

City of Ramsey
Agenda
City Council Work Session
Tuesday, June 25, 2019
5:30 pm
Lake Itasca Room, 7550 Sunwood Drive NW

- 1. Call to Order**
- 2. Topics for Discussion**
 1. Review Business Subsidy Request for DeltaModTech - Consider Establishing TIF District 17 and Approving a TIF Agreement
 2. 2020 Budget Direction
 3. Local Road Funding
 4. Continue Discussion on Outsourcing Ramsey Resident Newsletter
- 3. Topics for Future Discussion**
 1. Review Future Topics/Calendar
- 4. Mayor/Council/Staff Input**
- 5. Adjournment**

Meeting Date: 06/25/2019

Information

Title:

Review Business Subsidy Request for DeltaModTech - Consider Establishing TIF District 17 and Approving a TIF Agreement

Purpose/Background:

DeltaModTech (through holding companies SLP EX, LLC and AMP EX, LLC) has submitted a request for Tax Increment Financing (TIF) assistance. This case is also scheduled for the Regular Agenda this evening as a Public Hearing. The case for Regular Agenda is attached here for reference. The purpose of Work Session Review is to provide time and space to ask clarifying questions prior to in depth review and policy direction.

Timeframe:

Up to 30 minutes.

Funding Source:

If approved, financing for a business subsidy would come from a proposed new 9-year TIF District (TIF #17) and \$10,000 fee from SLP EX, LLC and AMP EX, LLC (Delta ModTech). Please see the Regular Agenda Case for specifics.

Responsible Party(ies):

Community Development Director
Economic Development Manager

Outcome:

Update of project specifics and the process involved to create a TIF District and award a Business Subsidy/Financial Assistance.

Attachments

Regular Session Case

Form Review

Inbox	Reviewed By	Date
Tim Gladhill	Sean Sullivan	06/19/2019 02:56 PM
Sean Sullivan (Originator)	Sean Sullivan	06/19/2019 02:56 PM
Tim Gladhill	Tim Gladhill	06/20/2019 02:47 PM
Kurt Ulrich	Kurt Ulrich	06/20/2019 03:03 PM
Form Started By: Sean Sullivan		Started On: 06/19/2019 02:45 PM
Final Approval Date: 06/20/2019		

Meeting Date: 06/25/2019

By: Sean Sullivan, Community
Development

Information

Title:

PUBLIC HEARING: Adopt Resolution #19-143 Establishing TIF District 17 and Resolution #19-144 Approving a TIF Agreement and Approving a Business Subsidy Request, Case of SLP EX, LLC and AMP EX, LLC (Delta ModTech)

Purpose/Background:

PURPOSE

The purpose of this case is to consider multiple actions regarding the Delta ModTech TIF Business Assistance Application which was received by Staff in March 2019 and reviewed by the EDA at the June 13 meeting. This request is specifically related to Delta ModTech's proposed 210,000 square foot manufacturing facility

1. **TIF PLAN AND INTERFUND LOAN:** Consider support of the attached Resolution #19-143 Approving the Modification to the Development Program for Development District No. 1 and Establishing Tax Increment Financing District No. 17: Delta ModTech. This step does not award TIF but is a step in the process that allows the City to award TIF. Awarding the TIF Request is covered in Step 2 below. Some highlights included in the TIF Plan:
 - a. Geographical boundary of Development District No. 1 and TIF District 17
 - b. Statutory requirements relating to type of TIF District being created, duration of TIF District and impacts to future tax base. This district is considered an Economic Development District. Staff will provide a brief overview of types of TIF Districts at the meeting.
 - c. Provision of a a not-to-exceed budget number (\$1,317,235) for eligible development activities to take place within the proposed TIF District 17 that can be financed (\$972,000 in business assistance, remainder for uses such as administration of district).
 - d. Findings and "But For" Test (Appendix C) documenting that the TIF plan and project is in compliance with Minnesota Statutes.
 - e. The TIF Plan does not include inter fund loan language. However, Resolution #19-143 establishes an "ability" for the City to utilize an inter fund loan to pay for up front administrative/legal costs associated with TIF District #17; and repay said inter fund loan with TIF District #17 proceeds. The City is not borrowing any money in this request. It is set up as a 'pay as you go' package, meaning assistance is only provided if tax increment is created.
2. **(2) TIF AGREEMENT:** Consider support of the attached Resolution #19-144 authorizing execution of a Tax Increment Financing (TIF) Agreement: Delta ModTech. This is the actual TIF award for SLP EX, LLC and AMP EX, LLC and Delta Industrial Services, Inc. (\$972,000 Pay-Go TIF Note). This document includes all terms and conditions for this specific deal.

BACKGROUND (project)

The project consists of:

- A. The purchase of 43 acres of land from Hageman Holdings for the Delta ModTech site/expansion and further development of Bunker Lake Business Park. The estimated total cost for this step is \$3.6M. Assistance is only provided the the area related to the Delta ModTech project site, not areas for future development.
- B. Within the larger 43-acre parcel, the Developer desires to plat 16.03 acres to construct a 210,000 square foot manufacturing building to lease to Delta ModTech. The estimated total cost for the Delta ModTech first building is \$16M.

*** NOTE This new building size is 25,000 more square feet than originally proposed.**

BACKGROUND (subsidy request)

The Developer has asked the City for public financial incentives related to both items above in relation to the Delta ModTech project (A and B). Specifically, the Developer originally requested \$1,500,000 in Tax Increment Financing/Assistance to assist with eligible project costs. See analysis below outlining Staff recommendation of \$972,000. The Developer has accepted Staff's recommendation. The Developer is requesting the City provide 9 years of pay-as-you-go (PayGo) TIF for the 210,000 square foot building and lot to be leased to Delta ModTech. Based on their modeling and project pro-forma, the Developer believes financial assistance is needed, in order to make this project work.

Based on City and analysis by Ehlers, City Staff has communicated that it is willing to support \$972,000 in pay-as-you-go TIF assistance to write down the cost of the land acquisition for the Delta ModTech site (not the future development area). This has been communicated to the Developer and they wish to move forward with a request of \$972,000. TIF Runs conducted by Ehlers and City Staff support this level of TIF Assistance.

The Developer has completed and submitted a business subsidy application, including a \$10,000 non-refundable fee to establish a project escrow. Staff has reviewed and scored the application. The application scores a 33 out of 35 which is a moderate to high score. The application states that this project will bring approximately 120 jobs to Ramsey upon completion of the of construction and opening of the new building. In addition, 15 or more new jobs will be created within 2.5 years of executing the TIF Agreement, paying wages of at least \$22.00 per hour. In total, this project will result in at least 135 new good paying jobs in Ramsey.

The estimated tax assessed value of the completed project is \$11.1 Million and it is expected to generate in excess \$375,000 in total property taxes annually. Attached to this case is the Business Assistance Application and Policy for review. Ehlers has reviewed the updated request and has determined that it satisfies the "But-For" test and has conducted financial analysis determining that \$972,000 in assistance and the return on investment for the Developer is within industry standards and does not unduly enrich the Developer.

*** NOTE newly created job commitment by developer for TIF Agreement has been reduced from 20 to 15 jobs. The wage level of the new jobs still remains at \$22.00 per hour. This project will ultimately result in 135 new jobs for Ramsey.**

Notification:

Both the the Anoka Hennepin School District and Anoka County have been notified of this action, as required by Statute. The Public Hearing has been properly noticed and a copy of the notice has been attached to this case.

Observations/Alternatives:

Project Benefits Summary

- 135 new jobs for the City of Ramsey. 120 jobs will be retained and relocated to Ramsey from a neighboring community by Delta ModTech and an additional 15 jobs will be created paying a minimum wage of at least \$22.00 per hour.
- Opportunity for employment for Ramsey Residents. Delta ModTech is a growing company that will be providing employment opportunities for Ramsey Residents.
- Payment of pro-rated share of required outstanding 2011 and 2017 special assessments for the extension of Bunker Lake Boulevard and City Utilities (Bunker Lake Business Park / Puma Street) attributable to the developed parcel will be made at time of proposed property closing in July 2019.
- \$19.65 Million project investment (building plus site improvements).
- \$375,000 in additional annual property taxes kicks in 1.5 years after project is completed. The newly created local tax revenue will be captured by the TIF District 17 for 9 years (as allowed for Economic Development TIF Districts). When the district is decertified, the City can expect to receive around \$90,000 annually in property taxes (including fiscal disparities) from this project.
- The proposed 210,000 square foot manufacturing building is high-quality and market relevant. It will be one of the largest industrial buildings in Ramsey and be a significant investment for the City's new Bunker Lake

Industrial Park.

- The proposed funding sources for the subsidy request would be from a newly created TIF District 17. This subsidy will not have a direct impact on the existing general tax levy and Ramsey taxpayers. Also, like any TIF project, the existing tax base remains in place, 100%.
- The proposed \$972,000 in Tax Increment Financing will be through a TIF Note (pay-as-you-go) rather than "up-front" financing or bonding.
- The City of Ramsey is seeking retail and restaurant users. Common feedback from the development community and prospects is that Ramsey needs to improve their demographics in order attract these users. Ramsey can do that by increasing both population (rooftops) and increasing trip generation (i.e. large employers and destination users). The development proposed by Delta ModTech in Bunker Lake Industrial Park will help improve demographics needed by retail and restaurant users via new vehicle trip generation and increased daytime populations.

Further Analysis

- This business subsidy request has been reviewed and meets Ramsey's Business Subsidy Policy criteria.
- The Developer's request for \$972,000 is justified and meets State of Minnesota Business Subsidy Statutes.
- Staff has contracted with Ehlers to conduct a third party analysis of the project and to evaluate if the project meets the "But For" test and it has been determined that this project meets that criteria. Findings satisfying this "But-For" test can be found within the attached Ehlers Memo dated May 30, 2019 and the TIF 17 Plan.
- Projected cash on cost return on investment for the Developer is 8.42% which falls within the industry standard of 7-9%. The analysis by Ehlers concludes that the \$972,000 in proposed City assistance does not unduly enrich the company.

Funding Source:

New 9-year TIF District (TIF #17) for the business subsidy and \$10,000 fee from the Developer for processing the Application.

Recommendation:

STAFF

Staff recommends moving forward with this proposed project and supports the motions outlined in this case. Staff believes this project meets several goals outlined within the City's Adopted Strategic Plan and EDA Work Plan. Please see observations section for benefits and considerations regarding this request.

EHLERS

Ehlers completed the underwriting for this project. Please see the attached Ehlers MEMO. In summary, Ehlers' findings support moving forward with approving this request.

EDA

The EDA reviewed this project, completed application and analysis by Staff and Ehlers on June 13, 2019. The EDA in favor of moving forward with this project with the \$972,000 in TIF Pay-Go-Note Assistance. The EDA determined that this request is consistent with with the City of Ramsey Business Subsidy Policy. The EDA unanimously passed a motion recommending approval the two attached resolutions. Attached to this case are draft EDA minutes.

Action:

Motion to adopt Resolution #19-143 Approving establishing Tax Increment Financing District No. 17 and associated TIF financing plan, subject to review by the City Attorney as to legal form.

--and--

Motion to adopt Resolution #19-144 Authorizing Execution of a Tax Increment Financing (TIF) Agreement: Delta ModTech; subject to review by the City Attorney as to legal form.

Attachments

Project Location Map

Ehlers Analysis Memo

#19-143 Creation of TIF 17, Authorization of TIF Plan and Interfund Loan

#19-144 Execution of TIF Agreement

TIF Plan (TIF District 17)

TIF Agreement

Business Subsidy Application

Public Hearing Notice

DRAFT EDA Minutes 6.13.19

TIF Basics

Form Review

Inbox

Sean Sullivan (Originator)

Tim Gladhill

Sean Sullivan (Originator)

Tim Gladhill

Kurt Ulrich

Form Started By: Sean Sullivan

Final Approval Date: 06/20/2019

Reviewed By

Sean Sullivan

Tim Gladhill

Sean Sullivan

Tim Gladhill

Kurt Ulrich

Date

06/18/2019 04:19 PM

06/20/2019 08:03 AM

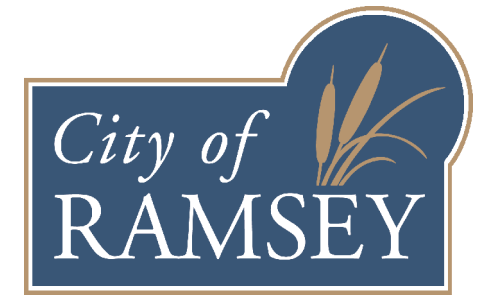
06/20/2019 08:19 AM

06/20/2019 08:23 AM

06/20/2019 02:32 PM

Started On: 06/18/2019 08:17 AM

COPY OF REGULAR AGENDA CASE



TIF Districts



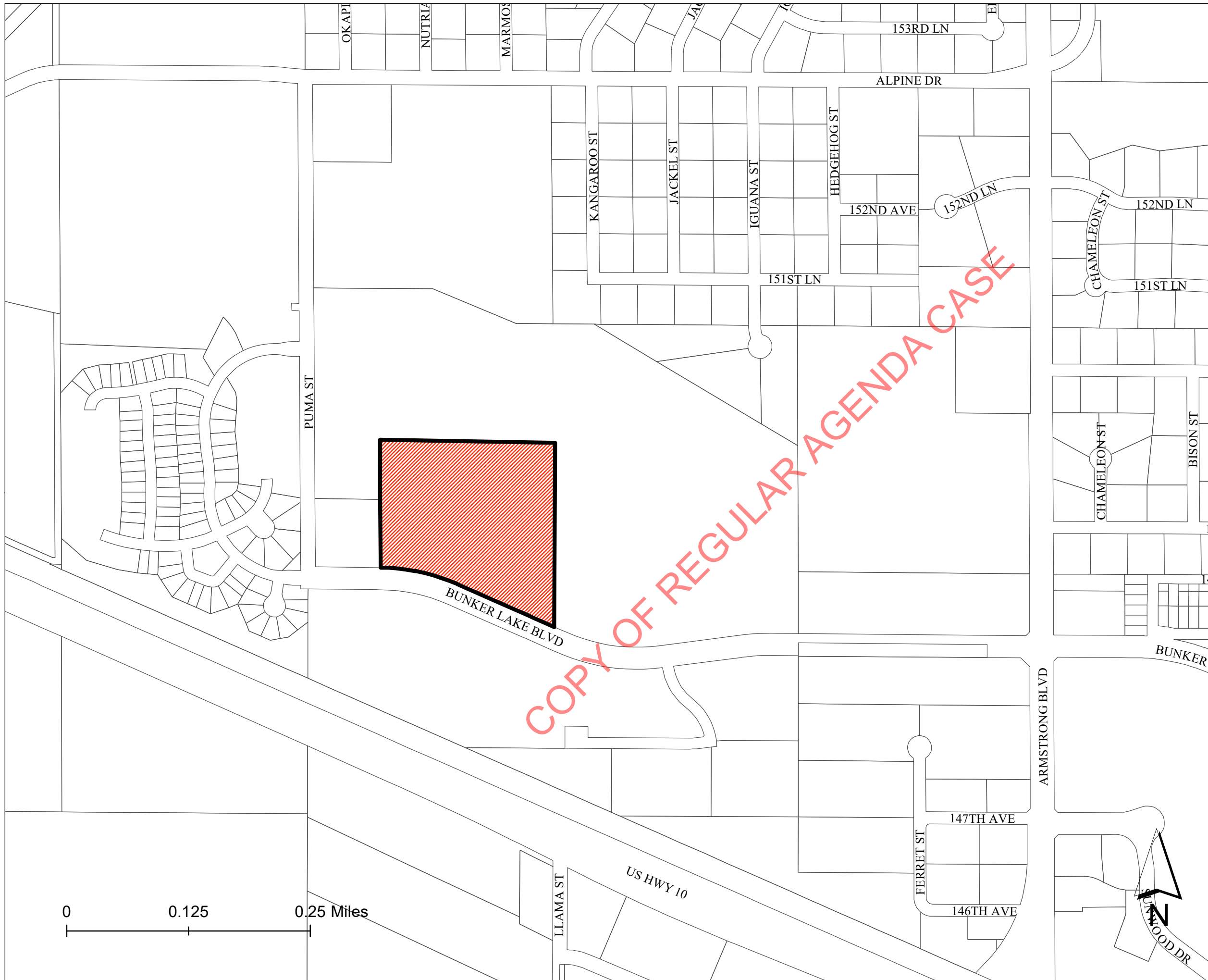
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Lot 1, Block 1, Amsterdam Extension

Map Prepared by the City of Ramsey
Data Source: Anoka County, City of Ramsey
June 3, 2019
Lampert Conformal Conic Projection
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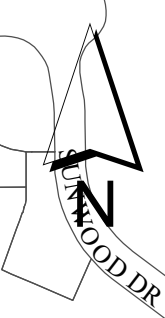
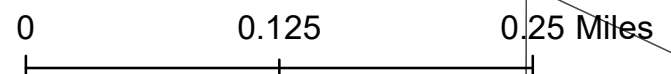
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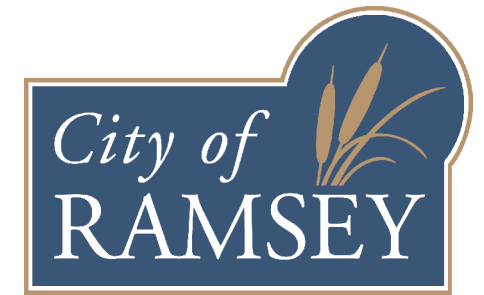
The City does not represent that the GIS data can be used for exact measurement of distance or direction or precision in the depiction of geographic features. If errors or discrepancies are found, please contact (763) 427-1410.

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TIF Districts

-  TIF District 17
-  Development District #1

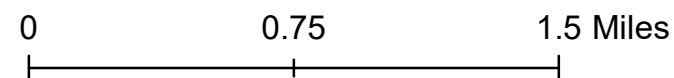
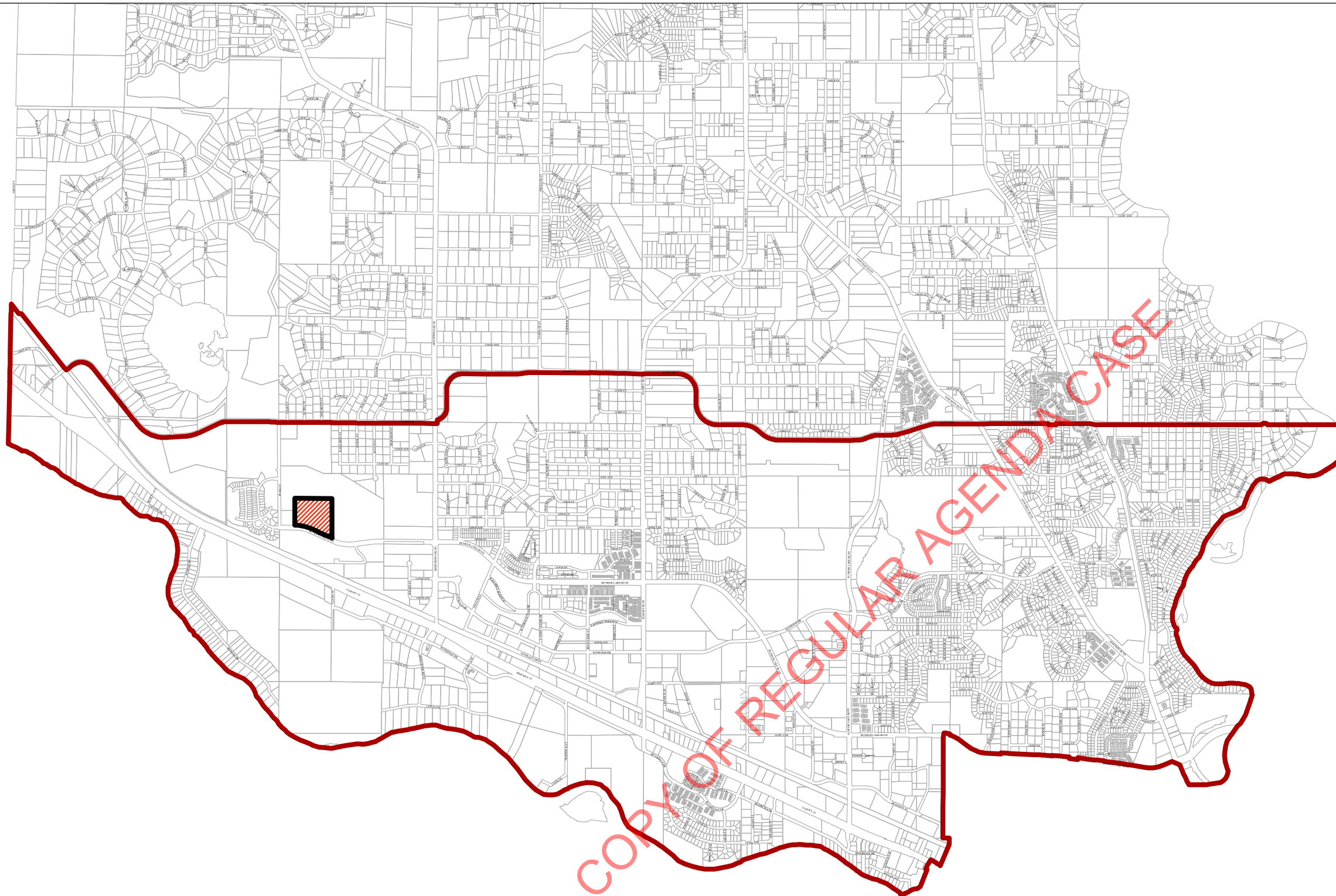
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Memo

To: Sean Sullivan, Economic Development Manager
From: Jason Aarsvold, Ehlers
Date: 5-30-19
Subject: Delta ModTech TIF request

The City of Ramsey requested that Ehlers review the Tax Increment Financing (TIF) request from Delta ModTech for their proposal to construct an approximately 210,000 square foot manufacturing facility along Bunker Lake Blvd. just east of Puma Street. If approved, the project is expected to commence in 2019 and be complete in 2020.

Delta ModTech is requesting \$1.5 million in tax increment assistance. The project meets the requirements necessary for the City to establish a 9-year Economic Development TIF district. Based on our estimates, the project is expected to generate a total of approximately \$972,000 in tax increment over the 9-year life of the district. Therefore, the maximum amount of any TIF assistance should be limited to the \$972,000 projected.

The purpose of this memorandum is to evaluate whether the available assistance for Delta ModTech's project is necessary for financial feasibility in comparison to typical market-based expectations and alternative investment options available to the company. This is commonly referred to as meeting the "but for" test, which means the project would not occur on this site "but for" the public assistance being provided.

"But For" Test

As the company evaluated potential locations to invest in this new facility, it was considering alternative investment options outside Ramsey. The business indicated that local assistance was necessary to make investment at this location financially feasible. Based on our discussions with the company, we were able to conclude that Delta ModTech was not likely to make this current investment at the City's location without some outside assistance.

While this conclusion generally meets the "but for" test, we believe it's good policy to subject these requests to a more rigorous analysis to determine whether the level assistance is necessary for financial feasibility. For this reason, we took a second approach to analyzing the request.

The second approach to the "but for" analysis treats this project as an independent income producing real estate venture that might be built by a third party (developer) and leased back to Delta ModTech. In this scenario, we explored whether the project costs

and end sources of funds (rent paid by the business) would meet typical market returns to attract private equity financing.

Summary of Analysis

For purposes of this analysis, we assumed the project receives the full 9 years of tax increment totaling an estimated \$972,000. Based on the anticipated development costs and potential rental income, the projected cash-on-cost return on investment to a potential developer would be 8.1% without TIF assistance and 8.42% with TIF assistance. Cash-on-cost return is simply the annual income from the property divided by the total development cost. Industrial developers typically need a cash-on-cost return of between 7% and 9% to attract private financing. With the requested TIF assistance, the projected returns are still within this range.

Recommendations

Based on our review of the project and market trends, we conclude that the proposed development would not reasonably be expected to occur solely through private investment within the reasonably foreseeable future. Therefore, if the City chooses to provide assistance, Ehlers concludes it will help facilitate the project and not unduly enrich the company.

TIF assistance could be provided on a “pay-as-you-go” basis in an amount up to \$972,000. With “pay-as-you-go” TIF assistance, the City does not provide any funding up-front. Instead, the City enters into an agreement to provide tax increment payments that are generated **solely** from the project’s actual increased property taxes for up to nine years. The applicant uses those future tax increment payments to obtain additional debt and/or support returns on investment. If the tax increment is insufficient to pay the \$972,000 TIF note in nine years, the City does **not** make up the shortfall.

Please contact me at 651-697-8512 with any questions.

Member _____ introduced the following resolution and moved its adoption:

RESOLUTION NO. #19-143

**RESOLUTION APPROVING THE MODIFICATION TO THE
DEVELOPMENT PROGRAM FOR DEVELOPMENT DISTRICT NO. 1
AND ESTABLISHING TAX INCREMENT FINANCING DISTRICT NO.
17: DELTA MODTECH WITHIN DEVELOPMENT DISTRICT NO. 1
AND APPROVING THE TAX INCREMENT FINANCING PLAN
THEREFOR**

A. WHEREAS, it has been proposed that the City of Ramsey, Minnesota (the "City") (1) modify the Development Program for Development District No. 1 (the "Development District"); (2) establish Tax Increment Financing District No. 17: Delta ModTech therein (the "TIF District") and (3) approve and adopt the proposed Tax Increment Financing Plan therefor under the provisions of Minnesota Statutes, Sections 469.174 to 469.1794, as amended (the "Act"); and

B. WHEREAS, the City Council has investigated the facts and has caused to be prepared the Modification to the Development Program for the Development District (the "Development Program Modification"), and has caused to be prepared a proposed tax increment financing plan for the TIF District therein (the "TIF Plan"); and

C. WHEREAS, the City has performed all actions required by law to be performed prior to the approval of the modification of the Development District and the establishment of the TIF District therein, and the adoption of the Development Program Modification and TIF Plan therefor, including, but not limited to, notification of Anoka County and Independent School District No. 11 having taxing jurisdiction over the property to be included in the TIF District and the holding of a public hearing upon published and mailed notice as required by law.

