Total Levy Amount	Tax Rate		Existing Levy Amount***	Tax Rate
2011	N/A	N/A	N/A	380,860	N/A	380,860	1.83%	N/A	380,860	1.83%
2012	65,435	99.566%	65,151	345,609	22,710	368,318	1.64%		345,609	1.54%
2013	92,333	99.566%	91,932	342,787	31,802	374,589	1.61%		342,787	1.47%
2014	179,476	99.566%	178,697	99,517	60,669	160,186	0.62%		99,517	0.38%
2015	216,931	99.566%	215,990	47,382	72,541	119,922	0.44%		47,382	0.17%
2016	547,496	99.566%	545,120	47,306	180,760	228,066	0.81%		47,306	0.17%
2017	656,985	99.566%	654,134	47,313	216,292	263,605	0.91%		47,313	0.16%
2018	947,145	99.566%	943,034	47,319	309,173	356,493	1.20%		47,319	0.16%
2019	1,249,348	99.566%	1,243,926	47,326	404,448	451,774	1.47%		47,326	0.15%
2020	1,558,204	99.566%	1,551,442	47,332	500,454	547,786	1.73%		47,332	0.15%
2021	1,873,846	99.566%	1,865,713	47,338	597,298	644,636	1.98%		47,338	0.15%
2022	2,191,042	99.566%	2,181,533	47,344	693,493	740,837	2.21%		47,344	0.14%
2023	2,515,124	99.566%	2,504,208	47,350	790,726	838,075	2.43%		47,350	0.14%
2024	2,835,672	99.566%	2,823,365	47,355	886,036	933,391	2.62%		47,355	0.13%
2025	3,163,073	99.566%	3,149,345	47,361	982,557	1,029,917	2.81%		47,361	0.13%
2026	3,425,430	99.566%	3,410,563	47,366	1,059,966	1,107,332	2.93%		47,366	0.13%
2027	3,671,502	99.566%	3,655,568	47,371	1,132,530	1,179,901	3.03%		47,371	0.12%
2028	3,758,982	99.566%	3,742,668	47,376	1,160,344	1,207,721	3.02%		47,376	0.12%
2029	3,848,212	99.566%	3,831,511		1,187,678	1,187,678	2.86%			0.00%
2030	3,939,226	99.566%	3,922,130		1,215,639	1,215,639	2.84%			0.00%
2031	4,032,060	99.566%	4,014,561		1,244,942	1,244,942	2.82%			0.00%
2032	4,126,751	99.566%	4,108,841		1,274,854	1,274,854	2.80%			0.00%
2033	4,223,336	99.566%	4,205,007		1,305,387	1,305,387	2.79%			0.00%
2034	4,321,853	99.566%	4,303,096		1,336,554	1,336,554	2.77%			0.00%
2035	4,422,340	99.566%	4,403,147		1,368,367	1,368,367	2.75%			0.00%
2036	4,524,836	99.566%	4,505,199		1,400,840	1,400,840	2.74%			0.00%
2037	4,629,383	99.566%	4,609,291		1,433,986	1,433,986	2.72%			0.00%

*This is the existing levy amount based on the currently existing TIF Districts, as projected for 2011

**This column shows the combined impact of the existing TIF Districts and the new proposed District. Prior to 2021, the decertification of the existing Districts offsets the cost of the new District resulting in the decreasing levy amount.

*** Levy Savings are realized as existing TIF Districts are decertified
 If the new District is calculated without Fiscal Disparities the City will realize savings as existing Districts are decertified, however the increased TIF revenue from the new District will not be realized.

Proposed Budgets

As we have indicated in the previously, when establishing a TIF District the City must choose whether to elect for the fiscal disparities contribution generated from new commercial-industrial property be made from within the district (Option B) or from properties outside the district (Option A). Option B typically results in reduced tax increment revenues captured, but reduces impact to other taxpayers. Option A will maximize revenue collections within the district, but may have an impact on properties outside of the district.

The fiscal disparities election will impact the amount of estimated available total tax increment revenues, and will control the amount of budgeted expenditures. The draft TIF Plan has been prepared with the assumption of the City choosing Option A (fiscal disparities contribution made from properties outside the district) and includes the estimated maximum amount of revenues generated for the full term of the District. The purpose is to maximize the tax increment revenues of the district. As the TIF district grows, if it is determined the impact of this election is too great; the City could modify the Plan and elect to have the contribution be made from commercial-industrial properties within the District.

It is important to note that both budget scenarios are based on anticipated but unknown future development assumptions. It is likely the HRA and City will need to administratively amend the budget, and or formally modify. Under current TIF Statute the City will have the authority to adjust the specific line-item amounts of the TIF Plan budgets without requiring a public hearing, provided the total revenues and expenses have not increased. As a result, it is important to estimate tax increment revenues and expenditures for the TIF Plan budget in a realistic manner that provides the HRA and City with maximum flexibility. Any increase in tax increment revenues and or total project costs will require a formal budget modification. Adjusting the individual project costs without increasing the total expenditure amount will not require a formal budget modification.

Without Fiscal Disparities (included in draft TIF Plan)

Estimated Expenses	TIF Budget (Option A)		TIF Budget (Option B)
Land/Building acquisition, Special Assessments, Public Utilities, Site Improvements/Preparation Costs, Northstar Transit Station and related infrastructure, and other Eligible Improvements *Project costs based on Present Value of TIF assuming an interest rate of 6%	\$61,825,343		\$40,082,416
Bond/Note Interest Payments	105,312,690		67,219,151
Administrative expenses	18,570,896		11,922,397
Other Expenditures			
Capitalized Interest payments			
Total	\$185,708,929		\$119,223,964

Estimated Revenues			
Tax Increment revenue	\$185,708,929		\$119,223,964
Interest on invested funds	0		0
Bond proceeds	0		0
Loan proceeds	0		0
Grants	0		0
Other	0		0
Total	\$185,708,929		\$119,223,964