NOW, THEREFORE, BE IT RESOLVED, by the City Council of the City of Ramsey follows:

1. Development District. The City is not modifying the boundaries of the Development District.

2. Development Program Modification. The Modification to the Development Program for Development District No. 1, a copy of which is on file in the office of the City Administrator, is adopted.

3. Tax Increment Financing District No. 17: Delta ModTech. There is hereby established in the City within the Development District, Tax Increment District No. 17: Delta ModTech, an economic development tax increment financing district, the initial boundaries of which are fixed and determined as described in the TIF Plan.

4. Tax Increment Financing Plan. The TIF Plan is adopted as the tax increment financing plan for the TIF District, and the City Council makes the following findings:

(a) The TIF District is an economic development district as defined in Minnesota Statutes, Section 469.174, Subd. 12, the specific basis for such determination being that the construction of an approximately 210,000 square foot manufacturing facility (the "Project") will (i) result in increased employment in the state; and (ii) result in the preservation and enhancement of the tax base of the state.

(b) The proposed development in the opinion of the City Council, would not occur solely through private investment within the reasonably foreseeable future. The reasons supporting this finding are that:

- (i) The Developer has made a statement to the City that private investment will not finance these development activities because of prohibitive costs and modest rate of return. It is necessary to finance these development activities through the use of tax increment financing so that other development by private enterprise will occur within the Development District.
- (ii) A comparative analysis of estimated market values both with and without establishment of the TIF District and the use of tax increments has been performed as described above. Such analysis is found in the TIF Plan, and indicates that the increase in estimated market value of the proposed development (less the indicated subtractions) exceeds the estimated market value of the site absent the establishment of the TIF District and the use of tax increments.

(c) In the opinion of the City Council, the increased market value of the site that could reasonably be expected to occur without the use of tax increment financing would be less than the increase in the market value estimated to result from the proposed development after subtracting the present value of the projected tax increments for the maximum duration of the TIF District permitted by the TIF Plan. The reasons supporting this finding are set forth in Appendix B of the TIF Plan:

(d) The TIF Plan for the TIF District conforms to the general plan for development or redevelopment of the City as a whole. The reasons for supporting this finding are that:

- (i) the TIF District is properly zoned;
- (ii) The City has determined that the proposed TIF Plan conforms to the general plan for the development or redevelopment of the City as a whole;
- (iii) The TIF Plan will generally compliment and serve to implement policies adopted by the City; and

(e) The TIF Plan will afford maximum opportunity, consistent with the sound needs of the City as a whole, for the development or redevelopment of the Development District by private enterprise. The reasons supporting this finding are that:

The development activities are necessary so that development and redevelopment by private enterprise can occur within the Development District.

5. Public Purpose. The adoption of the TIF Plan for the TIF District within the Development District conforms in all respects to the requirements of the Act and will help fulfill a need to develop an area of the State which is already built up to provide employment opportunities, to improve the tax base and to improve the general economy of the State and thereby serves a public purpose.

6. Certification. The Auditor of Anoka County is requested to certify the original net tax capacity of the TIF District as described in TIF Plan, and to certify in each year thereafter the amount by which the original net tax capacity has increased or decreased in accordance with the Act; and the Community Development Director is authorized and directed to forthwith transmit this request to the County Auditor in such form and content as the Auditor may specify, together with a list of all properties within the TIF District for which building permits have been issued during the 18 months immediately preceding the adoption of this Resolution.

7. Filing. The Community Development Director is further authorized and directed to file a copy of the Modification and TIF Plan for the TIF District with the Commissioner of Revenue and the Office of the State Auditor.

8. Administration. The administration of the Development District is assigned to the Community Development Director who shall from time to time be granted such powers and duties pursuant to Minnesota Statutes, Sections 469.130 and 469.131 as the City Council may deem appropriate.

9. Interfund Loan. The City has determined that it may pay for certain costs (the "Qualified Costs") identified in the TIF Plan which costs may be financed on a temporary basis from the City's general fund or any other fund from which such advances may be legally made (the "Fund"). Under Minnesota Statutes, Section 469.178, Subd. 7, the City is authorized to advance or loan money from the Fund in order to finance the Qualified Costs. The City intends to reimburse itself for the payment of the Qualified Costs, plus interest thereon, from tax increments derived from the TIF District in accordance with the following terms (which terms are referred to collectively as the "Interfund Loan"):

(a) The City shall repay to the Fund from which the Qualified Costs are initially paid, the principal amount of \$1,317,235 (or, if less, the amount actually paid from such fund) together with interest at 5.00% per annum (which is not more than the greater of (i) the rate specified under Minnesota Statutes, Section 270C.40, or (ii) the rate specified under Minnesota Statutes, Section 549.09) from the date of the payment.

(b) Principal and interest on the Interfund Loan ("Payments") shall be paid semi-annually on each February 1 and August 1 commencing with the first February 1 or August 1 occurring after the date the tax increments from the TIF District are available and not otherwise pledged to and including the earlier of (a) the date the principal and accrued interest of the Interfund Loan is paid in full, or (b) the date of last receipt of tax increment from the TIF District ("Payment Dates") which Payments will be made in the amount and

only to the extent of available tax increments. Payments shall be applied first to accrued interest, and then to unpaid principal.

(c) Payments on the Interfund Loan are payable solely from the tax increment generated in the preceding six (6) months with respect to the TIF District and remitted to the City by Anoka County, all in accordance with Minnesota Statutes, Sections 469.174 to 469.1794, as amended. Payments on this Interfund Loan are subordinate to any outstanding or future bonds, notes or contracts secured in whole or in part with tax increment, and are on parity with any other outstanding or future interfund loans secured in whole or in part with tax increments.

(d) The principal sum and all accrued interest payable under this Interfund Loan are pre-payable in whole or in part at any time by the City without premium or penalty. No partial prepayment shall affect the amount or timing of any other regular payment otherwise required to be made under this Interfund Loan.

(e) The Interfund Loan is evidence of an internal borrowing by the City in accordance with Minnesota Statutes, Section 469.178, Subd. 7, and is a limited obligation payable solely from tax increment pledged to the payment hereof under this resolution. The Interfund Loan and the interest hereon shall not be deemed to constitute a general obligation of the State of Minnesota or any political subdivision thereof, including, without limitation, the City. Neither the State of Minnesota, nor any political subdivision thereof shall be obligated to pay the principal of or interest on the Interfund Loan or other costs incident hereto except out of tax increment, and neither the full faith and credit nor the taxing power of the State of Minnesota or any political subdivision thereof is pledged to the payment of the principal of or interest on the Interfund Loan or other costs incident hereto. The City shall have no obligation to pay any principal amount of the Interfund Loan or accrued interest thereon, which may remain unpaid after the termination of the TIF District.

(f) The City may amend the terms of the Interfund Loan at any time by resolution of the City Council, including a determination to forgive the outstanding principal amount and accrued interest to the extent permissible under law.

The motion for adoption of the foregoing resolution was duly seconded by member _____ and, after full discussion thereof, and upon a vote being taken thereof the following voted in favor thereof:

and the following voted against same:

and the following abstained:

and the following were absent

Whereupon said resolution was declared passed and adopted by the Ramsey City Council this 25th day of June, 2019.

Mayor

Attest: _____
City Clerk

COPY OF REGULAR AGENDA CASE

Member _____ introduced the following resolution and moved its adoption:

RESOLUTION NO. #19-144

RESOLUTION AUTHORIZING EXECUTION OF A TAX INCREMENT FINANCING (TIF) AGREEMENT: DELTA MODTECH

A. WHEREAS, SLP EX, LLC and AMP EX, LLC (collectively, the "Developer") has requested the City of Ramsey, Minnesota (the "City") to assist with the financing of certain costs incurred in connection with the construction of an approximately 210,000 square foot manufacturing facility in the City by the Developer (the "Project") for Delta ModTech (the "Tenant").

B. WHEREAS, the Developer, the Tenant and the City have determined to enter into a Tax Increment Financing (TIF) Agreement providing for the City's tax increment financing assistance for the Project (the "TIF Agreement").

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Ramsey, Minnesota, as follows:

1. The City Council hereby approves the TIF Agreement in substantially the form submitted, and the Mayor and City Administrator are hereby authorized and directed to execute the TIF Agreement on behalf of the City.

2. The approval hereby given to the TIF Agreement includes approval of such additional details therein as may be necessary and appropriate and such modifications thereof, deletions therefrom and additions thereto as may be necessary and appropriate and approved by the City officials authorized by this resolution to execute the TIF Agreement. The execution of the TIF Agreement by the appropriate officer or officers of the City shall be conclusive evidence of the approval of the TIF Agreement in accordance with the terms hereof.

The motion for adoption of the foregoing resolution was duly seconded by member _____ and, after full discussion thereof, and upon a vote being taken thereof, the following voted in favor thereof:

and the following voted against same:

and the following abstained:

and the following were absent

Whereupon said resolution was declared passed and adopted by the Ramsey City Council this this 25th day of June, 2019.

Mayor

Attest: _____
City Clerk

COPY OF REGULAR AGENDA CASE

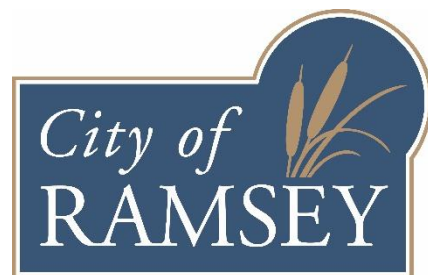


MODIFICATION TO THE DEVELOPMENT PROGRAM
Development District No. 1

- AND -

TAX INCREMENT FINANCING PLAN
Establishment Tax Increment Financing No. 17: Delta
Modtech
(an economic development district)

City of Ramsey, Anoka County, Minnesota



Public hearing: June 25, 2019

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(for reference purposes only)

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**Section 1 - Modification to the Development Program
for Development District No. 1**

Foreword

The following text represents a Modification to the Development Program for Development District No. 1. This modification represents a continuation of the goals and objectives set forth in the Development Program for Development District No. 1. Generally, the substantive changes include the establishment of Tax Increment Financing District No. 17: Delta Modtech.

For further information, a review of the Development Program for Development District No. 1, adopted August 27, 1985, is recommended. It is available from the Community Development Director at the City of Ramsey. Other relevant information is contained in the Tax Increment Financing Plans for the Tax Increment Financing Districts located within Development District No. 1.

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Section 2 - Tax Increment Financing Plan for Tax Increment Financing District No. 17: Delta ModTech

Subsection 2-1. Foreword

The City of Ramsey (the "City"), staff and consultants have prepared the following information to expedite the establishment of Tax Increment Financing District No. 17: Delta ModTech (the "District"), an economic development tax increment financing district, located in Development District No. 1.

Subsection 2-2. Statutory Authority

Within the City, there exist areas where public involvement is necessary to cause development or redevelopment to occur. To this end, the City has certain statutory powers pursuant to *Minnesota Statutes ("M.S.")*, Sections 469.124 to 469.133, inclusive, as amended, and *M.S.*, Sections 469.174 to 469.1794, inclusive, as amended (the "Tax Increment Financing Act" or "TIF Act"), to assist in financing public costs related to this project.

This section contains the Tax Increment Financing Plan (the "TIF Plan") for the District. Other relevant information is contained in the Modification to the Development Program for Development District No. 1.

Subsection 2-3. Statement of Objectives

The District currently consists of a portion of one parcel of land and adjacent and internal rights-of-way. The District is being created to facilitate the development of a 185,000 square foot manufacturing facility for Delta ModTech in the City. The City intends to enter into an agreement with SLP Ex, LLC and AMP Ex as the owner of the facility. Development is anticipated to begin in 2019. This TIF Plan is expected to achieve many of the objectives outlined in the Development Program for Development District No. 1.

The activities contemplated in the Modification to the Development Program and the TIF Plan do not preclude the undertaking of other qualified development or redevelopment activities. These activities are anticipated to occur over the life of Development District No. 1 and the District.

Subsection 2-4. Development Program Overview

1. Property to be Acquired - Although not anticipated, selected property located within the District may be acquired by the City and is further described in this TIF Plan.
2. Relocation - Relocation services, to the extent required by law, are available pursuant to *M.S., Chapter 117* and other relevant state and federal laws.
3. Upon approval of a developer's plan relating to the project and completion of the necessary legal requirements, the City may sell to a developer selected properties that it may acquire within the District or may lease land or facilities to a developer.
4. The City may perform or provide some or all necessary acquisition, construction, relocation, demolition, and required utilities and public street work within the District.
5. The City proposes both public and private infrastructure within the District. The proposed reuse of private property within the District will be for a manufacturing facility, and there will be continued operation of Development District No. 1 after the capital improvements within Development District No. 1 have been completed.

Subsection 2-5. Description of Property in the District and Property To Be Acquired

The District encompasses a portion of the property and adjacent rights-of-way and abutting roadways identified by the parcel listed below:

20-32-25-34-0004

This parcel will be subdivided prior to certification for the district. The district will include approximately 16 acres of the larger existing parcel. Please also see the map in Appendix A for further information on the location of the District.

Subsection 2-6. Classification of the District

The City, in determining the need to create a tax increment financing district in accordance with *M.S., Sections 469.174 to 469.1794*, as amended, inclusive, finds that the District, to be established, is an economic development district pursuant to *M.S., Section 469.174, Subd. 12*.

The District is in the public interest because it will meet the following statutory requirements: It will result in increased employment in the state, and it will result in preservation and enhancement of the tax base of the state.

Pursuant to *M.S., Section 469.176, Subd. 4c*, revenue derived from tax increment from an economic development district may not be used to provide improvements, loans, subsidies, grants, interest rate subsidies, or assistance in any form to developments consisting of buildings and ancillary facilities, if more than 15 percent of the buildings and facilities (determined on the basis of square footage) are used for a purpose other than:

- (1) The manufacturing or production of tangible personal property, including processing resulting in the change in condition of the property;
- (2) Warehousing, storage, and distribution of tangible personal property, excluding retail sales;
- (3) Research and development related to the activities listed in items (1) or (2);
- (4) Telemarketing if that activity is the exclusive use of the property; or
- (5) Tourism facilities;
- (6) Space necessary for and related to the activities listed in items (1) to (5); or
- (7) A workforce housing project that satisfies the requirements of paragraph (d).

In meeting the statutory criteria the City relies on the following facts and findings:

The facilities in the District meet the conditions of Purposes 1, 2, and 6.

The District is being created to assist in the construction of a manufacturing facility for Delta ModTech. The proposed facility will be used for manufacturing, warehousing and related activities.

Subsection 2-7. Duration and First Year of Tax Increment of the District

Pursuant to *M.S., Section 469.175, Subd. 1*, and *M.S., Section 469.176, Subd. 1*, the duration of the District must be indicated within the TIF Plan. Pursuant to *M.S., Section 469.176, Subd. 1b.*, the duration of the District will be 8 years after receipt of the first increment by the City. The date of receipt by the City of the first tax increment is expected to be 2021. Thus, it is estimated that the District, including any modifications of the TIF Plan for subsequent phases or other changes, would terminate after 2029, or when the TIF Plan

is satisfied. If increment is received in 2020, the term of the District will be 2028. The City reserves the right to decertify the District prior to the legally required date.

Subsection 2-8. Original Tax Capacity, Tax Rate and Estimated Captured Net Tax Capacity Value/Increment and Notification of Prior Planned Improvements

Pursuant to *M.S., Section 469.174, Subd. 7 and M.S., Section 469.177, Subd. 1*, the Original Net Tax Capacity (ONTC) as certified for the District will be based on the market values placed on the property by the assessor in 2019 for taxes payable 2020.

Pursuant to *M.S., Section 469.177, Subds. 1 and 2*, the County Auditor shall certify in each year (beginning in the payment year 2021) the amount by which the original value has increased or decreased as a result of:

1. Change in tax exempt status of property;
2. Reduction or enlargement of the geographic boundaries of the district;
3. Change due to adjustments, negotiated or court-ordered abatements;
4. Change in the use of the property and classification;
5. Change in state law governing class rates; or
6. Change in previously issued building permits.

In any year in which the current Net Tax Capacity (NTC) value of the District declines below the ONTC, no value will be captured and no tax increment will be payable to the City.

The original local tax rate for the District will be the local tax rate for taxes payable 2020, assuming the request for certification is made before June 30, 2020. The ONTC and the Original Local Tax Rate for the District appear in the table below.

Pursuant to *M.S., Section 469.174 Subd. 4 and M.S., Section 469.177, Subd. 1, 2, and 4*, the estimated Captured Net Tax Capacity (CTC) of the District, within Development District No. 1, upon completion of the projects within the District, will annually approximate tax increment revenues as shown in the table below. The City requests 100 percent of the available increase in tax capacity for repayment of its obligations and current expenditures, beginning in the tax year payable 2021. The Project Tax Capacity (PTC) listed is an estimate of values when the projects within the District are completed.

Project Estimated Tax Capacity upon Completion (PTC)	\$273,647	
Original Estimated Net Tax Capacity (ONTC)	\$16,050	
Fiscal Disparities	\$92,191	
Estimated Captured Tax Capacity (CTC)	\$165,406	
Original Local Tax Rate	0.96212	Pay 2019
Estimated Annual Tax Increment (CTC x Local Tax Rate)	\$159,140	
Percent Retained by the City	100%	

Tax capacity includes a 3.0% inflation factor for the duration of the District. The tax capacity included in this chart is the estimated tax capacity of the District in year 9. The tax capacity of the District in year one is estimated to be \$111,250.

Pursuant to *M.S., Section 469.177, Subd. 4*, the City shall, after a due and diligent search, accompany its request for certification to the County Auditor or its notice of the District enlargement pursuant to *M.S.*,

Section 469.175, Subd. 4, with a listing of all properties within the District or area of enlargement for which building permits have been issued during the eighteen (18) months immediately preceding approval of the TIF Plan by the municipality pursuant to M.S., Section 469.175, Subd. 3. The County Auditor shall increase the original net tax capacity of the District by the net tax capacity of improvements for which a building permit was issued.

The City has reviewed the area to be included in the District and determined no building permits have been issued during the 18 months immediately preceding approval of the TIF Plan by the City.

Subsection 2-9. Sources of Revenue/Bonds to be Issued

The costs outlined in the Uses of Funds will be financed primarily through the annual collection of tax increments. The City reserves the right to incur bonds or other indebtedness as a result of the TIF Plan. As presently proposed, the projects within the District will be financed by a pay-as-you-go note and interfund loan. Any refunding amounts will be deemed a budgeted cost without a formal TIF Plan Modification. This provision does not obligate the City to incur debt. The City will issue bonds or incur other debt only upon the determination that such action is in the best interest of the City.

The total estimated tax increment revenues for the District are shown in the table below:

<u>SOURCES OF FUNDS</u>	<u>TOTAL</u>
Tax Increment	\$1,197,486
<u>Interest</u>	<u>\$119,749</u>
TOTAL	\$1,317,235

The City may issue bonds (as defined in the TIF Act) secured in whole or in part with tax increments from the District in a maximum principal amount of \$1,103,976. Such bonds may be in the form of pay-as-you-go notes, revenue bonds or notes, general obligation bonds, or interfund loans. This estimate of total bonded indebtedness is a cumulative statement of authority under this TIF Plan as of the date of approval.

Subsection 2-10. Uses of Funds

Currently under consideration for the District is a proposal to facilitate the development of a 185,000 square foot manufacturing facility. The City has determined that it will be necessary to provide assistance to the project for certain District costs, as described. The City has studied the feasibility of the development or redevelopment of property in and around the District. To facilitate the establishment and development or redevelopment of the District, this TIF Plan authorizes the use of tax increment financing to pay for the cost of certain eligible expenses. The estimate of public costs and uses of funds associated with the District is outlined in the following table.

<u>USES OF TAX INCREMENT FUNDS</u>	<u>TOTAL</u>
Land/Building Acquisition	\$984,228
Site Improvements/Preparation	\$0
Utilities	\$0
Other Qualifying Improvements	\$0
<u>Administrative Costs (up to 10%)</u>	<u>\$119,749</u>
PROJECT COST TOTAL	\$1,103,977
<u>Interest</u>	<u>\$213,258</u>
PROJECT AND INTEREST COSTS TOTAL	\$1,317,235

The total project cost, including financing costs (interest) listed in the table above does not exceed the total projected tax increments for the District as shown in Subsection 2-9.

Estimated capital and administrative costs listed above are subject to change among categories by modification of the TIF Plan without hearings and notices as required for approval of the initial TIF Plan, so long as the total capital and administrative costs combined do not exceed the total listed above. Further, the City may spend up to 20 percent of the tax increments from the District for activities (described in the table above) located outside the boundaries of the District but within the boundaries of the Project (including administrative costs, which are considered to be spend outside the District), subject to all other terms and conditions of this TIF Plan.

Subsection 2-11. Fiscal Disparities Election

Pursuant to *M.S., Section 469.177, Subd. 3*, the City may elect one of two methods to calculate fiscal disparities.

The City will choose to calculate fiscal disparities by clause b.

Subsection 2-12. Estimated Impact on Other Taxing Jurisdictions

The estimated impact on other taxing jurisdictions assumes that the redevelopment contemplated by the TIF Plan would occur without the creation of the District. However, the City has determined that such development or redevelopment would not occur "but for" tax increment financing and that, therefore, the fiscal impact on other taxing jurisdictions is \$0. The estimated fiscal impact of the District would be as follows if the "but for" test was not met:

IMPACT ON TAX BASE

	2018/Pay 2019 Total Net Tax Capacity	Estimated Captured Tax Capacity (CTC) Upon Completion	Percent of CTC to Entity Total
Anoka County	334,743,112	165,406	0.0494%
City of Ramsey	24,849,839	165,406	0.6656%
Anoka - Hennepin ISD No. 11	177,609,029	165,406	0.0931%

IMPACT ON TAX RATES

	Pay 2019 Extension Rates	Percent of Total	CTC	Potential Taxes
Anoka County	0.344730	35.83%	165,406	57,020
City of Ramsey	0.403550	41.94%	165,406	66,750
Anoka - Hennepin ISD No. 11	0.163300	16.97%	165,406	27,011
Other	<u>0.050540</u>	<u>5.25%</u>	<u>165,406</u>	8,360
Total	0.962120	100.00%		159,140

The estimates listed above display the captured tax capacity when all construction is completed. The tax rate used for calculations is the Pay 2019 rate. The total net capacity for the entities listed above are based on Pay 2019 figures. The District will be certified under the Pay 2020 rates, which were unavailable at the time this TIF Plan was prepared.

Pursuant to *M.S. Section 469.175 Subd. 2(b)*:

- (1) Estimate of total tax increment. It is estimated that the total amount of tax increment that will be generated over the life of the District is \$1,197,486;
- (2) Probable impact of the District on city provided services and ability to issue debt. An impact of the District on police protection is not expected. The City does track all calls for service including property-type calls and crimes. With any addition of new residents or businesses, police calls for service will be increased. However, the City believes any new calls generated from the development will be negligible. New developments add an increase in traffic, and additional overall demands to the call load. The City does not expect that the proposed development, in and of itself, will necessitate new capital investment.

The probable impact of the District on fire protection is not expected to be significant. Typically new buildings generate few calls, if any, and are of superior construction.

The impact of the District on public infrastructure is expected to be minimal. The development will require the construction of an internal public roadway for internal circulation and to maximize the are that can be developed with buildings. The City anticipates construction of this internal public roadway at the time of development. The current infrastructure for sanitary sewer, storm sewer and water will be able to handle the additional volume generated from the proposed development. Based on the development plans, there are minor additional costs associated with street maintenance, sweeping, plowing, lighting and sidewalks. The development in the District is expected to contribute

to sanitary sewer (SAC) and water (WAC) connection fees, though costs are yet to be determined.

The probable impact of any District general obligation tax increment bonds on the ability to issue debt for general fund purposes is expected to be minimal. It is not anticipated that there will be any general obligation debt issued in relation to this project, therefore there will be no impact on the City's ability to issue future debt or on the City's debt limit.

- (3) Estimated amount of tax increment attributable to school district levies. It is estimated that the amount of tax increments over the life of the District that would be attributable to school district levies, assuming the school district's share of the total local tax rate for all taxing jurisdictions remained the same, is \$203,249.
- (4) Estimated amount of tax increment attributable to county levies. It is estimated that the amount of tax increments over the life of the District that would be attributable to county levies, assuming the county's share of the total local tax rate for all taxing jurisdictions remained the same, is \$429,062;
- (5) Additional information requested by the county or school district. The City is not aware of any standard questions in a county or school district written policy regarding tax increment districts and impact on county or school district services. The county or school district must request additional information pursuant to *M.S. Section 469.175 Subd. 2(b)* within 15 days after receipt of the tax increment financing plan.

No requests for additional information from the county or school district regarding the proposed development for the District have been received.

Subsection 2-13. Supporting Documentation

Pursuant to *M.S. Section 469.175, Subd. 1 (a), clause 7* the TIF Plan must contain identification and description of studies and analyses used to make the determination set forth in *M.S. Section 469.175, Subd. 3, clause (b)(2)* and the findings are required in the resolution approving the District.

- (i) In making said determination, reliance has been placed upon (1) written representation made by the developer to such effects, and (2) upon EDA and City staff awareness of the feasibility of developing the project site(s) within the District, which is further outlined in the City Council resolution approving establishment of the TIF District.
- (ii) A comparative analysis of estimated market values both with and without establishment of the District and the use of tax increments has been performed as described above. Such analysis is included with the cashflow in Appendix C, and indicates that the increase in estimated market value of the proposed development (less the indicated subtractions) exceeds the estimated market value of the site absent the establishment of the District and the use of tax increments.

Subsection 2-14. Administration of the District

Administration of the District will be handled by the Community Development Director.

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Appendix A

Map of Development District No. 1 and the District

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TIF Districts

-  TIF District 17
-  Development District #1

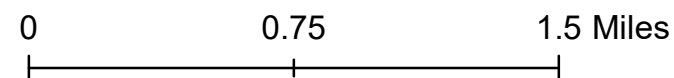
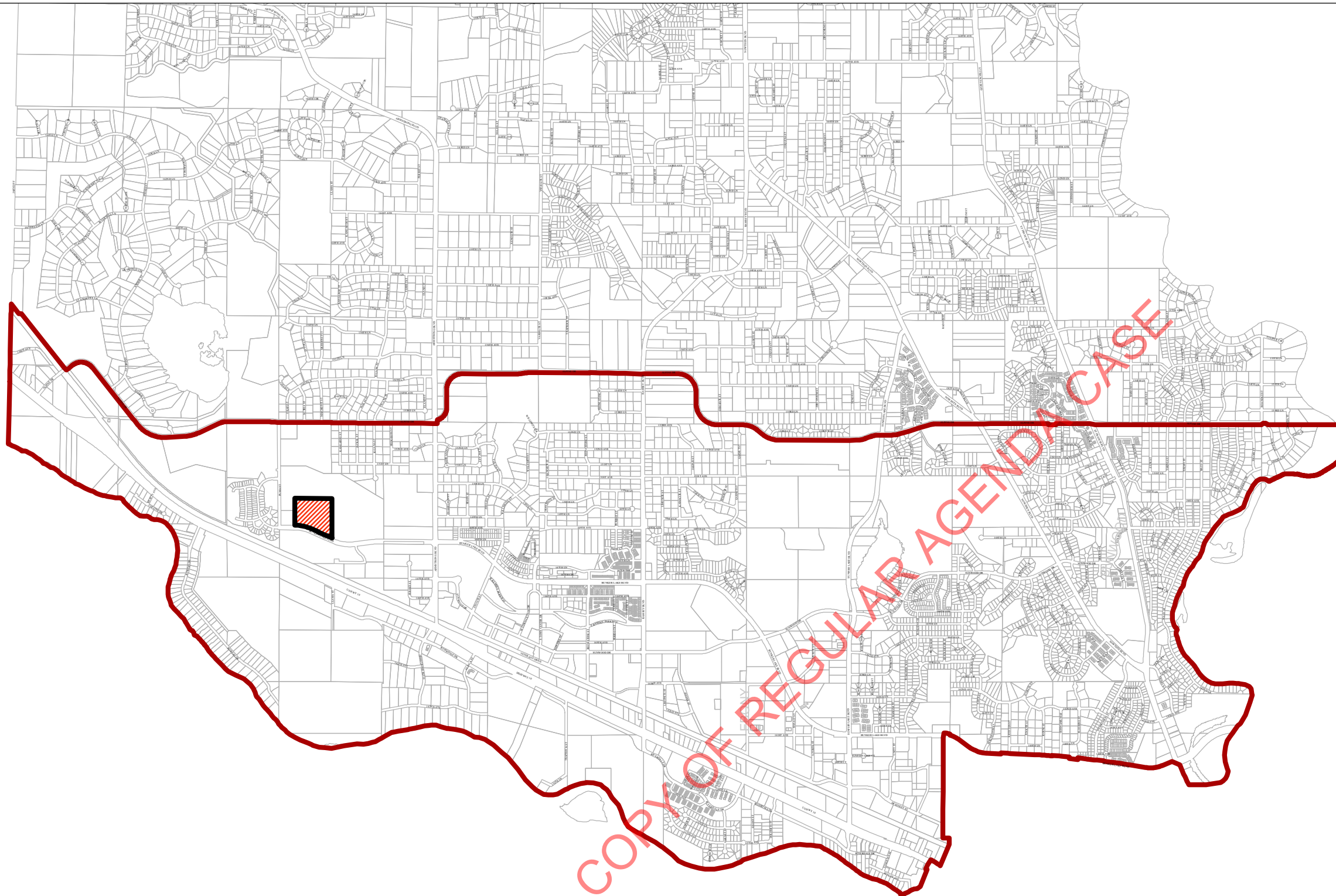
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Lot 1, Block 1, Amsterdam Extension

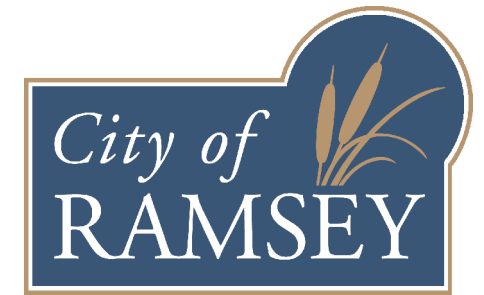
Map Prepared by the City of Ramsey
Data Source: Anoka County, City of Ramsey
June 3, 2019
Lampert Conformal Conic Projection
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The City does not represent that the GIS data can be used for exact measurement of distance or direction or precision in the depiction of geographic features. If errors or discrepancies are found, please contact (763) 427-1410.

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TIF Districts



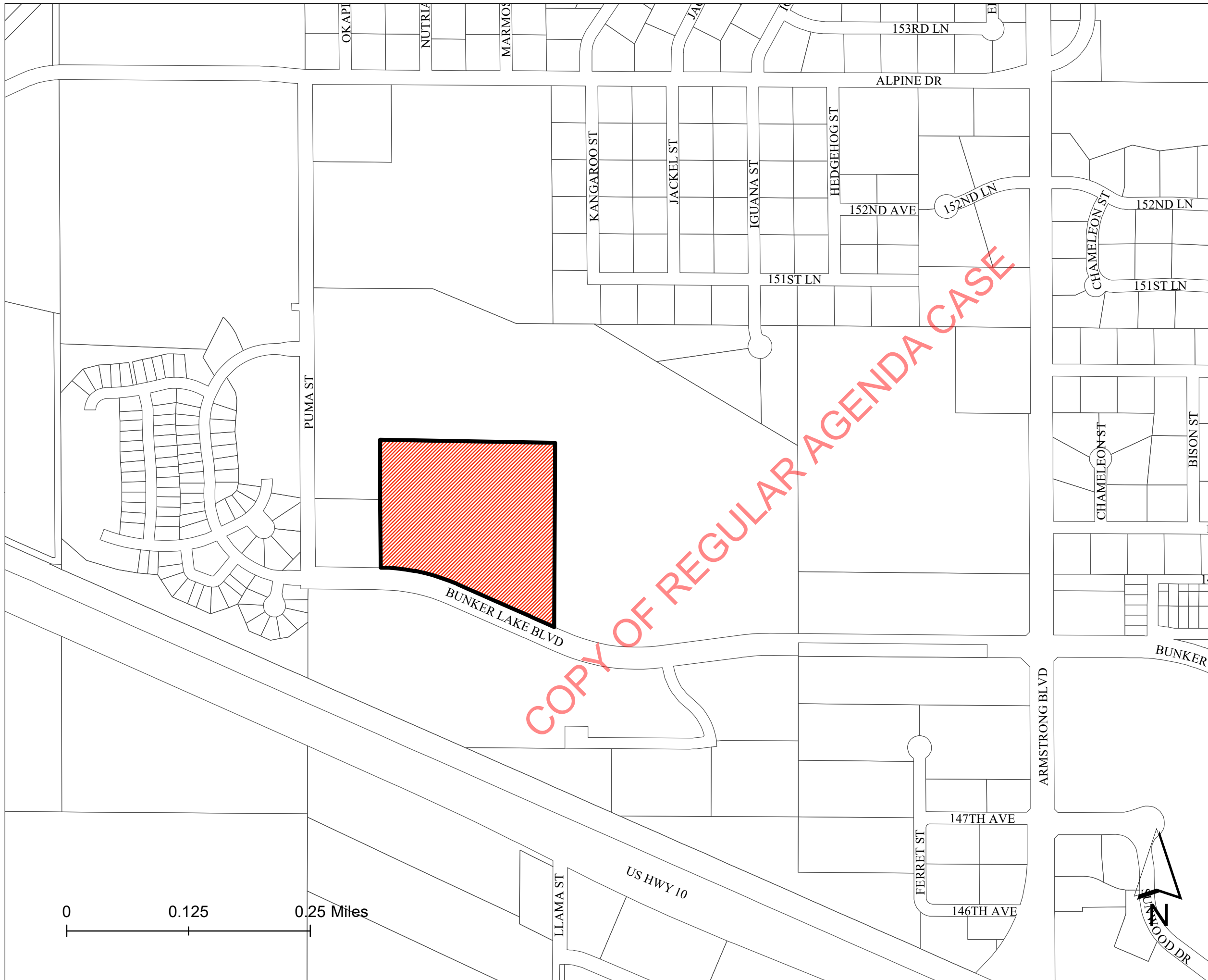
Site to be platted as:
Lot 1, Block 1, Amsterdam Extension

Map Prepared by the City of Ramsey
Data Source: Anoka County, City of Ramsey
June 3, 2019
Lampert Conformal Conic Projection
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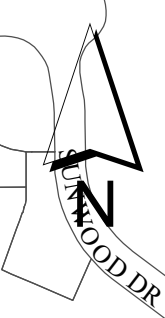
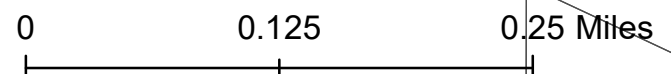
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Appendix B

Estimated Cash Flow for the District

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Delta Mod Tech - No Inflation

City of Ramsey, MN

185,000 sq. ft. Manufacturing

ASSUMPTIONS AND RATES

DistrictType:	Economic Development	
District Name/Number:		
County District #:		
First Year Construction or Inflation on Value	2019	
Existing District - Specify No. Years Remaining		
Inflation Rate - Every Year:	3.00%	
Interest Rate:	4.00%	
Present Value Date:	1-Aug-20	
First Period Ending	1-Feb-21	
Tax Year District was Certified:	2020	
Cashflow Assumes First Tax Increment For Development:	2021	
Years of Tax Increment	9	
Assumes Last Year of Tax Increment	2029	
Fiscal Disparities Election [Outside (A), Inside (B), or NA]	Inside(B)	
Incremental or Total Fiscal Disparities	Incremental	
Fiscal Disparities Contribution Ratio	35.7888%	Pay 2019
Fiscal Disparities Metro-Wide Tax Rate	143.9920%	Pay 2019
Maximum/Frozen Local Tax Rate:	96.212%	Pay 2019
Current Local Tax Rate: (Use lesser of Current or Max.)	96.212%	Pay 2019
State-wide Tax Rate (Comm./Ind. only used for total taxes)	42.4160%	Pay 2019
Market Value Tax Rate (Used for total taxes)	0.26028%	Pay 2019

Tax Rates

Exempt Class Rate (Exempt)	0.00%
Commercial Industrial Preferred Class Rate (C/I Pref.)	
First \$150,000	1.50%
Over \$150,000	2.00%
Commercial Industrial Class Rate (C/I)	2.00%
Rental Housing Class Rate (Rental)	1.25%
Affordable Rental Housing Class Rate (Aff. Rental)	
First \$150,000	0.75%
Over \$150,000	0.25%
Non-Homestead Residential (Non-H Res. 1 Unit)	
First \$500,000	1.00%
Over \$500,000	1.25%
Homestead Residential Class Rate (Hmstd. Res.)	
First \$500,000	1.00%
Over \$500,000	1.25%
Agricultural Non-Homestead	1.00%

BASE VALUE INFORMATION (Original Tax Capacity)

Map ID	PID	Owner	Address	Land Market Value	Building Market Value	Total Market Value	Percentage Of Value Used for District	Original Market Value	Tax Year Original Market Value	Property Tax Class	Current Original Tax Capacity	Class After Conversion	After Conversion Orig. Tax Cap.	Area/Phase
1	20-32-25-34-0004	Hageman	8200 Bunker	840,000	0	840,000	100.0%	840,000	2020	C/I Pref.	16,050	C/I Pref.	16,050	1
				840,000	0	840,000		840,000			16,050		16,050	

Note:

1. Base value is from the County Assessor for a portion of the larger parcel (the project will use 16 of the 86.42 acre parcel). The value is for pay 2020.
2. Located in SD # 11 and WS - Lower Rum River



Delta Mod Tech - No Inflation
 City of Ramsey, MN
 185,000 sq. ft. Manufacturing

PROJECT INFORMATION (Project Tax Capacity)													
Area/Phase	New Use	Estimated Market Value Per Sq. Ft./Unit	Taxable Market Value Per Sq. Ft./Unit	Total Sq. Ft./Units	Total Taxable Market Value	Property Tax Class	Project Tax Capacity	Project Tax Capacity/Unit	Percentage Completed 2019	Percentage Completed 2020	Percentage Completed 2021	Percentage Completed 2022	First Year Full Taxes Payable
1	Manufacturing	60	60	185,000	11,125,000	C/I	222,500	1	50%	100%	100%	100%	2022
TOTAL					11,125,000		222,500						
Subtotal Residential				0	0		0						
Subtotal Commercial/Ind.				185,000	11,125,000		222,500						

Note:

1. Market values are based upon estimates from the County Assessor on 5-8-19.

TAX CALCULATIONS									
New Use	Total Tax Capacity	Fiscal Disparities Tax Capacity	Local Tax Capacity	Local Property Taxes	Fiscal Disparities Taxes	State-wide Property Taxes	Market Value Taxes	Total Taxes	Taxes Per Sq. Ft./Unit
Manufacturing	222,500	79,630	142,870	137,458	114,661	93,527	28,956	374,602	2.02
TOTAL	222,500	79,630	142,870	137,458	114,661	93,527	28,956	374,602	

Note:

1. Taxes and tax increment will vary significantly from year to year depending upon values, rates, state law, fiscal disparities and other factors which cannot be predicted.

WHAT IS EXCLUDED FROM TIF?	
Total Property Taxes	374,602
less State-wide Taxes	(93,527)
less Fiscal Disp. Adj.	(114,661)
less Market Value Taxes	(28,956)
less Base Value Taxes	(9,916)
Annual Gross TIF	127,542



**Delta Mod Tech - No Inflation
City of Ramsey, MN
185,000 sq. ft. Manufacturing**

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TAX INCREMENT CASH FLOW														
% of OTC	Project Tax Capacity	Original Tax Capacity	Fiscal Disparities Incremental	Captured Tax Capacity	Local Tax Rate	Annual Gross Tax Increment	Semi-Annual Gross Tax Increment	State Auditor 0.36%	Admin. at 10%	Semi-Annual Net Tax Increment	Semi-Annual Present Value	PERIOD ENDING Yrs.	Tax Year	Payment Date
100%	111,250	(16,050)	(34,071)	61,129	96.212%	58,813	29,407	(106)	(2,930)	26,371	25,347	0.5	2021	02/01/21
100%	222,500	(16,050)	(73,886)	132,564	96.212%	127,542	29,407	(106)	(2,930)	26,371	50,197	1	2021	08/01/21
100%	229,175	(16,050)	(76,275)	136,850	96.212%	131,666	63,771	(230)	(6,354)	57,188	103,029	1.5	2022	08/01/22
100%	236,050	(16,050)	(78,735)	141,265	96.212%	135,914	63,771	(230)	(6,354)	57,188	154,825	2	2022	02/01/23
100%	243,132	(16,050)	(81,270)	145,812	96.212%	140,289	65,833	(237)	(6,560)	59,037	207,248	2.5	2023	08/01/23
100%	250,426	(16,050)	(83,880)	150,495	96.212%	144,795	65,833	(237)	(6,560)	59,037	258,643	3	2023	02/01/24
100%	257,938	(16,050)	(86,569)	155,319	96.212%	149,436	67,957	(245)	(6,771)	60,941	310,656	3.5	2024	08/01/24
100%	265,677	(16,050)	(89,338)	160,288	96.212%	154,217	67,957	(245)	(6,771)	60,941	361,648	4	2024	02/01/25
100%	273,647	(16,050)	(92,191)	165,406	96.212%	159,141	70,144	(253)	(6,989)	62,903	413,250	4.5	2025	08/01/25
							70,144	(253)	(6,989)	62,903	463,841	5	2025	02/01/26
							72,397	(261)	(7,214)	64,923	515,032	5.5	2026	08/01/26
							72,397	(261)	(7,214)	64,923	565,220	6	2026	02/01/27
							74,718	(269)	(7,445)	67,004	616,000	6.5	2027	08/01/27
							74,718	(269)	(7,445)	67,004	665,785	7	2027	02/01/28
							77,108	(278)	(7,683)	69,148	716,156	7.5	2028	08/01/28
							77,108	(278)	(7,683)	69,148	765,538	8	2028	02/01/29
							79,570	(286)	(7,928)	71,355	815,498	8.5	2029	08/01/29
							79,570	(286)	(7,928)	71,355	864,479	9	2029	02/01/30
Total							1,201,812	(4,327)	(119,749)	1,077,737				
	Present Value From 08/01/2020	Present Value Rate	4.00%				964,003	(3,470)	(96,053)	864,479				

Appendix C

Findings and But-For Analysis

The reasons and facts supporting the findings for the adoption of the Tax Increment Financing Plan for Tax Increment Financing District No. 17: Delta ModTech as required pursuant to *M.S., Section 469.175, Subd. 3* are as follows:

1. *Finding that the Tax Increment Financing District No. 17: Delta ModTech is an economic development district as defined in M.S., Section 469.174, Subd. 12.*

Tax Increment Financing District No. 17: Delta ModTech is a contiguous geographic area within the City's Development District No. 1, delineated in the TIF Plan, for the purpose of financing economic development in the City through the use of tax increment. The District is in the public interest because it will facilitate development of a 185,000 square foot manufacturing facility for Delta ModTech in the City which will discourage commerce, industry, or manufacturing from moving their operations to another state or municipality; it will increase employment in the state, and preserve and enhance the tax base of the state.

2. *Finding that the proposed development, in the opinion of the City Council, would not reasonably be expected to occur solely through private investment within the reasonably foreseeable future and that the increased market value of the site that could reasonably be expected to occur without the use of tax increment financing would be less than the increase in the market value estimated to result from the proposed development after subtracting the present value of the projected tax increments for the maximum duration of Tax Increment Financing District No. 17: Delta ModTech permitted by the TIF Plan.*

The proposed development, in the opinion of the City, would not reasonably be expected to occur solely through private investment within the reasonably foreseeable future: This finding is supported by the fact that the development proposed in this plan is a manufacturing facility that meets the City's objectives for economic development. The cost of land acquisition, site and public improvements and utilities relative to the business investment alternatives in other areas makes development of the facility infeasible without City assistance.

The increased market value of the site that could reasonably be expected to occur without the use of tax increment financing would be less than the increase in market value estimated to result from the proposed development after subtracting the present value of the projected tax increments for the maximum duration of the TIF District permitted by the TIF Plan: The City supported this finding on the grounds that the cost of The City supported this finding on the grounds that the cost of land acquisition, site and public improvements and utilities add to the total development cost. In addition, the City is competing for investment on this site with lower-cost options available to the business elsewhere. The City reasonably determines that no other development of similar scope is anticipated on this site without substantially similar assistance being provided to the development.

Therefore, the City concludes as follows:

- a. The City's estimate of the amount by which the market value of the entire District will increase without the use of tax increment financing is \$0.
- b. If the proposed development occurs, the total increase in market value will be \$10,285,000. (see

Appendix A of the TIF Plan)

- c. The present value of tax increments from the District for the maximum duration of the district permitted by the TIF Plan is estimated to be \$964,003. (see Appendix A of the TIF Plan).
 - d. Even if some development other than the proposed development were to occur, the Council finds that no alternative would occur that would produce a market value increase greater than \$9,320,997. (the amount in clause b less the amount in clause c) without tax increment assistance.
3. *Finding that the TIF Plan for Tax Increment Financing District No. 17: Delta ModTech conforms to the general plan for the development or redevelopment of the municipality as a whole.*

The Planning Commission reviewed the TIF Plan and found that the TIF Plan conforms to the general development plan of the City.

4. *Finding that the Tax Increment Financing Plan for Tax Increment Financing District No. 17: Delta ModTech will afford maximum opportunity, consistent with the sound needs of the City as a whole, for the development of Development District No. 1 by private enterprise.*

The project to be assisted by the District will result in increased employment in the City and the State of Minnesota, increased tax base of the State, and add a high quality development to the City.

COPY OF REGULAR AGENDA CASE

TAX INCREMENT FINANCING (TIF) AGREEMENT

BY AND BETWEEN

CITY OF RAMSEY, MINNESOTA

AND

SLP EX, LLC

AND

AMP EX, LLC

AND

DELTA INDUSTRIAL SERVICES, INC.

COPY OF REGULAR AGENDA CASE

This document drafted by:

BRIGGS AND MORGAN (MLI)
Professional Association
2200 IDS Center
80 South 8th Street
Minneapolis, Minnesota 55402

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TAX INCREMENT FINANCING (TIF) AGREEMENT

THIS AGREEMENT, made as of the 1st day of July, 2019, by and between the City of Ramsey, Minnesota (the "City"), a municipal corporation existing under the laws of the State of Minnesota and SLP EX, LLC, a Minnesota limited liability company and AMP EX, LLC, a Minnesota limited liability company (collectively, the "Developer"); and Delta Industrial Services, Inc., a Minnesota corporation (the "Tenant").

WITNESSETH:

WHEREAS, pursuant to Minnesota Statutes, Section 469.124 to 469.133, the City has heretofore established Development District No. 1 (the "Development District") and has adopted a development program therefor (the "Development Program"); and

WHEREAS, pursuant to the provisions of Minnesota Statutes, Section 469.174 through 469.1794, as amended (hereinafter, the "Tax Increment Act"), the City has heretofore established, within the Development District, Tax Increment Financing District No. 17: Delta ModTech (the "Tax Increment District") and has adopted a tax increment financing plan therefor (the "Tax Increment Plan") which provides for the use of tax increment financing in connection with certain development within the Development District; and

WHEREAS, in order to achieve the objectives of the Development Program and particularly to make the land in the Development District available for development by private enterprise in conformance with the Development Program, the City has determined to assist the Developer with the financing of certain costs of a Project (as hereinafter defined) to be constructed within the Tax Increment District as more particularly set forth in this Agreement; and

WHEREAS, the City believes that the development and construction of the Project, and fulfillment of this Agreement are vital and are in the best interests of the City, the health, safety, morals and welfare of residents of the City, and in accordance with the public purpose and provisions of the applicable state and local laws and requirements under which the Project has been undertaken and is being assisted; and

WHEREAS, the requirements of the Business Subsidy Law, Minnesota Statutes, Section 116J.993 through 116J.995, apply to this Agreement; and

WHEREAS, the City has adopted criteria for awarding business subsidies that comply with the Business Subsidy Law, after a public hearing for which notice was published; and

WHEREAS, the Council has approved this Agreement as a subsidy agreement under the Business Subsidy Law; and

WHEREAS, the Developer intends to lease the Project to the Tenant;

NOW, THEREFORE, in consideration of the premises and the mutual obligations of the parties hereto, each of them does hereby covenant and agree with the other as follows:

ARTICLE I

DEFINITIONS

Section 1.1. Definitions. All capitalized terms used and not otherwise defined herein shall have the following meanings unless a different meaning clearly appears from the context:

Agreement means this Agreement, as the same may be from time to time modified, amended or supplemented;

Business Day means any day except a Saturday, Sunday or a legal holiday or a day on which banking institutions in the City are authorized by law or executive order to close;

City means the City of Ramsey, Minnesota, its successors and assigns;

County means Anoka County, Minnesota;

Developer means SLP EX, LLC, a Minnesota limited liability company, its successors and assigns; and AMP EX, LLC, a Minnesota limited liability company, its successors and assigns;

Development District means the real property included in Development District No. 1 heretofore established;

Development Program means the Development Program approved in connection with the Development District;

Development Property means the real property described in Exhibit A attached to this Agreement;

Event of Default means any of the events described in Section 4.1 hereof;

Note Payment Date means August 1, 2021, and each February 1 and August 1 of each year thereafter to and including February 1, 2030; provided, that if any such Note Payment Date should not be a Business Day, the Note Payment Date shall be the next succeeding Business Day;

Prime Rate means the rate of interest from time to time publicly announced by U.S. Bank National Association in St. Paul, Minnesota, as its "prime rate" or "reference rate" or any successor rate, which rate shall change as and when that rate or successor rate changes;

Project means the construction of an approximately 210,000 square foot manufacturing facility on the Development Property located in the City;

State means the State of Minnesota;

Tax Increments means 90% of the tax increments derived from the Development Property which have been received by the City in accordance with the provisions of Minnesota Statutes, Section 469.177;

Tax Increment Act means Minnesota Statutes, Sections 469.174 through 469.1794, as amended;

Tax Increment District means Tax Increment Financing District No. 17: Delta ModTech located within the Development District, a description of which is set forth in the Tax Increment Financing Plan, which was qualified as an economic development district under the Tax Increment Act;

Tax Increment Financing Plan means the tax increment financing plan approved for the Tax Increment District by the City Council on June 25, 2019, and any future amendments thereto;

Tenant means Delta Industrial Services, Inc. (DBA Delta ModTech), a Minnesota corporation, its successors and assigns;

TIF Note means the Tax Increment Revenue Note (Delta ModTech Project) to be executed by the City and delivered to the Developer pursuant to Article III hereof, the form of which is attached hereto as Exhibit B; and

Unavoidable Delays means delays, outside the control of the party claiming its occurrence, which are the direct result of strikes, other labor troubles, unusually severe or prolonged bad weather, acts of God, fire or other casualty to the Project, litigation commenced by third parties which, by injunction or other similar judicial action or by the exercise of reasonable discretion, directly results in delays, or acts of any federal, state or local governmental unit (other than the City) which directly result in delays.

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ARTICLE II

REPRESENTATIONS AND WARRANTIES

Section 2.1. Representations and Warranties of the City. The City makes the following representations and warranties:

- (1) The City is a municipal corporation and has the power to enter into this Agreement and carry out its obligations hereunder.
- (2) The Tax Increment District is an "economic development district" within the meaning of Minnesota Statutes, Section 469.174, Subdivision 12, and was created, adopted and approved in accordance with the terms of the Tax Increment Act.
- (3) The development contemplated by this Agreement is in conformance with the development objectives set forth in the Development Program.
- (4) To finance certain costs within the Tax Increment District, the City proposes, subject to the further provisions of this Agreement, to apply Tax Increments to reimburse the Developer for a portion of the costs of the acquisition of the Development Property in connection with the Project as further provided in this Agreement.
- (5) The City makes no representation or warranty, either expressed or implied, as to the Development Property or its condition or the soil conditions thereon, or that the Development Property shall be suitable for the Developer's purposes or needs.

Section 2.2. Representations and Warranties of the Developer and Tenant. The Developer and Tenant make the following representations and warranties:

- (1) The Developers are Minnesota limited liability companies and have the power and authority to enter into this Agreement and to perform their obligations hereunder, and doing so will not violate their articles of organization, member control agreement, operating agreement or the laws of the State and by proper action has authorized the execution and delivery of this Agreement.
- (2) The Developer shall cause the Project to be constructed in accordance with the terms of this Agreement, the Development Program, and all local, state and federal laws and regulations (including, but not limited to, environmental, zoning, energy conservation, building code and public health laws and regulations).
- (3) The construction of the Project would not be undertaken by the Developer, and in the opinion of the Developer would not be economically feasible within the reasonably foreseeable future, without the assistance and benefit to the Developer provided for in this Agreement.
- (4) The Developer will use its best efforts to obtain, or cause to be obtained, in a timely manner, all required permits, licenses and approvals, and will meet, in a timely manner,

all requirements of all applicable local, state, and federal laws and regulations which must be obtained or met before the Project may be lawfully constructed.

(5) Neither the execution and delivery of this Agreement, the consummation of the transactions contemplated hereby, nor the fulfillment of or compliance with the terms and conditions of this Agreement is prevented, limited by or conflicts with or results in a breach of, the terms, conditions or provision of any contractual restriction, evidence of indebtedness, agreement or instrument of whatever nature to which the Developer and Tenant are now a party or by which it is bound, or constitutes a default under any of the foregoing.

(6) The Developer and Tenant will cooperate fully with the City with respect to any litigation commenced with respect to the Project.

(7) The Developer and Tenant will cooperate fully with the City in resolution of any traffic, parking, trash removal or public safety problems which may arise in connection with the construction and operation of the Project.

(8) Construction shall begin by September 1, 2019 and the construction of the Project will be substantially completed by July 1, 2020, subject to Unavoidable Delays.

(9) The Developer acknowledges that Tax Increment projections contained in the Tax Increment Financing Plan are estimates only and the Developer acknowledges that it shall place no reliance on the amount of projected Tax Increments and the sufficiency of such Tax Increments to reimburse the Developer for a portion of the costs of the acquisition of the Development Property as provided in Article III.

(10) The Developer will not seek a reduction in the market value as determined by the Anoka County Assessor of the Project or other facilities that it constructs on the Development Property, pursuant to the provisions of this Agreement, for so long as the TIF Note remains outstanding.

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ARTICLE III

UNDERTAKINGS BY DEVELOPER AND CITY

Section 3.1. Development Property. The parties agree that the acquisition of the Development Property is essential to the successful completion of the Project. The costs of the Development Property and the Project shall be paid by the Developer. The City shall reimburse the Developer for \$972,000 of the cost of acquisition of the Development Property actually incurred and paid by the Developer (the "Reimbursement Amount"), as further provided in Section 3.3 hereof.

Section 3.2. Limitations on Undertaking of the City. Notwithstanding the provisions of Section 3.1, the City shall have no obligation to the Developer under this Agreement to reimburse the Developer for the costs identified in Section 3.1, if the City, at the time or times such payment is to be made, is entitled under Section 4.2 to exercise any of the remedies set forth therein as a result of an Event of Default which has not been cured.

Section 3.3. Reimbursement: TIF Note. The City shall reimburse the payments made by the Developer under Section 3.1 for costs of the acquisition of the Development Property through the issuance of the City's TIF Note in substantially the form attached to this Agreement as Exhibit B, subject to the following conditions:

(1) The TIF Note shall be dated, issued and delivered when the Developer shall have demonstrated in writing to the reasonable satisfaction of the City and that the Developer has incurred and paid the costs of the acquisition of the Development Property, as described in and limited by Section 3.1 and shall have submitted a settlement statement or other evidence of payment of the costs of the Development Property in an amount not less than the Reimbursement Amount.

(2) The principal amount of the TIF Note shall be payable solely from the Tax Increments.

(3) On each Note Payment Date and subject to the provisions of the TIF Note and Section 3.5, the City shall pay, against the principal outstanding on the TIF Note, any Tax Increments received by the City during the preceding 6 months. All such payments shall be applied to reduce the principal of the TIF Note.

(4) The TIF Note shall be a special and limited obligation of the City and not a general obligation of the City, and only Tax Increments shall be used to pay the principal of the TIF Note.

(5) The City's obligation to make payments on the TIF Note on any Note Payment Date or any date thereafter shall be conditioned upon the requirements that: (A) there shall not at that time be an Event of Default that has occurred and is continuing under this Agreement and (B) this Agreement shall not have been rescinded pursuant to Section 4.2.

(6) The TIF Note shall be governed by and payable pursuant to the additional terms thereof, as set forth in Exhibit B. In the event of any conflict between the terms of the TIF Note

and the terms of this Section 3.2, the terms of the TIF Note shall govern. The issuance of the TIF Note pursuant and subject to the terms of this Agreement, and the taking by the City of such additional actions as bond counsel for the TIF Note may require in connection therewith, are hereby authorized and approved by the City.

Section 3.4. Business Subsidies Act.

(1) In order to satisfy the provisions of Minnesota Statutes, Sections 116J.993 to 116J.995 (the "Business Subsidies Act"), the Developer acknowledges and agrees that the amount of the "Business Subsidy" granted to the Developer under this Agreement is \$972,000 which is the Reimbursement Amount for the acquisition of the Development Property and that the Business Subsidy is needed because the Project is not sufficiently feasible for the Developer to undertake without the Business Subsidy. The Tax Increment District is an economic development district and the public purpose of the Business Subsidy is to encourage the construction of manufacturing facilities in the City. The Developer agrees that it will cause the Tenant to meet the following goals (the "Goals") in connection with the development of the Development Property. The Tenant will create at least fifteen (15) full time jobs in the City at an average hourly wage totaling of at least \$22.00 per hour, including benefits, within two years from the "Benefit Date", which is the earlier of the date the Developer completes the construction of the Project or the Tenant occupies the Project.

(2) If no Goals are met, the Developer agrees to repay all of the Business Subsidy to the City, plus interest ("Interest") set at the implicit price deflator defined in Minnesota Statutes, Section 275.70, Subdivision 2, accruing from and after the Benefit Date, compounded semiannually. If the Goals are met in part, the Developer will repay a portion of the Business Subsidy (plus Interest) determined by multiplying the Business Subsidy by a fraction, the numerator of which is the number of jobs in the Goals which were not created at the wage level set forth above and the denominator of which is fifteen (15) (i.e. number of jobs set forth in the Goals).

(3) The Developer agrees to (i) report the progress of the Tenant on achieving the Goals to the City until the later of the date the Goals are met or two years from the Benefit Date, or, if the Goals are not met, until the date the Business Subsidy is repaid, (ii) include in the report the information required in Minnesota Statutes, Section 116J.994, Subdivision 7 on forms developed by the Minnesota Department of Employment and Economic Development, and (iii) send completed reports to the City. The Developer agrees to file these reports no later than March 1 of each year commencing March 1, 2021, and within 30 days after the deadline for meeting the Goals. The City agrees that if it does not receive the reports, it will mail the Developer a warning within one week of the required filing date. If within 14 days of the post marked date of the warning the reports are not made, the Developer agrees to pay to the City a penalty of \$100 for each subsequent day until the report is filed up to a maximum of \$1,000.

(4) The Developer and the Tenant agree to continue operations within the City for at least five (5) years after the Benefit Date.

(5) There are no other state or local government agencies providing financial assistance for the Project.

(6) There is no parent corporation of the Developer.

(7) The Developer and Tenant certify that they do not appear on the Minnesota Department of Employment and Economic Development's list of recipients that have failed to meet the terms of a business subsidy agreement.

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ARTICLE IV

EVENTS OF DEFAULT

Section 4.1. Events of Default Defined. The following shall be "Events of Default" under this Agreement and the term "Event of Default" shall mean whenever it is used in this Agreement any one or more of the following events:

(1) Failure by the Developer or the Tenant to timely pay any ad valorem real property taxes and special assessments levied against the Development Property and all public utility or other City payments due and owing with respect to the Development Property.

(2) Failure of the Developer or the Tenant to observe or perform any covenant, condition, obligation or agreement on its part to be observed or performed under this Agreement.

(3) The holder of any mortgage on the Development Property or any improvements thereon, or any portion thereof, commences foreclosure proceedings as a result of any default under the applicable mortgage documents.

(4) If the Developer or Tenant shall:

(a) file any petition in bankruptcy or for any reorganization, arrangement, composition, readjustment, liquidation, dissolution, or similar relief under the United States Bankruptcy Act of 1978, as amended or under any similar federal or state law; or

(b) make an assignment for the benefit of their creditors; or

(c) admit in writing its inability to pay their debts generally as they become due; or

(d) be adjudicated a bankrupt or insolvent; or if a petition or answer proposing the adjudication of the Developer or the Tenant as bankrupt or their reorganization under any present or future federal bankruptcy act or any similar federal or state law shall be filed in any court and such petition or answer shall not be discharged or denied within sixty (60) days after the filing thereof; or a receiver, liquidator or trustee of the Developer, or of the Project, or part thereof, shall be appointed in any proceeding brought against the Developer or Tenant, and shall not be discharged within sixty (60) days after such appointment, or if the Developer or Tenant, shall consent to or acquiesce in such appointment.

Section 4.2. Remedies on Default. Whenever any Event of Default referred to in Section 4.1 occurs and is continuing, the City, as specified below, may take any one or more of the following actions after the giving of thirty (30) days' written notice to the Developer and the Tenant, but only if the Event of Default has not been cured within said thirty (30) days:

(1) The City may suspend its performance under this Agreement and the TIF Note until it receives assurances from the Developer or the Tenant, deemed adequate by the City, that

the Developer or the Tenant will cure their respective default and continue their performance under this Agreement.

(2) The City may cancel and rescind the Agreement and the TIF Note.

(3) The City may take any action, including legal or administrative action, in law or equity, which may appear necessary or desirable to enforce performance and observance of any obligation, agreement, or covenant of the Developer under this Agreement.

Section 4.3. No Remedy Exclusive. No remedy herein conferred upon or reserved to the City is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Agreement or now or hereafter existing at law or in equity or by statute. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient.

Section 4.4. No Implied Waiver. In the event any agreement contained in this Agreement should be breached by any party and thereafter waived by any other party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other concurrent, previous or subsequent breach hereunder.

Section 4.5. Agreement to Pay Attorney's Fees and Expenses. Whenever any Event of Default occurs and the City shall employ attorneys or incur other expenses for the collection of payments due or to become due or for the enforcement or performance or observance of any obligation or agreement on the part of the Developer or Tenant herein contained, the Developer agrees that it shall, on demand therefor, pay to the City the reasonable fees of such attorneys and such other expenses so incurred by the City.

Section 4.6. Indemnification of City.

(1) The Developer (a) releases the City and its governing body members, officers, agents, including the independent contractors, consultants and legal counsel, servants and employees (collectively, the "Indemnified Parties") from, (b) covenants and agrees that the Indemnified Parties shall not be liable for, and (c) agrees to indemnify and hold harmless the Indemnified Parties against, any claim, cause of action, suit or liability for loss or damage to property or any injury to or death of any person occurring at or about or resulting from any defect in the Project or on the Development Property.

(2) Except for any willful misrepresentation or any willful or wanton misconduct of the Indemnified Parties, the Developer agrees to protect and defend the Indemnified Parties, now and forever, and further agrees to hold the aforesaid harmless from any claim, demand, suit, action or other proceeding whatsoever by any person or entity whatsoever arising or purportedly arising from the actions or inactions of the Developer (or other persons acting on its behalf or under its direction or control) under this Agreement, or the transactions contemplated hereby or the acquisition, construction, installation, ownership, and operation of the Project; provided, that this indemnification shall not apply to the warranties made or obligations undertaken by the City in this Agreement or to any actions undertaken by the City which are not contemplated by this

Agreement but shall, in any event and without regard to any fault on the part of the City, apply to any pecuniary loss or penalty (including interest thereon from the date the loss is incurred or penalty is paid by the City at a rate equal to the Prime Rate) as a result of the Developer operating the Project so that the Tax Increment District does not qualify or ceases to qualify as an "economic development district" under Section 469.174, Subdivision 12, of the Act and Section 469.176, Subdivision 4c. or to violate limitations as to the use of Tax Increments as set forth in Section 469.176, Subdivision 4c.

(3) All covenants, stipulations, promises, agreements and obligations of the City contained herein shall be deemed to be the covenants, stipulations, promises, agreements and obligations of the City and not of any governing body member, officer, agent, servant or employee of the City.

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ARTICLE V

DEVELOPER'S OPTION TO TERMINATE AGREEMENT

Section 5.1. The Developer's Option to Terminate. This Agreement may be terminated by the Developer, if (i) the Developer is in compliance with all material terms of this Agreement and no Event of Default has occurred; and (ii) the City fails to comply with any material term of this Agreement, and, after written notice by the Developer of such failure, the City has failed to cure such noncompliance within ninety (90) days of receipt of such notice, or, if such noncompliance cannot reasonably be cured by the City within ninety (90) days, of receipt of such notice, the City has not provided assurances, reasonably satisfactory to the Developer, that such noncompliance will be cured as soon as reasonably possible.

Section 5.2. Action to Terminate. Termination of this Agreement pursuant to Section 5.1 must be accomplished by written notification by the Developer to the City within sixty (60) days after the date when such option to terminate may first be exercised. A failure by the Developer to terminate this Agreement within such period constitutes a waiver by the Developer of its rights to terminate this Agreement due to such occurrence or event.

Section 5.3. Effect of Termination. If this Agreement is terminated pursuant to this Article V, this Agreement shall be from such date forward null and void and of no further effect; provided, however, the termination of this Agreement shall not affect the rights of either party to institute any action, claim or demand for damages suffered as a result of breach or default of the terms of this Agreement by the other party, or to recover amounts which had accrued and become due and payable as of the date of such termination. Upon termination of this Agreement pursuant to this Article V, the Developer shall be free to proceed with the Project at its own expense and without regard to the provisions of this Agreement; provided, however, that the City shall have no further obligations to the Developer with respect to reimbursement of the expenses set forth in Section 3.2.

ARTICLE VI

ADDITIONAL PROVISIONS

Section 6.1. Restrictions on Use. Until termination of this Agreement, the Developer agrees for itself, its successors and assigns and every successor in interest to the Development Property, or any part thereof, that the Developer and such successors and assigns shall operate, or cause to be operated, the Project as a manufacturing facility and shall devote the Development Property to, and in accordance with, the uses specified in this Agreement.

Section 6.2. Conflicts of Interest. No member of the governing body or other official of the City shall have any financial interest, direct or indirect, in this Agreement, the Development Property or the Project, or any contract, agreement or other transaction contemplated to occur or be undertaken thereunder or with respect thereto, nor shall any such member of the governing body or other official participate in any decision relating to the Agreement which affects his or her personal interests or the interests of any corporation, partnership or association in which he or she is directly or indirectly interested. No member, official or employee of the City shall be personally liable to the City in the event of any default or breach by the Developer or successor or on any obligations under the terms of this Agreement.

Section 6.3. Titles of Articles and Sections. Any titles of the several parts, articles and sections of the Agreement are inserted for convenience of reference only and shall be disregarded in construing or interpreting any of its provisions.

Section 6.4. Notices and Demands. Except as otherwise expressly provided in this Agreement, a notice, demand or other communication under this Agreement by any party to any other shall be sufficiently given or delivered if it is dispatched by registered or certified mail, postage prepaid, return receipt requested, or delivered personally, and

- (1) in the case of the Developer is addressed to or delivered personally to:

SLP EX, LLC and AMP EX, LLC
Attention: Jeffrey Peterson
200 South 6th Street, Suite 1300
Minneapolis, MN 55402

- (2) in the case of the Tenant is addressed to or delivered personally to:

Delta ModTech
11501 Eagle Street NW
Minneapolis, MN 55448

(3) in the case of the City is addressed to or delivered personally to the City at:

City of Ramsey, Minnesota
Attention: City Administrator
Ramsey City Hall
7550 Sunwood Drive NW
Ramsey, MN 55303

with a copy to:

Briggs and Morgan, P.A.
Attention: Mary Ippel
2200 IDS Center
80 South 8th Street
Minneapolis, MN 55402

or at such other address with respect to any such party as that party may, from time to time, designate in writing and forward to the other, as provided in this Section.

Section 6.5. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall constitute one and the same instrument.

Section 6.6. Law Governing. This Agreement will be governed and construed in accordance with the laws of the State.

Section 6.7. Expiration. This Agreement shall expire on the earlier of (i) February 1, 2030, (ii) the date the TIF Note is paid in full or (iii) the date this Agreement is terminated or rescinded in accordance with its terms.

Section 6.8. Provisions Surviving Rescission or Expiration. Sections 4.5 and 4.6 shall survive any rescission, termination or expiration of this Agreement with respect to or arising out of any event, occurrence or circumstance existing prior to the date thereof.

Section 6.9. Assignability of Agreement. This Agreement may be assigned only with the consent of the City. The TIF Note may only be assigned pursuant to the terms of the TIF Note.

IN WITNESS WHEREOF, the City has caused this Agreement to be duly executed in its name and on its behalf and the Developer has caused this Agreement to be duly executed in its name and on its behalf, on or as of the date first above written.

CITY OF RAMSEY, MINNESOTA

By _____
Its Mayor

By _____
Its City Administrator

COPY OF REGULAR AGENDA CASE

This is a signature page to the Tax Increment Financing Agreement by and between the City of Ramsey, Minnesota, SLP EX, LLC, AMP EX, LLC and Delta Industrial Services, Inc.

SLP EX, LLC

By _____
Its _____

COPY OF REGULAR AGENDA CASE

This is a signature page to the Tax Increment Financing Agreement by and between the City of Ramsey, Minnesota, SLP EX, LLC, AMP EX, LLC and Delta Industrial Services, Inc.

AMP EX, LLC

By _____
Its _____

COPY OF REGULAR AGENDA CASE

This is a signature page to the Tax Increment Financing Agreement by and between the City of Ramsey, Minnesota, SLP EX, LLC, AMP EX, LLC and Delta Industrial Services, Inc.

DELTA INDUSTRIAL SERVICES, INC.

By _____
Its _____

COPY OF REGULAR AGENDA CASE

This is a signature page to the Tax Increment Financing Agreement by and between the City of Ramsey, Minnesota, SLP EX, LLC, AMP EX, LLC and Delta Industrial Services, Inc.

EXHIBIT A

Description of Development Property

Property located in the City of Ramsey, Anoka County, Minnesota with the following legal description:

Lot 1, Block 1, Amsterdam Extension

COPY OF REGULAR AGENDA CASE

EXHIBIT B

Form of TIF Note

No. R-1

\$ _____

UNITED STATES OF AMERICA
STATE OF MINNESOTA
COUNTY OF ANOKA
CITY OF RAMSEY

TAX INCREMENT REVENUE NOTE
(DELTA MODTECH PROJECT)

The City of Ramsey, Minnesota (the "City"), hereby acknowledges itself to be indebted and, for value received, hereby promises to pay the amounts hereinafter described (the "Payment Amounts") to SLP EX, LLC and AMP EX, LLC (collectively, the "Developer") or its registered assigns (the "Registered Owner"), but only in the manner, at the times, from the sources of revenue, and to the extent hereinafter provided.

The principal amount of this Note shall equal from time to time the principal amount stated above, as reduced to the extent that such principal installments shall have been paid in whole or in part pursuant to the terms hereof; provided that the sum of the principal amount listed above shall in no event exceed \$972,000 as provided in that certain Tax Increment Financing Agreement, dated as of July 1, 2019, as the same may be amended from time to time (the "TIF Agreement"), by and between the City and the Developer. This Note bears no interest.

The amounts due under this Note shall be payable on August 1, 2021, and on each February 1 and August 1 thereafter to and including February 1, 2030, or, if the first should not be a Business Day (as defined in the TIF Agreement), the next succeeding Business Day (the "Payment Dates"). On each Payment Date, subject to the provisions of Section 3.5 the City shall pay by check or draft mailed to the person that was the Registered Owner of this Note at the close of the last business day of the City preceding such Payment Date an amount equal to the sum of the Tax Increments (hereinafter defined) received by the City during the six month period preceding such Payment Date. All payments made by the City under this Note shall be applied to principal. This Note is prepayable by the City, in whole or in part, on any date.

The Payment Amounts due hereon shall be payable solely from 90% of tax increments (the "Tax Increments") from the Development Property (as defined in the TIF Agreement) within the City's Tax Increment Financing District No. 17: Delta ModTech (the "Tax Increment District") within its Development District No. 1 which are paid to the City and which the City is entitled to retain pursuant to the provisions of Minnesota Statutes, Sections 469.174 through 469.1794, as the same may be amended or supplemented from time to time (the "Tax Increment Act"). This Note shall terminate and be of no further force and effect following the last Payment Date defined above, on any date upon which the City shall have terminated the TIF Agreement under Section 4.2(2) thereof or the Developer shall have terminated the TIF Agreement under

Article V thereof, on the date the Tax Increment District is terminated, or on the date that all principal payable hereunder shall have been paid in full, whichever occurs earliest.

The City makes no representation or covenant, expressed or implied, that the Tax Increments will be sufficient to pay, in whole or in part, the amounts which are or may become due and payable hereunder.

The City's payment obligations hereunder shall be further conditioned on the fact that no Event of Default under the TIF Agreement shall have occurred and be continuing at the time payment is otherwise due hereunder, but such unpaid amounts shall become payable if said Event of Default shall thereafter have been cured; and, further, if pursuant to the occurrence of an Event of Default under the TIF Agreement the City elects to cancel and rescind the TIF Agreement, the City shall have no further debt or obligation under this Note whatsoever. Reference is hereby made to all of the provisions of the TIF Agreement, including without limitation Section 3.2 thereof, for a fuller statement of the rights and obligations of the City to pay the principal of this Note, and said provisions are hereby incorporated into this Note as though set out in full herein.

This Note is a special, limited revenue obligation and not a general obligation of the City and is payable by the City only from the sources and subject to the qualifications stated or referenced herein. This Note is not a general obligation of the City and neither the full faith and credit nor the taxing powers of the City are pledged to the payment of the principal of this Note and no property or other asset of the City, save and except the above-referenced Tax Increments, is or shall be a source of payment of the City's obligations hereunder.

This Note is issued by the City in aid of financing a project pursuant to and in full conformity with the Constitution and laws of the State of Minnesota, including the Tax Increment Act.

This Note may be assigned only with the consent of the City which consent shall not be unreasonably withheld. In order to assign the Note, the assignee shall surrender the same to the City either in exchange for a new fully registered note or for transfer of this Note on the registration records for the Note maintained by the City. Each permitted assignee shall take this Note subject to the foregoing conditions and subject to all provisions stated or referenced herein.

IT IS HEREBY CERTIFIED AND RECITED that all acts, conditions, and things required by the Constitution and laws of the State of Minnesota to be done, to have happened, and to be performed precedent to and in the issuance of this Note have been done, have happened, and have been performed in regular and due form, time, and manner as required by law; and that this Note, together with all other indebtedness of the City outstanding on the date hereof and on the date of its actual issuance and delivery, does not cause the indebtedness of the City to exceed any constitutional or statutory limitation thereon.

IN WITNESS WHEREOF, City of Ramsey, Minnesota, by its City Council, has caused this Note to be executed by the manual signatures of its Mayor and City Administrator and has caused this Note to be dated as of _____, 20__.

City Administrator

Mayor

DO NOT EXECUTE UNTIL A SETTLEMENT STATEMENT OR OTHER EVIDENCE OF PAYMENT FOR LAND ACQUISITION IS GIVEN TO THE CITY - REFER TO SECTION 3.3(1).

COPY OF REGULAR AGENDA CASE

CERTIFICATION OF REGISTRATION

It is hereby certified that the foregoing Note was registered in the name of SLP EX, LLC and AMP EX, LLC, and that, at the request of the Registered Owner of this Note, the undersigned has this day registered the Note in the name of such Registered Owner, as indicated in the registration blank below, on the books kept by the undersigned for such purposes.

NAME AND ADDRESS OF
REGISTERED OWNER

DATE OF
REGISTRATION

SIGNATURE OF
CITY ADMINISTRATOR

SLP EX, LLC and AMP EX, LLC
200 South 6th Street, Suite 1300
Minneapolis, MN 55402

COPY OF REGULAR AGENDA CASE

The Economic Development Authority and City of Ramsey, Minnesota

Business Subsidy Policy
Tax Abatement Policy
Tax Increment Policy

Dated January 13, 2009

COPY OF REGULAR AGENDA CASE

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COPY OF REGULAR AGENDA CASE

1. City and EDA of Ramsey Business Subsidy Policy

The following business subsidy criteria are intended to satisfy the requirements of Minnesota Statutes, §§116J.993 through 116J.995 (the "Act"). The term "City" means the City of Ramsey. The term "project" means the property with respect to which the business subsidy is provided.

A. MANDATORY CRITERIA

All projects must comply with the following criteria:

1. But For Test. There is a substantial likelihood that the project would not go forward without the business subsidy.
2. Wage Policy. If the project results in the creation of any jobs, the wage for each part-time and full-time job created must be, within two years of the date assistance is received (as defined in the Act), at least equal to 70% of the most recent median wage figure for the Twin City 7 County Metro County as published by the Minnesota Department of Employment and Economic Development or such greater amount as the City may require for a specific project.
3. Economic Feasibility. The recipient must demonstrate to the satisfaction of the City that it has adequate financing for the project and that the project will be completed in a timely fashion.
4. Compliance with Act. The business subsidy from the City must satisfy all requirements of the Act.
5. Minimum Subsidy Amount: Financial assistance in the form of a business subsidy of \$25,000 or more; and business loans and guarantees of \$75,000, must be reported to the Department of Employment and Economic Development. A public hearing is only required if the business subsidy is greater than \$150,000.

B. POLICY

1. The City recognizes that the creation of good paying jobs is a desirable goal which benefits the community. Nevertheless, not all projects assisted with subsidies derive their public purposes and importance solely by virtue of job creation. In addition, the imposition of high job creation requirements and high wage level requirements may be unrealistic and counter-productive in the face of larger economic forces of influence and the financial and competitive circumstances of an individual business. In determining the requirements for a project under consideration for a business subsidy, the determination of the number of jobs to be created and the wage levels therefore will be guided by the following principles and criteria:

- a. The evaluation of projects will take into consideration the project's importance in and benefit to the community from all perspectives, including created or retained jobs.
 - b. If a particular project does not involve the creation of jobs, but is nonetheless found to be worthy of support and subsidy, assistance may be approved without any specific job or wage goals if permitted by applicable law.
 - c. In cases where the objective is the retention of existing jobs, the recipient of the subsidy will be required to provide evidence which demonstrates that the loss of those jobs is specific and demonstrable.
 - d. The setting of wage and job goals will be informed by (i) prevailing wage rates, (ii) local economic conditions, (iii) external economic forces over which neither the City nor the recipient of the subsidy has control, (iv) the financial resources of the recipient and (v) the competitive environment in which the recipient's business exists.
2. Because it is not possible to anticipate all the needs and requirements of every type of project and the ever-changing needs of the community and in order to retain the flexibility necessary to respond to all proposed projects, the City retains the right to approve projects and business subsidies which may vary from the principles and criteria set forth herein.

C. PROJECT EVALUATION CRITERIA

The project review and evaluation criteria are the following:

1. Jobs and Wages
 - a. New Jobs. The minimum net number of direct full time equivalent jobs to be created or retained by the proposed project for a period of at least two years from the estimated benefit date.
 - b. Payroll. The minimum annual net payroll (including employer contributions for health benefits) to be generated at the end of the second anniversary date of the estimated benefit date.
2. Tax Base
 - a. Increase in Tax Base. The net increase in property taxes estimated to be generated by the project in the second full year of operation.

3. Land Use
 - a. Compliance with Comprehensive or Other Plans. Whether, apart from any needed services to the community described in section 5 below, the project is compatible with the comprehensive plan and permitted uses for the property.
 - b. Marginal Property. Whether the project is located on property which needs but is not likely to be developed or redeveloped because of blight or other adverse conditions of the property. For example property may be so blighted that the cost of making land ready for redevelopment exceeds the property's fair market value.
 - c. Design and/or Other Amenities. Whether, as a result of the business subsidy, the project will include design and/or amenity features not otherwise required by law. For example, the project may, at the request of the City, include landscaping, open space, public trails, employee work out facilities or day care facilities which serve a public purpose but are not required by law.
4. Impact on Existing and Future Public Investment
 - a. Utilization of Existing Infrastructure Investment. Whether and to what extent (a) the project will utilize existing public infrastructure capacity and (b) the project will require additional publicly funded infrastructure investments.
 - b. Direct Monetary Return on Public Investment. Arrangements made or to be made for the City to receive a direct monetary return on its investment in the project. For example, the business subsidy may be in the form of an interest bearing loan or may involve a project sharing arrangement.
5. Economic Development
 - a. Leveraged Funds. For every dollar of business subsidy to be provided for the project, the minimum amount of private funds which will be applied towards the capital cost of the project.
 - b. Spin Off Development. The dollar amount of non-subsidized development the project is expected to generate in the surrounding area and the need for and likelihood of such spin off development.

- c. Growth Potential. Based on recipient's market studies and plans for expansion, whether and to what extent the project is expected within five years of its completion, be expanded to produce a net increase of full time equivalent jobs and of payroll, over and above the minimum net increase in jobs and payroll described in section 1 above.
6. Quality of Life
 - a. Community Services. Whether the project will provide services in the community and the need for such services. For example, the project may provide health services, retail convenience services such as a nearby grocery store, or social services needed in the community.
 - b. Natural Environment. Whether the project will add to, or detract from, the environment. It is a reflection of what is important to the community - clean air and water, beautiful scenery, recreational opportunities, and a strong desire to pass along these attributes to future generations.
 7. Other
 - a. Other Factors. Depending on the nature of the project, such other factors as the City may deem relevant in evaluating the project and the business subsidy proposed for it.

D. ADDITIONAL CONSIDERATIONS

The City will give consideration to one or more of the issues listed below in determining whether to provide financial or other assistance to a project as a business subsidy:

1. The City may consider the requirements of any other business subsidy received, or to be received, from a grantor other than the City.
2. If the business subsidy is a guaranty, the amount of the business subsidy may be valued at the principal amount of the guaranteed payment obligation.
3. If the business subsidy is real or personal property, the amount of the subsidy will be the fair market value of the property as determined by the City.

4. If the business subsidy is received over time, the City may value the subsidy at its present value using a discount rate equal to an interest rate which the City determines is fair and reasonable under the circumstances.

As used herein "benefit date" means the date the business subsidy is received. If the business subsidy involves the purchase, lease, or donation of physical equipment, then the benefit date occurs when the recipient puts the equipment into service. If the business subsidy is for improvements to property, then the benefit date refers to the earliest date of either: when the improvements are finished for the entire project, or when a business occupies the property.

E. FINANCIAL ASSISTANCE NOT CONSIDERED A BUSINESS SUBSIDY

The following forms of financial assistance are not a business subsidy as per Minnesota Statutes, §§116J.993, Subd.3 and therefore do not require a public hearing:

1. A business subsidy of less than \$150,000;
2. Assistance that is generally available to all businesses or to a general class of similar businesses, such as a line of business, size, location, or similar general criteria;
3. Public improvements to buildings or lands owned by the state or local government that serve a public purpose and do not principally benefit a single business or defined group of businesses at the time the improvements are made;
4. Redevelopment property polluted by contaminants as defined in section [116J.552](#), subdivision 3;
5. Assistance provided for the sole purpose of renovating old or decaying building stock or bringing it up to code and assistance provided for designated historic preservation districts, provided that the assistance is equal to or less than 50 percent of the total cost;
6. Assistance to provide job readiness and training services if the sole purpose of the assistance is to provide those services;
7. Assistance for housing;
8. Assistance for pollution control or abatement, including assistance for a tax increment financing hazardous substance subdistrict as defined under section [469.174](#), subdivision 23;
9. Assistance for energy conservation;
10. Tax reductions resulting from conformity with federal tax law;

11. Workers' compensation and unemployment insurance;
12. Benefits derived from regulation;
13. Indirect benefits derived from assistance to educational institutions;
14. Funds from bonds allocated under chapter 474A, bonds issued to refund outstanding bonds, and bonds issued for the benefit of an organization described in section 501(c)(3) of the Internal Revenue Code of 1986, as amended through December 31, 1999;
15. Assistance for a collaboration between a Minnesota higher education institution and a business;
16. Assistance for a tax increment financing soils condition district as defined under section [469.174](#), subdivision 19;
17. Redevelopment when the recipient's investment in the purchase of the site and in site preparation is 70 percent or more of the assessor's current year's estimated market value;
18. General changes in tax increment financing law and other general tax law changes of a principally technical nature;
19. Federal assistance until the assistance has been repaid to, and reinvested by, the state or local government agency;
20. Funds from dock and wharf bonds issued by a seaway port authority;
21. Business loans and loan guarantees of \$150,000 or less; and
22. Federal loan funds provided through the United States Department of Commerce, Economic Development Administration; and
23. Property tax abatements granted under section 469.1813 to property that is subject to valuation under Minnesota Rules, chapter 8100.

Adopted by: Ramsey EDA / City Council

Date of Adoption: 11-13-08/1-13-09

Date of Public Hearing: 1-13-09

2. City and EDA of Ramsey Tax Abatement and Tax Increment Financing Policy

A. PURPOSE

The purpose of this policy is to establish the City's position relative to the use of Tax Abatement (§§469.1812 through §§469.1815) and Tax Increment Financing (§§469.174 through §§469.1799) (TIF), also referred to in this document as the *business assistance programs*, or *business assistance*. This policy shall be used as a guide in the processing and review of applications requesting the use of Tax Abatement and Tax Increment Financing. It is the expressed intent of the City to minimize the risk and amount of business assistance to a project and to leverage its public dollars to maximize private sector funding.

The City is granted the power to utilize the business assistance programs by Minnesota Statutes 2008 as cited. The fundamental purpose of the business assistance programs is to encourage desirable private development or redevelopment within the City that would not occur *but for* the assistance provided. Further information related to the States business assistance programs and links to State Statutes can be found at www.state.mn.us.

The City will approve or reject requests for business assistance on a case by case basis taking into consideration established policies, project criteria, and the project's demonstrated public purpose. Meeting all policy criteria does not guarantee approval of the requested business assistance. The City maintains its ability to approve or deny the request at its discretion.

B. PUBLIC PURPOSE OBJECTIVES

The City will consider the use of business assistance programs which demonstrate the achievement of one or more of the following public purpose objectives:

1. To encourage redevelopment of priority sites within the City as determined by the City Council and EDA.
2. To retain local jobs and/or increase the number and diversity of jobs that offer stable employment and/or attractive wages and benefits.
3. To enhance and/or diversify the City's economic base.
4. To encourage additional unsubsidized private (re)development.
5. To remove blight and/or encourage (re)development of commercial and industrial areas.

6. To assist in creating environmental sustainability.
7. To provide a diversity of family housing and alternative housing choices.
8. To promote neighborhood stabilization and revitalization by the removal of blight and the upgrading of existing housing stock in residential areas.
9. To accomplish other public policies which may be adopted such as the promotion of quality urban or architectural design, energy conservation, and decreasing capital and/or operating costs of local government, or any of the following:
 - Utilization of architectural and landscaping techniques that will enable the components of the project to blend with the natural environment.
 - Mitigation of project impact on the natural environment.

C. POLICY POSITIONS

1. Business assistance shall be provided in a form that minimizes the risk of public participation.
2. Business assistance requests for up-front project financing through the sale of bonds or other internal sources may require personal guarantees of the developer. These requests shall be addressed on a case by case basis.
3. Business assistance shall not be provided for projects requiring land and/or building purchases at prices in excess of fair market value.
4. Business assistance shall not be provided to developers/projects that cannot adequately demonstrate an ability to complete the proposed project on time and on budget.
5. Assistance will be provided based on \$25,000 per qualified job created as referenced in Section 1.A.2 in the Business Subsidy Policy unless a waiver is provided by the City Council.

D. PROJECT REQUIREMENTS

All projects requesting business assistance must demonstrate the following:

1. That the project is not financially feasible but-for the use of Revolving Loan Fund, Tax Abatement or Tax Increment Financing.
2. That the project will comply with all provisions set forth in Minnesota Statute chapters 116j.993 through 116j.995, as amended (Business Subsidies).

3. That the business assistance request complies with all provisions set forth in Minnesota Statutes 2008 chapters 469.1812 through 469.1815 as amended (Tax Abatement), and chapters 469.174 through 469.1799 as amended (Tax Increment Financing).
4. That the project is consistent with the City's comprehensive plan, land use plan, and zoning ordinances.

E. APPLICATION PROCESS

1. Applicant submits a Business Assistance Application (Exhibit A) to the EDA and/or City.
2. Staff reviews the application and completes the Application Review Worksheet (Exhibit B).
3. Staff uses results of the Worksheet to inform the EDA/City.
4. EDA reviews proposal, provides comments, and makes an advisory recommendation to the City Council on denial or approval of the request within 30 days.
5. If advisory approval is granted, staff prepares all necessary notices, resolutions and certificates.
6. City Council holds public hearing(s) on the proposed project to consider the advisory recommendation(s).
7. The City Council grants final approval or denies the request.

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B. PROJECT INFORMATION

The project will be: (Check all that apply)

- Industrial: (New Construction Redevelopment/Rehab Expansion)
- Office/research facility: (New Construction Redevelopment/Rehab Expansion)
- Commercial: (New Construction Redevelopment/Rehab Expansion)
- Housing: (New Construction Redevelopment/Rehab Expansion)
- Other _____

The project will be: Owner Occupied Leased Space

- If leased space, please attach a list of names and addresses of future tenants and indicate the status of commitments or lease agreements. **Attach as Part 5.**

Project Address _____

- Include Legal Description and PID number(s). **Attach as Part 6.**

Site Plan Attached: Yes No

Current Real Estate Taxes on Project Site:\$_____

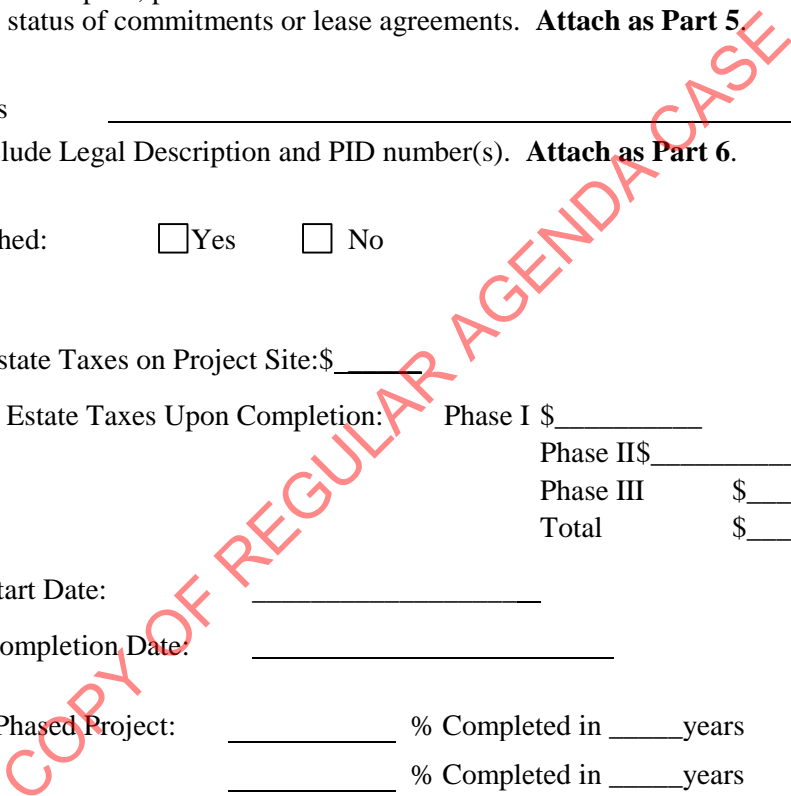
Estimated Real Estate Taxes Upon Completion: Phase I \$_____

Phase II	\$_____
Phase III	\$_____
Total	\$_____

Construction Start Date: _____

Construction Completion Date: _____

If Phased Project: _____ % Completed in _____years
 _____ % Completed in _____years
 _____ % Completed in _____years



C. PUBLIC PURPOSE OBJECTIVES

It is the policy of the City and EDA of Ramsey that the business assistance should result in a public benefit as identified in items 1-10 below. Please indicate how the proposed project will accomplish this by checking the appropriate boxes. **Attach additional narrative as Part 7.**

- 1. To encourage redevelopment.
- 2. To retain local jobs and/or increase the number and diversity of jobs that offer stable employment and/or attractive wages and benefits.
- 3. To enhance and/or diversify the City's economic base.
- 4. To encourage additional unsubsidized private (re)development.
- 5. To remove blight and/or encourage (re)development of commercial and industrial areas.
- 6. To create housing opportunities.
- 7. To provide a diversity of housing.
- 8. To provide a variety of family housing ownership alternatives and housing choices.
- 9. To promote neighborhood stabilization and revitalization by the removal of blight and the upgrading of existing housing stock in residential areas.
- 10. To accomplish other public policies which may be adopted such as the promotion of quality urban or architectural design, energy conservation, and decreasing capital and/or operating costs of local government.
 - Utilization of architectural and landscaping techniques that will enable the components of the project to blend with the natural environment.
 - Mitigation of project impact on the natural environment.

D. SOURCES & USES OF FUNDS
Attach additional information as Part 8

<u>SOURCES</u>	<u>AMOUNT</u>
Bank Loan	\$ _____
Other Loans	\$ _____
Owner Equity	\$ _____
Fed Grant/Loan	\$ _____
State Grant/Loan	\$ _____
Industrial Development Bonds	\$ _____
Tax Increment Financing	\$ _____
Tax Abatement	\$ _____
Revolving Loan Fund	\$ _____
Other	\$ _____
TOTAL	\$ _____

<u>USES</u>	<u>AMOUNT</u>
Land Acquisition	\$ _____
Site Development	\$ _____
Construction	\$ _____
Machinery & Equipment	\$ _____
Architectural/Engineering Fees	\$ _____
Debt Service Reserve	\$ _____
Contingencies	\$ _____
Other	\$ _____
TOTAL	\$ _____

Total Amount of business assistance requested from either Revolving Loan Fund, Abatement, Tax Increment Financing or another source: \$ _____

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E. ADDITIONAL DOCUMENTATION AND CHECKLIST

Applicants will also be required to provide the following documentation. All personal financial information will be kept private and confidential.

- 1. Written business plan or a description of the business, ownership/ management, date established, products and services, and future plans.
- 2. Financial statements for past two years, including profit and loss statements and balance sheets.
- 3. Two year financial projections.
- 4. Personal financial statements of all major shareholders (principals) including the most recent 2 years of tax returns. (If requested.)
- 5. Letter of commitment from other sources of financing, stating terms and conditions of their participation in the project.
- 6. Administrative fee of up to \$5,000. In addition to defraying the cost of staff time, the fee will be used to pay costs associated with processing this request for financial assistance such as legal, engineering and financial analysis. The City reserves the right to stop the processing of the request until additional fees are paid should the original amount be insufficient to pay such costs. That portion which remains unspent, if any, will be returned only if the project is denied approval.
- 7. Attach the following documentation:
 - _____ Part 1 – Corporation/Partnership Description
 - _____ Part 2 – List of Shareholders/Partners
 - _____ Part 3 – Description of Project
 - _____ Part 4 – *But For* Analysis
 - _____ Part 5 – List of Prospective Lessees (If requested)
 - _____ Part 6 – Legal Description, Property Identification Numbers, maps of the project area, and project renderings
 - _____ Part 7 – Public Purpose Narrative
 - _____ Part 8 – Sources & Uses of Funds – Additional Information

The undersigned certifies that all information provided in this application is true and correct to the best of the undersigned’s knowledge. The undersigned authorizes the City and EDA of Ramsey to check credit references, verify financial and other information, and share this information with other political subdivisions as needed. The undersigned also agrees to provide any additional information as may be requested by the City after the filing of this application.

Applicant Name _____ Date _____

By _____

Its _____

EXHIBIT B
BUSINESS ASSISTANCE REVIEW WORKSHEET
FOR COMMERCIAL/INDUSTRIAL PROJECTS
TO BE COMPLETED BY APPLICANT AND CITY STAFF

A. The project meets which of the following objectives as set forth in Section C of the Business Assistance policy:

- 1. To encourage redevelopment.
- 2. To retain local jobs and/or increase the number and diversity of jobs that offer stable employment and/or attractive wages and benefits.
- 3. To enhance and/or diversify the City's economic base.
- 4. To encourage additional unsubsidized private (re)development.
- 5. To remove blight and/or encourage (re)development of commercial and industrial areas.
- 6. To accomplish other public policies which may be adopted such as the promotion of quality urban or architectural design, energy conservation, and decreasing capital and/or operating costs of local government.
 - Utilization of architectural and landscaping techniques that will enable the components of the project to blend with the natural environment.
 - Mitigation of project impact on the natural environment.

B. Ratio of Private to Public Investment in Project:

\$ _____	Private Investment	5:1	<u>5</u>
\$ _____	Public Investment	4:1	<u>4</u>
_____	Ratio Private : Public Financing	3:1	<u>3</u>
		2:1	<u>2</u>
		Less than 2:1	<u>1</u>

C. Job Creation:

	Net <i>new</i> jobs (minimum 40 hours per week) or fulltime equivalents	50+	<u>5</u>
<u>120</u>	Jobs relocated to Ramsey	20+	<u>4</u>
<u>135</u>	Total new jobs to Ramsey	10+	<u>3</u>
		5+	<u>2</u>
		Less than 2	<u>1</u>

D. Wage Level of jobs created:

	Average hourly wage	Over \$21/hour	<u>5</u>
	Of <i>new</i> jobs _____	\$18-21/hour	<u>4</u>
		\$14-17/hour	<u>3</u>
		\$10-13/hour	<u>2</u>
		Under \$10/hour	<u>1</u>

APPENDIX I
Business Subsidy Statute 2008

COPY OF REGULAR AGENDA CASE

APPENDIX II
Sample Business Subsidy Agreement

COPY OF REGULAR AGENDA CASE

APPENDIX III
Business Subsidy Reporting Form

COPY OF REGULAR AGENDA CASE

COPY OF REGULAR AGENDA CASE

Section E. Additional Documentation and Checklist

1. See parts 1-4 above.
2. Financials will be available via secure upload. Will send separate email link.
3. We plan on stable production with our limited space and resources, around the \$50-60 million/year level with steady profits- subject to minor business interruption due to relocation.
4. N/A
5. N/A
6. Check made out to the City of Ramsey. The check will be sent as soon as funds are available.
7. See below.

Part 1

From our founding in 1978 as a service provider for servo systems and motion control in the machine tool industry, to today's technology of full production Delta ModTech converting and packaging lines, Delta ModTech has successfully pursued excellence in the design, implementation, and service of motion-controlled converting and packaging systems.

Part 2

David Schiebout-CEO Ronda Schiebout-Secretary Toby Fuerst- CFO Evan Schiebout- >5% owner Emily Allegra >5% owner Wendy Stromberg >5% owner

Part 3

Desiring to purchase land and build a 185,000 sq ft manufacturing building with 50,000 ft. of office, on 40 acres in order to house our entire manufacturing operation as well as engineering and support staff. This will leave us ample land and space to further develop and expand over time. We have planned an additional 50,000 sq ft in future warehouse expansion on the proposed building, but may choose to develop this extra space immediately due to efficiencies in building and costs.

COPY OF REGULAR AGENDA CASE

Part 4

We are looking to make an expansion of our business so that we can handle more and larger projects, and continue to hire teams of high-tech and engineering personnel. There are more companies that could take advantage of the advanced automation equipment solutions that we provide. However, it will only be possible for us to make this great investment if we know that there is support from the communities that we are looking to partner with on this relocation. There are options to stay and expand in our current facility, to move into existing warehouse space, etc. that are less expensive options. We have looked at buildings in Coon Rapids on Xeon St, Lino Lakes, and Fridley, and several others that we explored as options. They would all require rework and additions, and the cities' assistance in doing so was not on pace with the proposal of building new in Ramsey and its TIF proposal. We are looking to the future and for potential growth that can come from designing a plant to our needs and have space for future expansion. This Ramsey site allows us to have the greatest growth opportunity. Along with expected volume and revenue growth within an expanded footprint, there will be an increase from our current 125 person team. Our staff, roughly 40% of whom are engineers, will grow significantly with our increased capacity. Our initial estimates show that total combined costs of land acquisition, building, new equipment purchases, and increase in labor, exceeds our current funding by roughly 10 – 15%. This type of expansion project will not be possible without assistance from a City who encourages our presence locally, and shares investment in the economic benefit our company will bring.

Part 5

Developing long-term lease – Delta ModTech 11501 Eagle Street

Part 6

Anoka County PID # 20-32-25-34-0004

Western 43.21 acres north of Bunker Lake Blvd, East of Puma St. Currently owned by Hageman Holdings, LLC. 8200 BUNKER LAKE BLVD, RAMSEY, MN 55303

Property Description LOT 1 BLOCK 1 ALPHA DEVELOPMENT

Part 7

N/A

Part 8

N/A



Ad Proof
Enlarged

-Public Notice Ad Proof-

This is the proof of your ad scheduled to run on the dates indicated below. Please proof read carefully if changes are needed, please contact us prior to deadline at Cambridge (763) 691-6000 or email at publicnotice@ecm-inc.com

<p>Date: 06/03/19</p> <p>Account #: 370702 Customer: CITY RAMSEY ~</p> <p>Address: 7550 SUNWOOD DRIVE RAMSEY</p> <p>Telephone: (763) 427-1410 Fax: 42553</p>	<p>Publications: Anoka County Union Herald</p>
<p>Ad ID: 945163 Copy Line: Modification to Development Dis</p> <p>PO Number: Sean Sullivan Start: 06/07/19 Stop: 06/07/2019</p> <p>Total Cost: \$145.13 # of Lines: 60 Total Depth: 6.75 # of Inserts: 1</p> <p>Ad Class: 150 Phone # (763) 691-6000 Email: publicnotice@ecm-inc.com Rep No: CA700</p>	

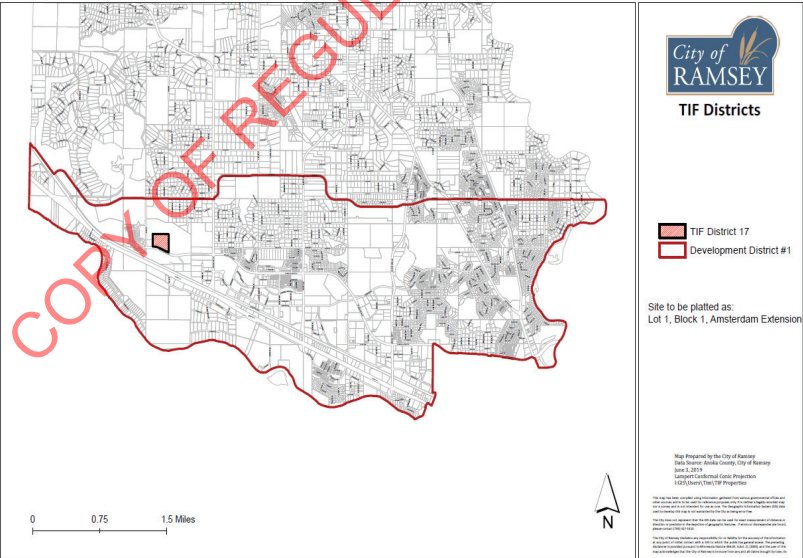
COPY OF REGULAR AGENDA CASE

**CITY OF RAMSEY
ANOKA COUNTY
STATE OF MINNESOTA
NOTICE OF PUBLIC HEARING**

NOTICE IS HEREBY GIVEN that the City Council of the City of Ramsey (the "City"), Anoka County, State of Minnesota, will hold a public hearing on June 25, 2019, at approximately 7:00 P.M. at the Ramsey Municipal Center, 7550 Sunwood Dr. NW, Ramsey, Minnesota, relating to the City's proposed adoption of a Modification to the Development Program (the "Modification") for Development District No. 1 (the "Development District"), the proposed establishment of Tax Increment Financing District No. 17: Delta ModTech (an economic development tax increment financing district) (the "TIF District") within the Development District, and the proposed adoption of a Tax Increment Financing Plan (the "TIF Plan") therefor (collectively, the "Modification and Plan"), and to adopt a business subsidies agreement, all pursuant to Minnesota Statutes, 469.124 to 469.133 and Sections 469.174 to 469.1799, and Sections 116J.993 to 116J.995 all inclusive, as amended. Copies of the Modification and Plan and a summary of the subsidy agreement are on file and available for public inspection at the office of the Community Development Director at City Hall.

A person with residence in or the owner of taxable property in the granting jurisdiction may file a written complaint with the grantor if the grantor fails to comply with sections 116J.993 to 116J.995, and that no action may be filed against the grantor for the failure to comply unless a written complaint is filed.

The property to be included in the TIF District is located within the Development District and the City. A map of the Development District and the TIF District therein is set forth below. Subject to certain limitations, tax increment from the TIF District may be spent on eligible uses within the boundaries of the Development District.



All interested persons may appear at the hearing and present their views orally or prior to the meeting in writing.

BY ORDER OF THE CITY COUNCIL OF
THE CITY OF RAMSEY, MINNESOTA
/s/ Jo Ann Thieling, City Clerk

Published in the
Anoka County UnionHerald
June 7, 2019
945163

Ad: 1

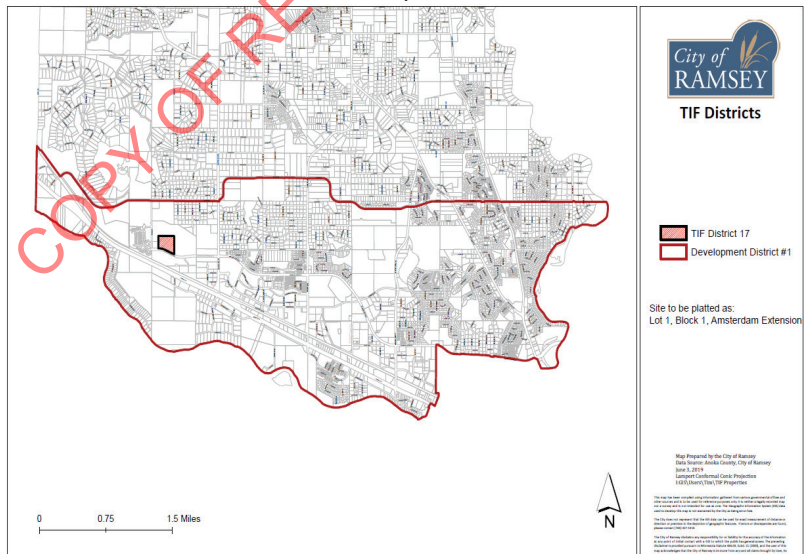
\$145.13

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BY ORDER OF THE CITY COUNCIL OF
THE CITY OF RAMSEY, MINNESOTA
/s/ Jo Ann Thieling, City Clerk

Published in the
Anoka County UnionHerald
June 7, 2019
945163

**ECONOMIC DEVELOPMENT AUTHORITY
CITY OF RAMSEY
ANOKA COUNTY
STATE OF MINNESOTA**

The City of Ramsey Economic Development Authority (EDA) conducted a regular meeting on Thursday, June 13, 2019, at the Ramsey Municipal Center, 7550 Sunwood Drive NW, Ramsey, Minnesota.

Members Present: Chairperson Jim Steffen
Member Glen Hardin
Member Dominic Kanaventi
Member Mark Kuzma
Member Chris Riley

Members Absent: Member Shang Berg
Member Brian Burandt

Also Present: Sean Sullivan, Economic Development Manager
Tim Gladhill, Community Development Director
Kurt Ulrich, City Administrator

1. CALL TO ORDER

Chairperson Steffen called the Economic Development Authority meeting to order at 7:30 a.m.

2. APPROVE AGENDA

Motion by Member Hardin, seconded by Member Kanaventi, to approve the agenda.

Motion carried. Voting Yes: Chairperson Steffen, Members Hardin, Kanaventi, Kuzma, and Riley. Voting No: None. Absent: Members Berg and Burandt.

3. APPROVE MINUTES

3.01: Approve Meeting Minutes Dated April 11, 2019 and May 9, 2019

Motion by Member Hardin, seconded by Member Kuzma, to approve the April 11, 2019 and May 9, 2019 minutes as presented.

Motion carried. Voting Yes: Chairperson Steffen, Members Hardin, Kuzma, Kanaventi, and Riley. Voting No: None. Absent: Members Berg and Burandt.

Motion by Member Hardin, seconded by Member Kuzma, to approve the April 11, 2019 and May 9, 2019 minutes as presented.

Motion carried. Voting Yes: Chairperson Steffen, Members Hardin, Kuzma, Kanaventi, and Riley. Voting No: None. Absent: Members Berg and Burandt.

4. EDA BUSINESS

4.01: Consider Recommendation to Establish TIF District 17, Adopt TIF Plan and Approve TIF Agreement for Delta Mod Tech; Case of SLP EX, LLC and AMP EX LLC

Economic Development Manager Sullivan presented the staff report.

Jason Aarsvold, Ehlers, stated that he worked with the Developer and City to determine the amount of TIF that could be available for this project. He noted that the original assistance request was for \$1,500,000. Based on negotiations with the Developer, the amount of \$972,000 is being brought forth for consideration by the EDA. He noted that the provision TIF was a deciding factor in selecting this site in Ramsey, compared to sites reviewed in other communities. He indicated that the analysis conducted by Ehler's meets the "But For" test. He provided details on the cash on cost analysis that was completed, noting that generally he would like to see seven to nine percent within this industry. He noted that with the \$972,000 in assistance the rate would be rate of return of 8.42 percent and falls within the suggested range. He stated that providing this assistance will help facilitate the project on this site and would not unduly enrich the applicant.

Chairperson Steffen stated that this seems to be three tenths of a percent annually and asked if that would be enough to "move the needle" for a business.

Mr. Aarsvold stated that for a business this can help level the playing field in choosing between this site and a site in another community.

Chairperson Steffen noted that a statement was made that the applicant would not have chosen this site but for the TIF and asked for additional details.

Mr. Aarsvold noted that the incentive was the driving factor in choosing this site over sites in other communities.

Chairperson Steffen referenced the plat, which shows additional pads and asked for details.

Community Development Director Gladhill stated that would be future development by the ownership group. He noted that ultimately Delta Mod Tech would be a tenant from the two investment companies.

Chairperson Steffen asked if a future expansion for Delta Mod Tech would be connected to the building or it would occur to the north.

Evan Schiebout stated that they have built in the ability to expand office and manufacturing onto the proposed 210,000 square foot building to the east. He provided details on the expansions

that have occurred on their site in Coon Rapids, noting that should they have a continued need they would mimic that development pattern. He estimated a ten month build cycle, noting that they would like to begin construction in August. He confirmed that the existing employees and new employees would occupy the site.

Member Riley stated that this discussion is regarding TIF and asked if TIF is being used for the construction of this building or to purchase the additional land for future development.

Economic Development Manager Sullivan stated that the total land purchase has a cost of \$3,600,000, but the TIF is prorated based on the size of the lot with construction and is not spread across the entire parcel purchased.

Member Hardin referenced the business assistance application, which requested \$1,500,000, and asked if the gap has been identified between the requested amount and amount proposed to be provided by the City.

Mr. Schiebout stated that the gap would be covered by the Developer. He noted that although the TIF is not the amount requested, it was still enough to tip the scale to choose this site.

Member Kanaventi asked the estimated length of time for the 15 additional jobs to be created.

Mr. Schiebout replied that the timeline is within two years but estimated that time period would be shorter based on their current demands.

Economic Development Manager Sullivan stated that the job creation can begin once the agreement is approved by the City Council and executed. Any jobs added after that point would count towards the 15 required by the proposed agreement.

Member Hardin asked for details on the benefit date.

Economic Development Manager Sullivan clarified that the benefit date is the completion of construction.

Chairperson Steffen stated that this is a great project that he is excited about.

Councilmember Riley stated that the proposed assistance is pay-as-you-go, which does not cost the City money upfront and is a benefit. He noted that this project fits well within the EDA mission and priorities of the City Council. He stated that this would bring jobs and is the first business being developed in the business park (north of Bunker Lake Boulevard). He noted that there are unpaid special assessments on the parcel relating to development of the Bunker Lake Business Park that would be paid with if this project moves forward. He stated that he is supportive of this project based on those reasons.

Motion by Member Hardin, seconded by Member Kuzma, to recommend to City Council to adopt a resolution approving the modification to the Development Program for Development

District No. 1, Establishing Tax Increment Financing District No. 17, and approving the Tax Increment Financing Plan, subject to City Attorney Review.

Motion carried. Voting Yes: Chairperson Steffen, Members Hardin, Kuzma, Kanaventi, and Riley. Voting No: None. Absent: Members Berg and Burandt.

Motion by Member Hardin, seconded by Member Kanaventi, to recommend to City Council to adopt a resolution authorizing execution of a Tax Increment Financing (TIF) Agreement awarding a business subsidy of \$972,000 and requiring the creation of 15 new jobs with minimum wages of \$22 per hour, subject to City Attorney review.

Motion carried. Voting Yes: Chairperson Steffen, Members Hardin, Kanaventi, Kuzma, and Riley. Voting No: None. Absent: Members Berg and Burandt.

4.02: Review Real Estate Management Strategy for City Owned Land

Economic Development Manager Sullivan presented the staff report. He stated the listing agreement with CBRE under consideration includes only parcels within The COR.

Chairperson Steffen asked if any properties west of Armstrong would be included.

Economic Development Manager Sullivan noted that those parcels would not be included and only parcels within The COR would be included in the CBRE agreement. Parcel 45 is west of Armstrong but is currently under contract.

Chairperson Steffen asked if individual parcels could be removed if desired.

Economic Development Manager Sullivan confirmed that individual parcels could be removed if desired with a 30-day notice. He noted that he is proposing a six-month contract and would give the City time to evaluate how the new contract is working. He stated that under the current proposal the commission rate would be reduced from five percent to three percent if the City brings forward the lead.

Councilmember Kuzma noted that Ramsey is competing with other cities for land sales and development and did not want to drive the commission down too low, as the broker or developers would most likely go where they can earn commission. He noted that this is a competitive market and the City should be mindful of the going rates for commission.

Economic Development Manager Sullivan stated that the commission rate would remain at five percent for CBRE involved sales, while the reduced rate would only come into play for staff generated leads. He noted that even on staff generated leads, CBRE has put effort into marketing prior to that time.

Brian Pankratz, CBRE, provided input on how commission is split when two brokers are involved. He noted that CBRE splits the commission rate 50/50.

Member Hardin asked if there is any situation where the City would pay more than seven percent when there is a second broker involved.

Mr. Pankratz stated that the agreement specifies five percent when only CBRE is involved or seven percent if two brokers are involved. He stated that if a second broker requested additional commission, that request would need to go before the City.

Economic Development Manager Sullivan stated that he would not recommend paying additional revenue above the seven percent and therefore that additional request would need to be added to the purchase price.

Member Hardin noted that a second broker could actually come within CBRE and in that situation the seven percent is being split by two CBRE brokers. He noted that under this contract a longtime developer within the City would need to contact CBRE to negotiate and asked if that is the intent of the City.

Economic Development Manager Sullivan stated that would not be the intent. He explained that although the City is paying CBRE for those services, the City can still generate leads.

Mr. Pankratz explained that the intent is to allow the City to utilize the market knowledge and resources of CBRE for all negotiations.

Member Hardin stated that if that is not the intent perhaps the language should be changed. He stated that he met with staff following the last meeting to express his concerns but was frustrated that his concerns did not appear to be addressed.

Economic Development Manager Sullivan stated that following the discussion with Commissioner Hardin he informed him that his concerns should be brought forward at this meeting in a public forum to support transparency in the process. That is why the changes were not incorporated into the proposed listing agreement. He noted that he appreciated that comments and suggestions that Commissioner Hardin had made.

Chairperson Steffen stated that it appears this language would be standard in most CBRE contracts.

Mr. Pankratz confirmed that this is standard contract language, with some items specific to Ramsey. He noted that CBRE is working with the City as a team in attempt to market and sell land and thought the relationship has ran smoothly.

Economic Development Manager Sullivan referenced parcel 45, which has a sales price of \$600,000. He stated that the City is completing a land swap on the properties, which will still result in a loss of \$15,000 for the City. He noted that technically CBRE could take a commission on that transaction but is not requesting a commission. He stated that the willingness to add language to call out City generated leads is not something in a typical contract.

Community Development Director Gladhill stated that if that paragraph is of concern, the EDA could make a recommendation to correct that paragraph and staff would work with the City Attorney prior to this moving forward to the City Council.

Chairperson Steffen stated that most likely that paragraph has remained in the contract for the past five years.

Member Kuzma stated that CBRE has put a lot of work in during the past five years and there has been success with the growth of The COR. He attributed a lot of that success to what CBRE brings to the table. He stated that he will support extending the contract for an additional six months.

Member Riley stated that a few years ago this got off to a slow start and the City perhaps paid commission on City generated sales. He noted that changes have been made over time to address that issue. He stated that the City should be willing to pay for services rendered when there is a need. He stated that selling land is a huge priority for him. He believed that this agreement meets all the needs of the City.

Chairperson Steffen agreed that he also likes the split of CBRE handling COR properties and the City handling properties outside The COR. He noted that he believes the six-month contract provides flexibility.

Motion by Member Kanaventi, seconded by Member Kuzma, to recommend to City Council to approve the draft contract dated May 2, 2019.

Further discussion: Economic Development Manager Sullivan noted that he would ensure the contract language is changed to specify six months. Mr. Pankratz stated that the contract could be structured for six months or could be written that after six months the contract could be canceled with 30-day notice but could run through one year. Economic Development Manager Sullivan stated that he would recommend a six-month period. Member Riley asked if the paragraph 6. in question should be restructured. Economic Development Manager Sullivan noted that he could have the City Attorney review that language to ensure that the concerns were addressed relating to City generated leads.

Motion by Member Riley, seconded by Member Kuzma, to amend the motion to recommend to City Council to approve the draft contract dated May 2, 2019, pending a review of the language related to exclusive clause 6, pending City Attorney review.

Motion carried. Voting Yes: Chairperson Steffen, Members Riley, Kuzma, and Kanaventi.
Voting No: Member Hardin. Absent: Members Berg and Burandt.

5. MEMBER / STAFF UPDATE

Economic Development Manager Sullivan provided an update on a recent conference that he attended. He indicated he made many contacts with restaurant and retailers. He received positive feedback from retailers and restaurants he met with regarding the City marketing materials.

6. ADJOURNMENT

Motion by Member Hardin, seconded by Member Steffen, to adjourn the meeting.

Motion carried. Voting Yes: Chairperson Steffen, Members Hardin, Kanaventi, Kuzma, and Riley. Voting No: None. Absent: Members Berg and Burandt.

The regular meeting of the Economic Development Authority adjourned at 8:27 a.m.

Respectfully submitted,

Sean Sullivan
Economic Development Manager

ATTEST:

Wendy Schlueter
Economic Development Administrative Assistant

Draft by Amanda Staple
TimeSaver Off Site Secretarial, Inc.



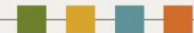
EHLERS
LEADERS IN PUBLIC FINANCE

Training Camp: TIF 101 & Tax Abatement

Rebecca Kurtz – Ehlers
Mary Ippel -- Briggs

COPY OF REGULAR AGENDA CASE

February 1, 2018



Session Outline

- Basics of Tax Increment
 - Framework of a District
 - Types of Districts
 - Uses of TIF
- Basics of Tax Abatement

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Basics of Tax Increment

Minnesota Statutes 469.174 – 469.1794

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What is TIF?

Tax Increment Financing (TIF):

The ability to capture and use **most** of the increased local property tax revenues from **new development** within a **defined geographic area** for a **defined period of time** without approval of the other taxing jurisdictions.

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Why use TIF?

- Encourage certain types of development or redevelopment that would not normally occur without assistance (“but for” test)
 - Create or retain jobs
 - Redevelop blighted areas
 - Remediate polluted sites
 - Construct affordable housing

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Building Blocks of TIF

There is a starting property value in the TIF District when it is created (also called “base value”)

Original Tax Capacity



Tax revenues go to all local units of government

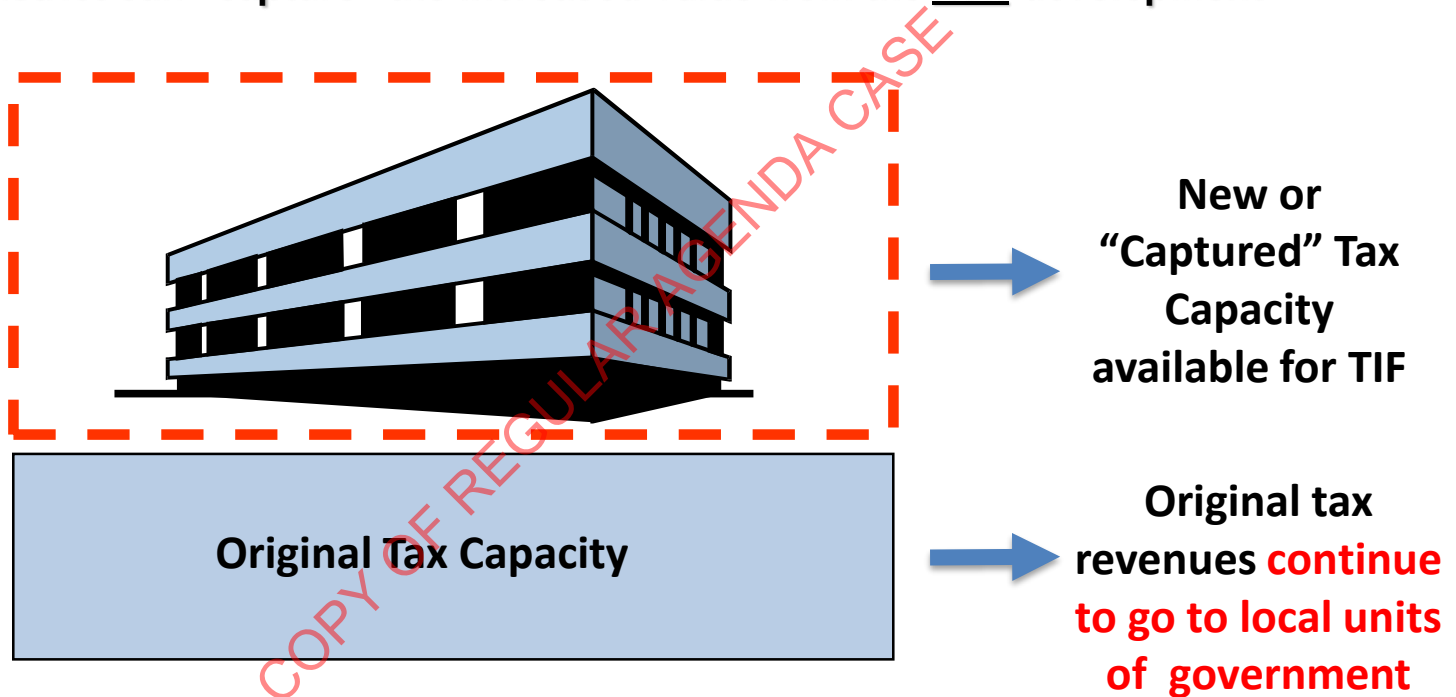
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Building Blocks of TIF

Development Occurs = New Tax Capacity

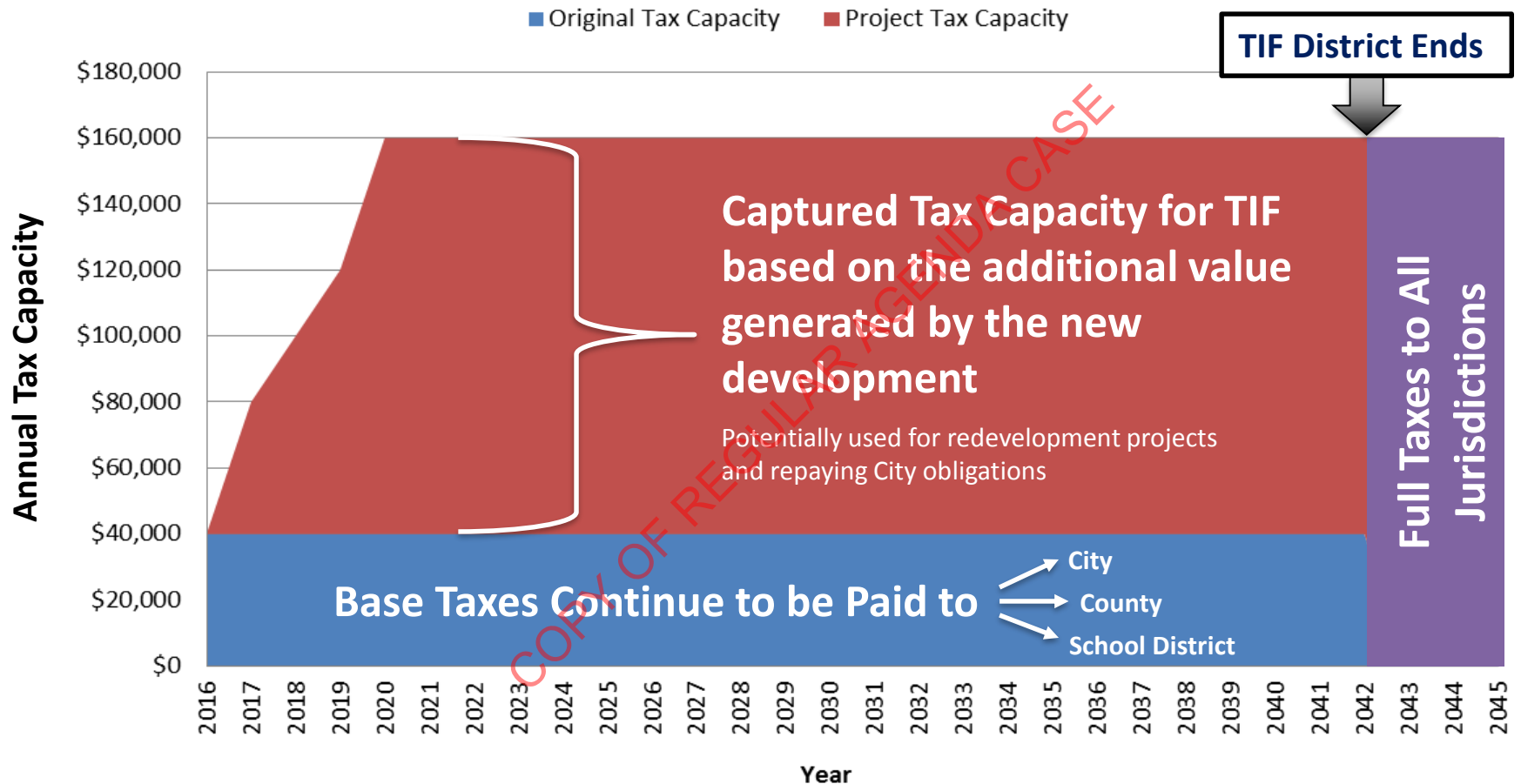
TIF District can “capture” the increased value from the new development



$$\text{TIF} = \text{Captured Tax Capacity} \times \text{Tax Rate}$$

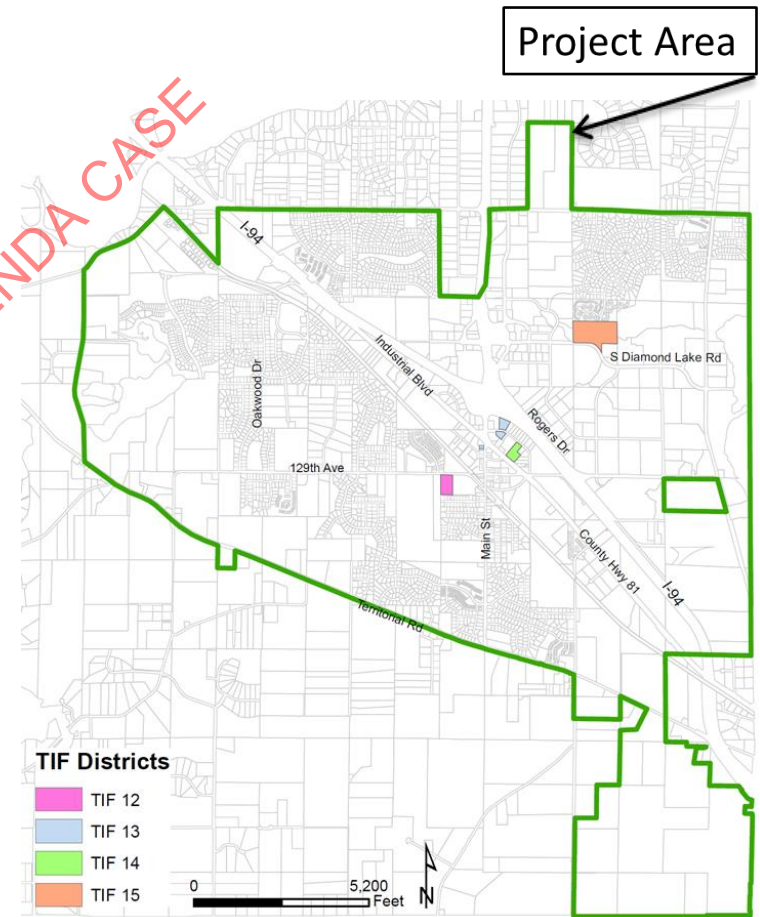


TIF Example (26 year district)



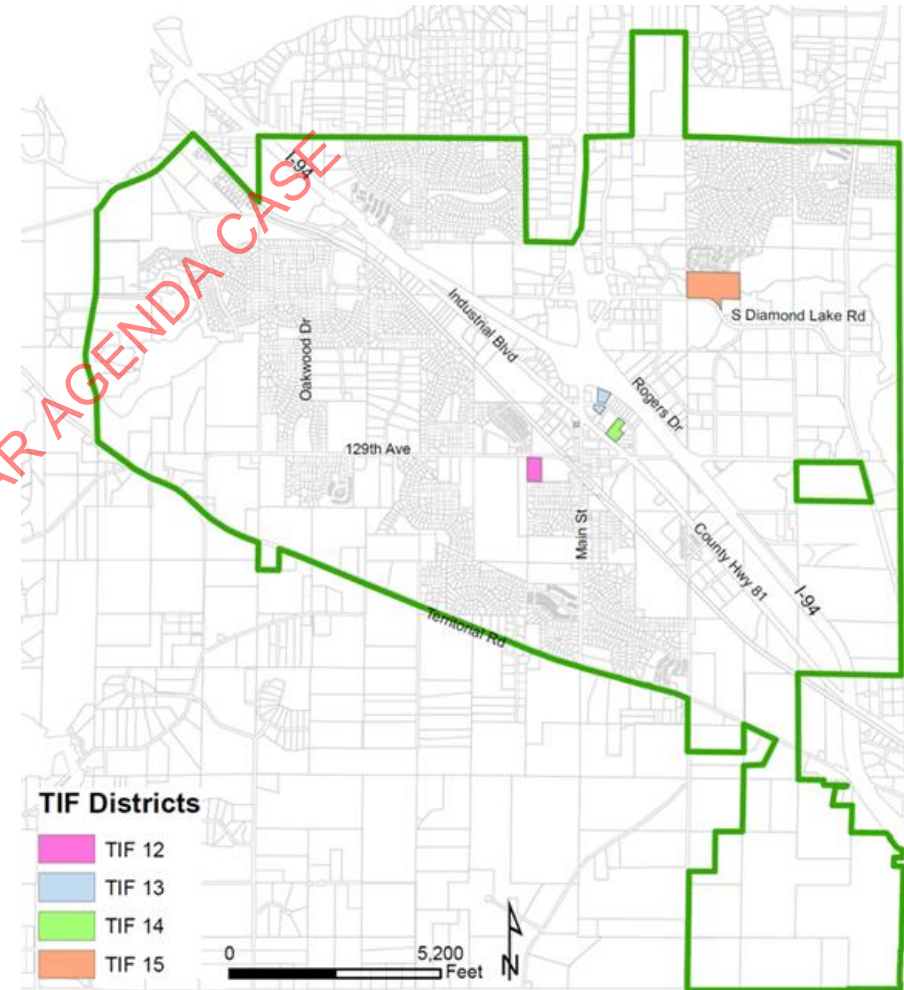
Project Area: Where increment may be spent

- TIF Districts must be located in a Project Area or Development District
- Multiple TIF Districts can be in a Project Area
- Increment can be spent outside a TIF District in Project Area (aka “pooling”)



TIF District: Where increment is collected

- Defines parcels whose increased value will be captured
- Parcels do not have to be contiguous, but usually are
- Must meet criteria in State law for type of District being established



TIF District Approval

- Can be established by City, EDA, HRA or County
- TIF Plan and Project Area Plan
 - Set forth policy objectives
 - Provide maximum budget authority for TIF revenues and expenditures
- Must have approval of elected officials following public hearing

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Types of Districts

Purpose	Type of District	Max. Term
Redo substandard / obsolete buildings	Redevelopment	26
	Renovation & Renewal	16
Affordable housing	Housing	26
	Economic Development - Workforce Housing	9
Job & tax base creation	Economic Development	9



Economic Development

- At least 85% of new building space must be:
 - Manufacturing
 - Warehousing, storage, distribution
 - Research and development
 - Telemarketing
 - Space necessary and related to the above



How can increment be spent?

- Must meet policy objectives in TIF Plan
- Must be in TIF Plan Budget



How can increment be spent?

- Must be costs associated with new development:
 - Land Acquisition
 - Demolition and Relocation
 - Site improvements
 - Utilities, Streets, Sidewalks
 - Environmental Clean-up
 - Parking
 - Buildings
 - Administration

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“But For” Test

- The development is only possible *but for* the use of tax increment
- Elected body has to make this finding

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Common Financing Options

- Pay-as-you-go Note
 - Developer funds eligible expenses
 - Authority repays developer with interest over time from available TIF / abatement
 - Minimal risk to authority
- General Obligation Bonds
 - Authority issues bonds to fund eligible expenses
 - Debt service paid with TIF / abatement
 - IF TIF / abatement < debt service, authority is required to cover the gap

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EHLERS

LEADERS IN PUBLIC FINANCE

**Rebecca Kurtz
Ehlers**

(651) 697-8516
rkurtz@ehlers-inc.com

**Mary Ippel
Briggs & Morgan**

(612) 977-8122
mippel@briggs.com

COPY OF REGULAR AGENDA CASE



Meeting Date: 06/25/2019

Information

Title:

2020 Budget Direction

Purpose/Background:

The purpose of this meeting is to review the budget calendar, to receive Council input/direction on the 2020 budget process, and to review strategic priorities as outlined in the 2019 Strategic plan that may have 2020 budget impacts.

The City's adopted 2020 budget calendar calls for the 2020 preliminary levies and budget to be presented to the City Council at work sessions beginning July 9. The City annually adopts a preliminary levy that consists of the General Fund levy, Economic Development Authority (EDA) levy and the debt service levy. Council work sessions will continue up to the preliminary levy/budget adoption on September 24, 2019 and the final adoption of the budget/levy in December 2019.

Attached is a copy of the budget calendar, the current Strategic Plan. It is recommended that the Council and staff prioritize 2020 operational activities to provide staff direction in regard to the preparation of the 2020 draft budget. Results of a Council survey of priorities will be reviewed at this time.

Timeframe:

30-45 minutes

Funding Source:

Responsible Party(ies):

City Administrator
Finance Director

Outcome:

Review the calendar for preparation of the 2020 budget, and to provide direction on the strategic priorities prior to the preparation of the 2020 General Fund Budget.

Attachments

2020 Budget Calendar

Adopted Strategic Plan

Survey Results

Form Review

Inbox	Reviewed By	Date
Kurt Ulrich	Kurt Ulrich	06/20/2019 02:09 PM
Form Started By: Diana Lund		Started On: 06/17/2019 11:13 AM
Final Approval Date: 06/20/2019		

Councilmember Shryock introduced the following resolution and moved for its adoption:

RESOLUTION #19-009

RESOLUTION APPROVING THE CITY OF RAMSEY'S 2020 BUDGET CALENDAR

WHEREAS, the Ramsey City Charter states that a budget calendar shall be established annually by resolution; and

WHEREAS, the City of Ramsey's Finance Committee recommends the Council adopt the following calendar:

- January 8 Council adopts the 2019 Budget Calendar.
- January 14 –
February 22 City Council and Staff Leadership Team meet to Review and Develop a Three-Year Strategic Action Plan.(Current Plan goes through 2018, amendments only)
- April 22 Finance Director to distribute 2020 Cost Center Budget Worksheets to Department Heads and supervisors. Worksheets include actual expenditures for 2016, 2017, 2018, 2019-year-to-date and adopted 2019 budget.
- April 22 Finance Director to distribute listing of fixed assets as of December 31, 2018 to Department Heads and supervisors for review including item existence, accuracy, replacement values and number of years remaining in useful life.
- April 22 Finance Director to distribute current Schedule of Rates, Fees and Charges to staff.
- April 22 City Administrator to distribute most recent version of goals, objectives and 3-year departmental plans to Department Heads and supervisors.
- May 20 Department Heads and supervisors to submit completed budget worksheets and accompanying justifications to the Finance Director.
- May 20 Department Heads and supervisors to return listing of fixed assets to the Finance Director with any corrections noted.
- May 20 Staff to return Schedule of Rates, Fees and Charges to the Finance Director with recommendations for 2019 amendments noted.
- May 20 Department Heads and supervisors to submit goals, objectives and 3-year departmental plans to the City Administrator.
- June 17-June 28 City Administrator and staff work sessions on the preliminary 2020 budget.
June 24 City Administrator to distribute preliminary goals, objectives and 3-year departmental plans for staff work sessions.

- July 9 Finance Director and City Administrator submit preliminary budget to the City Council.
- July 30 Department of Revenue certifies LGA amounts to all cities with populations over 2,500 and those receiving LGA.
- August 15 Counties notify cities of the dates, which school districts, metropolitan special districts, and the county have selected for 2019 Truth in Taxation Hearings.
- August 1 - September 6 Final Budget Work sessions before adoption of proposed budget/levy.
- August 12 Department Heads and supervisors to submit items to be included in the 2020-2029 Capital Improvement Program.
- August 19 August 23 Staff work sessions to review goals, objectives and 3-year departmental plans.
- September 10 or 24 Staff recommends a 2020 Proposed Municipal Budget; 2019 Levy, Payable 2020, Proposed Municipal Levy to the City Council.
- September 10 or 24 City Council adopts the 2020 Proposed Municipal Budget; 2019 Levied Payable 2020 Proposed Municipal Levy and sets the 2019 hearing dates for the 2020 Budget Public Hearing(s).
- September 27 City certifies 2020 Proposed Municipal Budget; 2019 Payable 2020 Proposed Municipal Levy and 2020 Budget Public Hearing date.
- September/October Council work sessions as needed.
- Sept 9-Sept 20 City Council work sessions on 2020 Goals, Objectives and 3-Year Departmental Plans.
- October 22 City Council review and adopt 2020-2029 Capital Improvement Program.
- November 4-22 County mails notice of proposed property taxes for payable 2020.
- November 27 City Council to review and adopt the 2019 Schedule of Rates, Fees and Charges.
- November 26 2020 Goals, Objectives and 3-Year Departmental Plans submitted to City Council for adoption.
- November 30 - December 28 Public Hearing(s) on Final 2020 Municipal Budget and Levy
- December 10 Adopt 2020 Municipal Budget and Final 2019, Payable 2020 Levy

December 31

Final levy certification to County auditor and certification of compliance with Truth in Taxation requirements to the Department of Revenue.

NOW THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF RAMSEY, COUNTY OF ANOKA, STATE OF MINNESOTA, as follows:

- 1) That the City Council of Ramsey hereby approves the 2020 Budget Calendar.

The motion for the adoption of the foregoing resolution was duly seconded by Councilmember Kuzma, and upon vote being taken thereon, the following voted in favor thereof:

Mayor LeTourneau
Councilmember Shryock
Councilmember Kuzma
Councilmember Heinrich
Councilmember Musgrove
Councilmember Riley

and the following voted against the same:

None

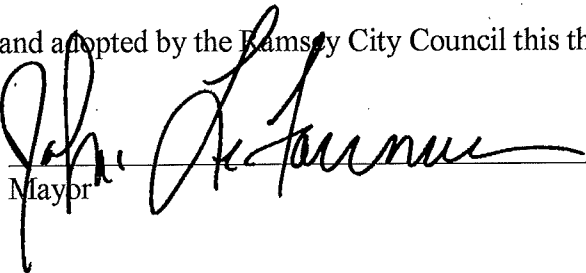
and the following abstained:

None

and the following were absent:

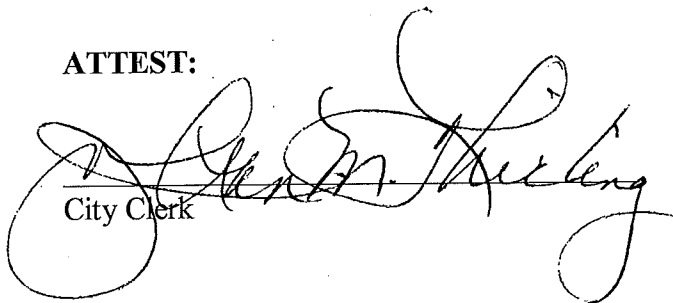
Existing Vacancy

Whereupon said resolution was declared duly passed and adopted by the Ramsey City Council this the 8th day of January, 2019.



Mayor

ATTEST:



City Clerk

Strategic Plan Update

2019 Update – May 28 Version

ABOUT RAMSEY

Ramsey is a suburban city located in the northwestern part of Anoka County, with a population of approximately 26,500. Two rivers dominate its borders, the Rum River and the Mississippi River.

The first settlement in Ramsey began because of trading along the banks of the Mississippi. Many settlers came here on a steamboat called *The Governor Ramsey* named after our first territorial governor, from which the City reportedly acquired the name.

Only a few of the first houses and structures built in Ramsey remain today. The most notable structure of historic significance is on the National Register of Historic Places, the Old Ramsey Town Hall, located west of Highway 47 (Saint Francis Boulevard) just north of County Road 116 (Bunker Lake Boulevard). This 19th century structure was originally used as a schoolhouse. The building is a community landmark and the City is working on a long term plan for the structure.

Two school districts now serve Ramsey - Elk River #728, and Anoka-Hennepin #11. Students from both districts regularly exceed the state average on the Minnesota Basic Standards in math, reading, and writing, and score well above the national average on college entrance exams.

Many people have chosen to live in Ramsey because of its rural character, wetlands, wildlife, parks, recreation and the housing choices. Ramsey is a mixture of farms, large-lot single family, urban single-family, and multi-family with a range of prices that appeals to a wide variety of families and individuals. The City is expected to grow by approximately 10,000 people over the next 20 years. Economic Development continues to be a priority for our City. With nearly 7,000 employees working in Ramsey everyday, new industrial and retail growth may add an additional 5,000 employees over the next 20 years. We are proud of our commitment to attract economically and environmentally sound commercial development.

Ramsey is committed to manage future growth to provide a high quality of life, enhanced employment opportunities and a stable tax base. Looking ahead, our city is working toward retail and commercial growth that includes restaurants, shopping, entertainment and additional employment opportunities.

Please note: this document is a work in progress. Staff is still working on final formatting. Please focus on content over formatting at this stage.

VALUES

Ethics and Integrity

Fiscal Responsibility

Cooperation and Teamwork

Open and Honest Communications

Excellence and Quality in the Delivery of Service

Treating People with Respect and Fairness

Adaptability and Continuous Learning

VISION

Ramsey will be a secure, citizen-driven, collaborative community that respects the balance and connectivity between its unique urban, rural and natural environments.

MISSION

To work together to responsibly grow our community and to provide quality, cost-effective and efficient government services.

OBJECTIVES

Financial Stability

A Balance of Rural Character and Urban Growth

An Active and Connected Community

Smart, Citizen-Focused Government

An Effective Organization

STRATEGIES

Identify and implement operational efficiencies, cost savings and additional funding sources.

Promote economic growth and development.

Create a positive image for residential neighborhoods, business districts and key corridors.

Enhance Community Engagement in policy decision-making processes.

Strengthen and enhance our identity and brand.

Improve the safety and mobility of transportation corridors.

Connect the community both physically and socially to destinations, services and activities.

Enhance customer service through process improvements.

Enhance sustainability and efficiency through public facilities and infrastructure investments.

Improve City's communication.

Improve and sustain high organizational morale.

Strive to reflect the demographics of the community.

ACTION PLAN

Action	Timeframe	Resources	Key Outcomes and Indicators	Responsible Party
Strategy: Identify and implement operational efficiencies, cost savings and additional funding sources.				
1. Complete a Road Maintenance Funding Study and Public Engagement/Education Process.	Q3 2019	Existing Staff WSB Contact Budget Impact = Medium	Updated policy on appropriate funding for long term maintenance of local roads. Results will influence future decision on road funding.	Bruce Westby
2. Implement a Road Maintenance Funding Program.	Q1 2020	Budget Impact = Medium	Retain existing program or choose a new program.	Diana Lund
3. Identify and improve one organizational workflow process.	2019	Budget Impact = Low	Experienced cost savings as a result of improved workflow. Example: Purchasing Policy	Kurt Ulrich
4. Create an Alternative Funding Toolkit.	2019	Budget Impact = Low	List of potential funding sources for capital improvements. Improved funding partnership and successful capital projects.	Diana Lund
5. Evaluate Asset Management Options for Public Infrastructure.	2019	Budget Impact = Low RCP Report	Improved tracking of roads, utilities, etc. More efficient utilization of personnel resources.	Bruce Westby
Strategy: Promote economic growth and development.				
6. Expand Business Retention and Expansion efforts.	2019	Existing Staff: Budget Impact = Low	Stable base of local employers, representing the largest opportunity for future growth of jobs and tax base. Increase the number of business visits. Improve the quality and attendance at EDA events.	Sean Sullivan
7. Expand recruitment process to secure new commercial (retail) users.	2019	Existing Staff: Real estate broker Budget Impact = Low RCP Report	Continued growth of jobs, tax base, and services. 5,000 square feet of new retail space.	Sean Sullivan
8. Expand recruitment process to secure new industrial users.			Continued growth of jobs, tax base, and services. 50,000 square feet of new industrial space.	
9. Complete Comprehensive Housing Study and recruit new residential neighborhoods.	Q3 2019	Existing Staff: Budget Impact = Medium RCP Report	Plan for market relevant housing to jobs ratio (1 job per 1.5 household).	Tim Gladhill
Strategy: Create a positive image for residential neighborhoods, business districts and key corridors.				

Action	Timeframe	Resources	Key Outcomes and Indicators	Responsible Party
10. Create baseline metrics to track and evaluate effectiveness of changes to Code Enforcement Program and use to track future trends.	Q4 2019	Existing Staff: Budget Impact = Low	Reduced blight and public nuisance. Improved responsiveness of neighborhood concerns. Improved empathy to private property rights and complex regulations. Improved aesthetics and reduced blight along Highway 10 and Highway 47.	Tim Gladhill
11. Create a coalition of local multifamily (apartments, condos, etc.) property managers.	2019	Budget Impact = Low RCP Report	Ensure that multifamily properties maintain high quality. Consider HOAs	Chloe McGuire Brigl
Strategy: Enhance Community Engagement in policy decision-making processes.				
12. Create Public Engagement Toolkit/Manual.	Q1 2020	Existing Staff: Budget Impact = Low RCP Report	New and improved engagement with the community on all key policy topics.	Tim Gladhill
Strategy: Strengthen and enhance our identity and brand.				
13. Complete a feasibility study for a future Postal Facility to obtain a Ramsey ZIP Code.	2020	Existing Staff Budget Impact = Medium RCP Report (community identity)	ZIP Code will identify itself as Ramsey. Take a step forward in achieving a Ramsey ZIP Code. Seek third-party funding to assist.	Kurt Ulrich
14. Install and/or replace signs at Highway 10/Ramsey Boulevard, Highway 10/Rail Station.	Q3 2019	Budget Impact = Medium to High RCP Report	Unified community brand for key nodes.	Chloe McGuire Brigl
15. Develop a plan for Historic Town Hall.	Q3 2019	Budget Impact = Low RCP Report	Adaptive reuse and tax base generation of historic town hall. Consider other buyers.	Kurt Ulrich
Strategy: Improve the safety and mobility of transportation corridors.				
16. Complete County Road 5 Corridor Study.	Future Parking Lot List Revisit adding	Budget Impact = Medium	Unified vision for Nowthen Boulevard. Improved safety and reduced congestion.	Bruce Westby
17. Complete State Highway 47 Study Update.	Q1 2020	Existing Staff: Budget Impact = Medium	Unified vision for Highway 47. Improved safety and reduced congestion.	Bruce Westby
18. Complete the Ramsey Gateway Study.	Q4 2019	Existing Staff/Resources Budget Impact = High RCP Report	Unified vision for Highway 10. Improved safety and reduced congestion.	Tim Gladhill

Action	Timeframe	Resources	Key Outcomes and Indicators	Responsible Party
Strategy: Connect the community both physically and socially to destinations, services, and activities.				
19. Complete the Master Parks and Trail Plan/Capital Improvement Program Update.	2019	Existing Staff/Resources Budget Impact = Medium RCP Report	Adequate parks, trails and public spaces, both future and existing. Unique recreation destinations.	Mark Riverblood
20. Update Recreation Programming Work Plan	2019	Budget Impact = Low	Deliver a diversity of programs that finds a balance of revenue and access.	Mark Riverblood
Strategy: Enhance customer service through process improvements.				
21. Complete snow removal study and alternatives analysis.	2019	Budget Impact = Low	Ensure process and staffing for snow removal meets community expectations.	Grant Riemer
Strategy: Enhance sustainability and efficiency through public facilities and infrastructure investments.				
22. Complete Regional Surface Water Supply Feasibility Study.	Q1 2020	Study funded by Metropolitan Council. Budget Impact = Low	Adequate supply of water to supply community's future vision. Ensure that groundwater is the most appropriate source for the future.	Bruce Westby
23. Explore Water Supply Treatment Options			Reduce levels of manganese in municipal water supply.	
24. Complete Plans and Specifications for Future Public Works Campus.	2019	Budget Impact = High	Adequate space to effectively maintain public infrastructure. Savings of time and money in operational efficiencies.	Grant Riemer
25. Consider smart irrigation rebate program.	2019	Budget Impact = Medium	Reduced demand on public water supply and avoid/delay of infrastructure investments.	Chris Anderson
Strategy: Improve City's communication.				
26. Update Communications Plan.	2019	Existing Staff Budget Impact = Low RCP Report	Improved external communication. Provide more information of interest to residents in multiple formats. New and more effective ways to reach the community, including but not limited to social media. Talking Points for Key Projects. Policy, process, and timing for communicating key topics. Improved administration of Ramsey Resident Newsletter.	Megan Thorstad
27. Enhance Employee Intranet.	Q4 2019	Budget Impact = Low	Enhanced access for personnel policies and resources for existing and future Councilmembers, Employees, and Commissioners. Improved internal communication.	Colleen Lasher

Action	Timeframe	Resources	Key Outcomes and Indicators	Responsible Party
Strategy: Improve and sustain high organizational morale.				
This remains a high priority for the community and is addressed in multiple actions above.				
Strategy: Strive to reflect the demographics of the community.				
This remains a high priority for the community and is addressed in multiple actions above.				

Budget Impact Key; Low = Existing Staff/thousands of dollars; Medium = Additional Staff/Consultants/tens of thousands of dollars; High = capital improvement/hundreds of thousands of dollars.

RCP Report = Partnership with the University of Minnesota completed in 2018. This partnership created a library of resources and policy alternatives. A full list of completed reports can be found online at rcp.umn.edu/ramsey-projects.

PARKING LOT LIST

Action	Strategy
Complete a Development Fee Impact Study.	Identify and implement operational efficiencies, cost savings and additional funding sources.
Complete Comprehensive Streetscape and Greenway Manual.	Create a positive image for residential neighborhoods, business districts and key corridors.
Complete Neighborhood Plans for Pearson Properties and Makowsky Farms.	Create a positive image for residential neighborhoods, business districts and key corridors.
Remodel 2 nd Floor of City Hall for additional collaboration and meeting space.	Enhance Community Engagement in policy decision-making processes.
Complete a Fire Department Duty Crew Analysis.	Enhance customer service through process improvements.
Complete Organization Staffing Plan.	Improve and sustain high organizational morale.

CULTURE

- Utilize Strategic Plan to prioritize budget requests.
- Leverage additional funding sources.
- Seek grants to do high priority projects.
- Seek public and private partnerships.
- Improve Park and Recreation revenue through user fees and sponsorships.
- Provide adequate public safety staffing based upon common metrics (i.e., calls for service, time of day caseload, land use and population, citizen expectations).
- Continue Staff Recognition Programs.
- Increase awareness of various employee resources.

City of Ramsey 2020 Budget Survey – Strategic Priorities

This survey asked the City Council to complete a two-part survey to aide in preparation of the 2020 Budget. Part 1 included questions intended to clarify the Council’s prioritization of specific action for 2020 found in the Strategic Plan. Part 2 intended to clarify the priority of the Council’s strategic level items.

Part 1 – Task Level Actions of the Strategic Plan

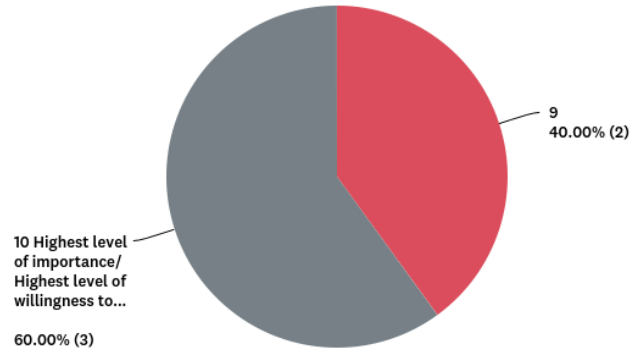
Part 1 asked Councilmembers to rank each individual action item (medium to high cost in 2020) in terms of level of importance and willingness to invest needed resources. A score of ‘1’ represents ‘Least level of importance/Least level of willingness to invest needed resources. A score of ‘10’ represents ‘Highest level of importance/Highest level of willingness to invest needed resources.

Part 1 - Executive Summary

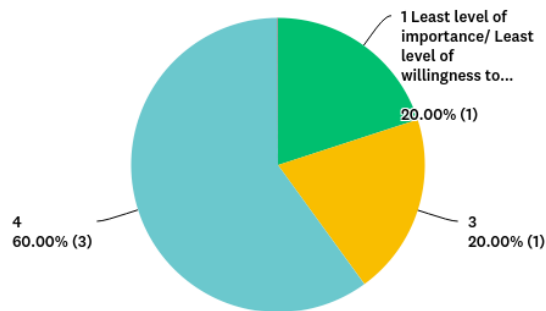
Action Item	Score
Implement a reliable, dedicated Pavement Management Funding Program.	10
Complete Plans and Specifications for Future Public Works Campus	8
Study Water Treatment Options.	7
Complete State Highway 47 Corridor Study.	6
Complete County Road 5 Corridor Study.	5
Implement smart irrigation controls rebate program to help reduce water consumption.	4
Complete a feasibility study for a future Postal Facility to obtain a Ramsey ZIP Code.	3

Part 1 – Distribution of Responses

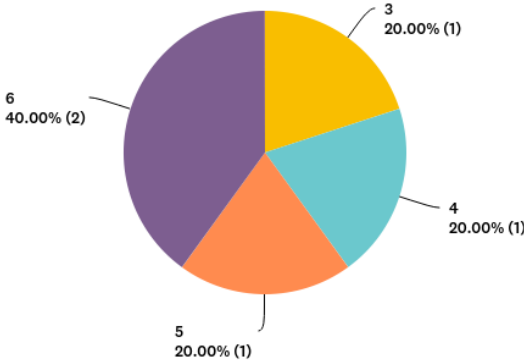
Q2 Implement a reliable, dedicated Pavement Management Funding Program



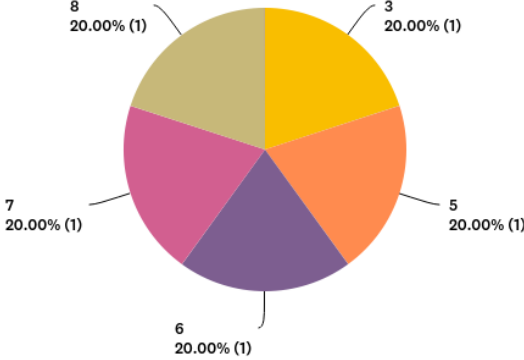
Q3 Complete a feasibility study for a future Postal Facility to obtain a Ramsey ZIP Code



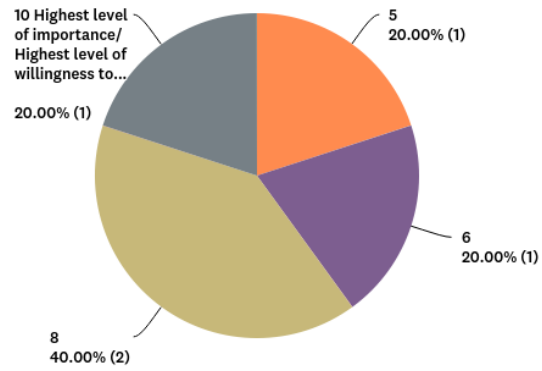
Q4 Complete County Road 5 Corridor Study



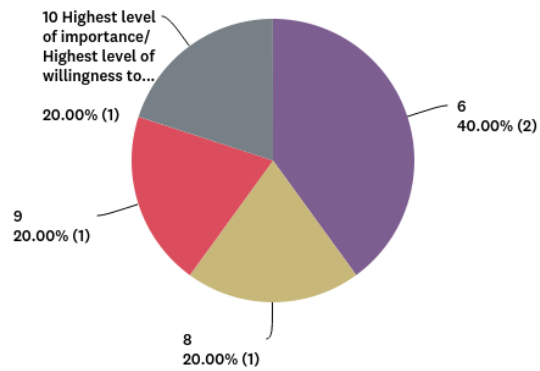
Q5 Complete State Highway 47 Corridor Study



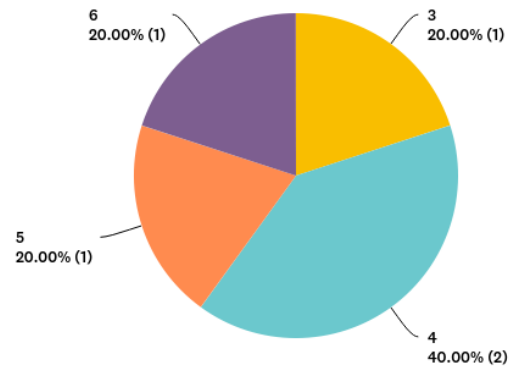
Q6 Study Water Supply Treatment Options



Q7 Complete Plans and Specifications for Future Public Works Campus



Q8 Implement smart irrigation controls rebate program to help reduce water consumption.



Part 2

Part 2 asked Councilmembers to prioritize 16 strategic priorities. This step did not rank individual strategic priorities in terms of level of importance and willingness to invest needed resources. The intent of these responses were to help reconcile task level action and provide clarity to the desired outcomes of task level actions. Additionally, this step helped to determine if there were any missing priorities for 2020 within the Strategic Plan.

Strategic Priority	Score
Road Maintenance	16
Police and Fire Services	14
Economic Development	13
Transportation Plans and Corridor Plans	13
Water Treatment Plan	11
Park Facilities	9
Park Maintenance	9
Public Engagement	8
Code Enforcement/Neighborhood Image	7
City Communication with Residents	7
Small Area Planning/Neighborhood Planning	6
City Communication with Business Owners	6
Ramsey Identity and Brand	5
Recreation Programming	4
Recycling	4
Water Conservation	3

Additional Priorities

Below are a list of additional priorities suggested by Councilmembers as part of the survey.

- Succession planning
- Franchise Fee
- Decrease permit costs
- Sell land
- Continued support for Highway 10 efforts
- Repayment fund options
- Bring restaurants and shopping
- Public Works funding
- Future Staff Retirements – What that may look like.

Meeting Date: 06/25/2019

Information

Title:

Local Road Funding

Purpose/Background:

The purpose of this case is to update the Council with more information and research on local road funding. On June 11, information was discussed with the City Council and, after discussion, additional information is provided.

- A revised calculation to demonstrate that the franchise fees collected would be in line with road maintenance needs. Based upon this calculation, the franchise fee is proposed at \$6 per utility per month. A comparison of that fee to similar revenue collected via property tax is included.
- Attached is draft ordinance for discussion. If the ordinance is introduced, it could be modified as necessary based upon public discussion prior to final adoption.
- More information is below in regard to a local road funding study requested by the Charter Commission. The Charter Commission has asked for additional research regarding the use of franchise fees in Minnesota and other cold climate states for road maintenance. The University of Minnesota has submitted a proposal to consider the research in which the Charter Commission has expressed an interest. A summary of that study is below/

Local Road Funding Study**Preliminary methodology:**

Survey a list of 25 cities, selected at random (at least half outside the state of Minnesota) regarding how they manage local road funding and maintenance. A in depth investigation would be done on six cities. These six case studies would compare and contrast 2 for each type of funding mechanism--assessments, franchise fees and property tax. Survey results from the larger group of 25 cities would be combined into a matrix, and identify whether they use the property tax method, assessment method, franchise fees method, or alternative sources, or a combination of methods.

The franchise fee information would include a ratio comparison of each city's fee to that city's assessed tax levy on an average market valued residential property in that city (for example, average market valued residential property is \$220,000. Tax levy for city is \$1000 annually on \$220k value. Franchise fee imposed is \$5 monthly or \$60 annually. $\$60/\$1000 = 6\%$).

Research to include what other cities comparable in size and weather conditions are doing for road maintenance, repair and reconstruction (note: weather correlates to similar salt use/freeze-thaw conditions). Explore a range of solutions, not just focused on franchise fees as the solution.

Other information:

- Name of City (group by Metro and Non-metro, include a few from other cold weather states)
- Size of City: square miles/acres and population
- Miles of city roads maintained

Specific to Franchise Fees:

- What is the franchise fee dollar amount for single family residential? Commercial?
- How long has a franchise fee been in place?
- Does the fee have a dedicated use (e.g., road maintenance, parks, etc.)
- When was the last time the fee was raised?
- How often is the fee revised?
- Does the fee have a sunset provision? (i.e., does the fee automatically expire if the Council does not renew it)
- Does the fee have a cap on how much is collected (either individual or aggregate)?

Cost/timeline of Study

The University of Minnesota provided the following options for completing the study:

Course matches: Standard RCP match with 1–2 courses or individual students doing a directed study for credit in fall 2019 and/or spring 2020. We think this may be a somewhat difficult project to match with a course, so there would be no guarantee of success (though you would pay nothing unless we succeed in finding an appropriate match). We might have better luck finding 1–2 individual students willing to do the project as an independent study. **Cost: \$5,000.**

Resilient Communities Fellow Team: This would be modeled on the Economic Development Fellows (EDF) program that worked with Patrick Brama on the business incubator project during our RCP partnership. One graduate student would be recruited and paid to lead a team of other *volunteer* graduate students to work on the project for no credit in the fall of 2019. Sarah Tschida or I would meet with the team lead weekly to ensure the project stays on track. Although we could more or less guarantee a match if we can recruit a team of interested students, all of the students besides the paid team lead would be working on the project for experience only, so they would have less invested in the project than students enrolled in a course and earning a grade for credit. **Cost: \$6,500**

Graduate Research Assistant: The best guarantee of a match with a suitable student is to advertise this as a research position for the fall, and hire a graduate student to complete the project for pay. We would post the position internally at the U of MN on a student employment website, help you to set up interviews with applicants that you are interested in considering for the position, and then hire (through the U of MN) the student you ultimately select. You or another staff person would need to directly supervise the student, though they would not need to work onsite in Ramsey (unless you want them to or the project necessitates this). CURA has other programs that operate on this model quite successfully, but both the cost and the time commitment involved in supervising the work are greater than with the other options. **Cost: \$9,000.**

Attached are the following documents:

- Summary of revenue generated against project costs
- Project costs summary
- Total revenue generated using rates of \$5-\$8
- \$6 Franchise Fee vs Property Tax
- Special Assessments Possible Reimbursement
- Elk River Rebate Payback schedule

Timeframe:

Funding Source:

N/A

Responsible Party(ies):

Kurt Ulrich

Outcome:

Action based upon discussion. Possible outcomes include the need for additional research, consensus to bring specific action to the Council for consideration, or to bring back to a future Council work session.

Attachments

FF Revenue

FF to Project Cost

Prop Tax vs FF

2020 2024 Capital Projects

Special Assessment Reimb

Elk River Rebate Study

Draft Electric FF Ord

Draft Gas FF Ord

Form Review

Inbox

Kurt Ulrich
Colleen Lasher
Kurt Ulrich
Kurt Ulrich
Form Started By: Jo Thieling
Final Approval Date: 06/20/2019

Reviewed By

Kurt Ulrich
Colleen Lasher
Kurt Ulrich
Kurt Ulrich

Date

06/05/2019 10:00 AM
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06/06/2019 03:55 PM
06/20/2019 04:40 PM
Started On: 06/04/2019 04:41 PM

USING \$5 Residential

Centerpoint					Connexus Energy					Anoka Municipal					TOTALS
Rate Class	# of Accounts	Flat Rate Fee per Month	# months	Franchise Fee Revenue (Yearly)	Rate Class	# of Accounts	Flat Rate Fee per Month	# months	Franchise Fee Revenue (Yearly)	Rate Class	# of Accounts	Flat Rate Fee per Month	# months	Franchise Fee Revenue (Yearly)	
Residential	8,967	5.00	12	\$538,020	Residential	9,143	5.00	12	\$548,580	Residential	230	5.00	12	\$13,800	\$1,086,600
Lower res because single gas meter in apt's															
Based on Monthly Therm Usage															
Com - A (Up to 1500 Therms)	268	7.00	12	\$22,512	Small Commercial/Industrial-Demand	195	45.00	12	\$105,300	Small Commercial/Industrial-Demand	4	45.00	12	\$2,160	\$105,300
Com/Ind-B (1,500-1-4,999 therms)	151	20.00	12	\$36,240	Small Commercial/Industrial-Non-Demand	226	7.00	12	\$18,984	Small Commercial/Industrial-Non-Demand	50	7.00	12	\$4,200	\$45,696
Com/Ind-C (5,000 plus therms)	106	70.00	12	\$89,040	Institutional (Schools)	2	210.00	12	\$5,040	Large Commercial/Industrial	20	210.00	12	\$50,400	\$91,680
SVDF - A (Up to 120,000 therms)	4	148.00	12	\$7,104	Large Commercial Industrial	7	210.00	12	\$17,640					\$106,680	
SVDF - B (greater than 120,000 therms)	0	148.00	12	\$0										\$7,104	
LVDF	3	800.00	12	\$28,800										\$28,800	
TOTAL	9,499			\$721,716	TOTAL	9,573			\$695,544	TOTAL	304			\$70,560	\$1,471,860

*** Rate Class Key:**

SVDF = Small Volume Dual Fuel
 LVDF = Large Volume Dual Fuel

Com=Commercial
 Com/Ind = Commercial/Industrial

USING \$6 Residential

Centerpoint					Connexus Energy					Anoka Municipal					TOTALS
Rate Class	# of Accounts	Flat Rate Fee per Month	# months	Franchise Fee Revenue (Yearly)	Rate Class	# of Accounts	Flat Rate Fee per Month	# months	Franchise Fee Revenue (Yearly)	Rate Class	# of Accounts	Flat Rate Fee per Month	# months	Franchise Fee Revenue (Yearly)	
Residential	8,967	6.00	12	\$645,624	Residential	9,143	6.00	12	\$658,296	Residential	230	6.00	12	\$16,560	\$1,303,920
Lower res because single gas meter in apt's															
Based on Monthly Therm Usage															
Com - A (Up to 1500 Therms)	268	8.00	12	\$25,728	Small Commercial/Industrial-Demand	195	45.00	12	\$105,300	Small Commercial/Industrial-Demand	4	45.00	12	\$2,160	\$105,300
Com/Ind-B (1,500-1-4,999 therms)	151	20.00	12	\$36,240	Small Commercial/Industrial-Non-Demand	226	8.00	12	\$21,696	Small Commercial/Industrial-Non-Demand	50	8.00	12	\$4,800	\$52,224
Com/Ind-C (5,000 plus therms)	106	70.00	12	\$89,040	Institutional (Schools)	2	210.00	12	\$5,040	Large Commercial/Industrial	20	210.00	12	\$50,400	\$91,680
SVDF - A (Up to 120,000 therms)	4	148.00	12	\$7,104	Large Commercial Industrial	7	210.00	12	\$17,640					\$106,680	
SVDF - B (greater than 120,000 therms)	0	148.00	12	\$0										\$7,104	
LVDF	3	800.00	12	\$28,800										\$28,800	
TOTAL	9,499			\$832,536	TOTAL	9,573			\$807,972	TOTAL	304			\$73,920	\$1,695,708

* Rate Class Key:
 SVDF = Small Volume Dual Fuel Com=Commercial
 LVDF = Large Volume Dual Fuel Com/Ind = Commercial/Industrial

USING \$7 Residential

				Connexus Energy				Anoka Municipal							
# of Accts Estimated-did not provide counts															
Rate Class	# of Accounts	Flat Rate Fee per Month	# months	Franchise Fee Revenue (Yearly)	Rate Class	# of Accounts	Flat Rate Fee per Month	# months	Franchise Fee Revenue (Yearly)	Rate Class	# of Accounts	Flat Rate Fee per Month	# months	Franchise Fee Revenue (Yearly)	TOTALS
Residential	8,967	7.00	12	\$753,228	Residential	9,143	7.00	12	\$768,012	Residential	230	7.00	12	\$19,320	\$1,521,240
Lower res because single gas meter in apt's															
Based on Monthly Therm Usage					Small Commercial/Industrial-Demand	195	45.00	12	\$105,300	Small Commercial/Industrial-Demand	4	45.00	12	\$2,160	\$105,300
Com - A (Up to 1500 Therms)	268	10.00	12	\$32,160	Small Commercial/Industrial-Non-Demand	226	10.00	12	\$27,120	Small Commercial/Industrial-Non-Demand	50	10.00	12	\$6,000	\$65,280
Com/Ind-B (1,500-1-4,999 therms)	151	20.00	12	\$36,240	Institutional (Schools)	2	210.00	12	\$5,040	Large Commercial/Industrial	20	210.00	12	\$50,400	\$91,680
Com/Ind-C (5,000 plus therms)	106	70.00	12	\$89,040	Large Commercial Industrial	7	210.00	12	\$17,640					\$106,680	
SVDF - A (Up to 120,000 therms)	4	148.00	12	\$7,104										\$7,104	
SVDF - B (greater than 120,000 therms)	0	148.00	12	\$0											
LVDF	3	800.00	12	\$28,800										\$28,800	
TOTAL	9,499			\$946,572	TOTAL	9,573			\$923,112	TOTAL	304			\$77,880	\$1,926,084

* Rate Class Key:
 SVDF = Small Volume Dual Fuel
 LVDF = Large Volume Dual Fuel
 Com=Commercial
 Com/Ind = Commercial/Industrial

USING \$8 Residential

USING \$8 Residential				Connexus Energy				Anoka Municipal				TOTALS			
# of Accts Estimated-did not provide counts															
Rate Class	# of Accounts	Flat Rate Fee per Month	# months	Franchise Fee Revenue (Yearly)	Rate Class	# of Accounts	Flat Rate Fee per Month	# months	Franchise Fee Revenue (Yearly)	Rate Class	# of Accounts	Flat Rate Fee per Month	# months	Franchise Fee Revenue (Yearly)	TOTALS
Residential	8,967	8.00	12	\$860,832	Residential	9,143	8.00	12	\$877,728	Residential	230	8.00	12	\$22,080	\$1,738,560
Lower res because single gas meter in apt's															
Based on Monthly Therm Usage					Small Commercial/Industrial-Demand	195	45.00	12	\$105,300	Small Commercial/Industrial-Demand	4	45.00	12	\$2,160	\$105,300
Com - A (Up to 1500 Therms)	268	11.00	12	\$35,376	Small Commercial/Industrial-Non-Demand	226	11.00	12	\$29,832	Small Commercial/Industrial-Non-Demand	50	11.00	12	\$6,600	\$71,808
Com/Ind-B (1,500-1-4,999 therms)	151	20.00	12	\$36,240	Institutional (Schools)	2	210.00	12	\$5,040	Large Commercial/Industrial	20	210.00	12	\$50,400	\$91,680
Com/Ind-C (5,000 plus therms)	106	70.00	12	\$89,040	Large Commercial Industrial	7	210.00	12	\$17,640					\$106,680	
SVDF - A (Up to 120,000 therms)	4	148.00	12	\$7,104										\$7,104	
SVDF - B (greater than 120,000 therms)	0	148.00	12	\$0											
LVDF	3	800.00	12	\$28,800										\$28,800	
TOTAL	9,499			\$1,057,392	TOTAL	9,573			\$1,035,540	TOTAL	304			\$81,240	\$2,149,932

* Rate Class Key:
 SVDF = Small Volume Dual Fuel Com=Commercial
 LVDF = Large Volume Dual Fuel Com/Ind = Commercial/Industrial

USING \$7.25 Residential

				Connexus Energy				Anoka Municipal							
<i># of Accts Estimated-did not provide counts</i>															
Rate Class	# of Accounts	Flat Rate Fee per Month	# months	Franchise Fee Revenue (Yearly)	Rate Class	# of Accounts	Flat Rate Fee per Month	# months	Franchise Fee Revenue (Yearly)	Rate Class	# of Accounts	Flat Rate Fee per Month	# months	Franchise Fee Revenue (Yearly)	TOTALS
Residential	8,967	7.25	12	\$780,129	Residential	9,143	7.25	12	\$795,441	Residential	230	7.25	12	\$20,010	\$1,575,570
Lower res because single gas meter in apt's															
Based on Monthly Therm Usage					Small Commercial/Industrial-Demand	195	45.00	12	\$105,300	Small Commercial/Industrial-Demand	4	45.00	12	\$2,160	\$105,300
Com - A (Up to 1500 Therms)	268	10.00	12	\$32,160	Small Commercial/Industrial-Non-Demand	226	10.00	12	\$27,120	Small Commercial/Industrial-Non-Demand	50	10.00	12	\$6,000	\$65,280
Com/Ind-B (1,500-1-4,999 therms)	151	20.00	12	\$36,240	Institutional (Schools)	2	210.00	12	\$5,040	Large Commercial/Industrial	20	210.00	12	\$50,400	\$91,680
Com/Ind-C (5,000 plus therms)	106	70.00	12	\$89,040	Large Commercial Industrial	7	210.00	12	\$17,640					\$106,680	
SVDF - A (Up to 120,000 therms)	4	148.00	12	\$7,104										\$7,104	
SVDF - B (greater than 120,000 therms)	8,967	148.00	12	\$15,925,392											
LVDF	3	800.00	12	\$28,800										\$28,800	
TOTAL	18,466			\$16,898,865	TOTAL	9,573			\$950,541	TOTAL	304			\$78,570	\$1,980,414

* Rate Class Key:
 SVDF = Small Volume Dual Fuel Com=Commercial
 LVDF = Large Volume Dual Fuel Com/Ind = Commercial/Industrial

Fee Per Utility*	Monthly Franchise Fee*	Year	Estimated Project Costs (Franchise Fee Portion Only) (See Chart**)		Franchise Revenue Generated	Franchise Fee Rebate****	Funds Remaining
\$5.00 per utility							
	\$ 10	2020	\$ (259,098)	***	\$ 1,471,860	\$ (40,443)	\$ 1,172,319
	\$ 10	2021	\$ (2,211,174)		\$ 1,471,860	\$ (40,443)	\$ 392,562
	\$ 10	2022	\$ (2,147,291)		\$ 1,471,860	\$ (40,443)	\$ (323,311)
	\$ 10	2023	\$ (2,522,422)		\$ 1,471,860	\$ (40,443)	\$ (1,414,316)
	\$ 10	2024	\$ (2,466,927)		\$ 1,471,860	\$ (40,443)	\$ (2,449,826)
\$6.00 per utility							
	\$ 12	2020	\$ (259,098)	***	\$ 1,695,708	\$ (44,343)	\$ 1,392,267
	\$ 12	2021	\$ (2,211,174)		\$ 1,695,708	\$ (44,343)	\$ 832,458
	\$ 12	2022	\$ (2,147,291)		\$ 1,695,708	\$ (44,343)	\$ 336,532
	\$ 12	2023	\$ (2,522,422)		\$ 1,695,708	\$ (44,343)	\$ (534,525)
	\$ 12	2024	\$ (2,466,927)		\$ 1,695,708	\$ (44,343)	\$ (1,350,087)
\$7.00 per utility							
	\$ 14	2020	\$ (259,098)	***	\$ 1,926,084	\$ (46,521)	\$ 1,620,465
	\$ 14	2021	\$ (2,211,174)		\$ 1,926,084	\$ (46,521)	\$ 1,288,854
	\$ 14	2022	\$ (2,147,291)		\$ 1,926,084	\$ (46,521)	\$ 1,021,126
	\$ 14	2023	\$ (2,522,422)		\$ 1,926,084	\$ (46,521)	\$ 378,267
	\$ 14	2024	\$ (2,466,927)		\$ 1,926,084	\$ (46,521)	\$ (209,097)
\$7.25 per utility							
	\$ 14.50	2020	\$ (259,098)	***	\$ 1,980,414	\$ (47,021)	\$ 1,674,295
	\$ 14.50	2021	\$ (2,211,174)		\$ 1,980,414	\$ (47,021)	\$ 1,396,514
	\$ 14.50	2022	\$ (2,147,291)		\$ 1,980,414	\$ (47,021)	\$ 1,182,616
	\$ 14.50	2023	\$ (2,522,422)		\$ 1,980,414	\$ (47,021)	\$ 593,587
	\$ 14.50	2024	\$ (2,466,927)		\$ 1,980,414	\$ (47,021)	\$ 60,053
\$8.00 per utility							
	\$ 16	2020	\$ (259,098)	***	\$ 2,149,932	\$ (48,609)	\$ 1,842,225
	\$ 16	2021	\$ (2,211,174)		\$ 2,149,932	\$ (48,609)	\$ 1,732,374
	\$ 16	2022	\$ (2,147,291)		\$ 2,149,932	\$ (48,609)	\$ 1,686,406
	\$ 16	2023	\$ (2,522,422)		\$ 2,149,932	\$ (48,609)	\$ 1,265,307
	\$ 16	2024	\$ (2,466,927)		\$ 2,149,932	\$ (48,609)	\$ 899,703

* Residential Rates only. Commercial/industrial are based on meter size

**See attached chart showing engineers estimate of project costs for years 2020-2024.

***First year of project cost has been reduced by \$202,000 which is the remaining 2013 excess road funds

****75% of eligible rebate

Possible Other Funding Sources (one-time funding):

Capital Maintenance Fund: \$835,000

Public Improvement Fund (PIR): Approximately \$2M not currently committed. Unknown is City's share for Hwy 10

\$1.696M per year additional for roads \$12mo Franchise Fee vs Property Taxes \$1,780,800 (+500k already allocated from property tax, add 5% to ff amount for uncollected taxes or if bond underwriting costs)

Value		**2019 levy amount	**2019 levy amount + additional \$1.780M road levy	Additional amount if Property Tax	Additional amount if "Franchise Fee"	difference between property tax vs franchise fee	franchise fee is this percentage of property tax to cover 1.545 million additional income		additional property tax for roads instead of franchise fee as percentage of 2019 levy	franchise fee as percentage of 2019 levy	# of Residential Properties that would pay more in franchise fees than property taxes
RESIDENTIAL VALUES:											
Res -\$150,000		\$ 1,215.16	\$ 1,305.66	\$ 90.50	\$ 144.00	\$ 53.50	159.12%	Everyone with a property value less than \$218,500 pays more in franchise fees than they would in property tax. Everyone above 218,500 pays less in franchise fees than property tax. (Per County Tax Numbers 5-24-19)	7.45%	11.85%	202
Res -\$175,000		\$ 1,476.85	\$ 1,586.65	\$ 109.80	\$ 144.00	\$ 34.20	131.15%		7.43%	9.75%	
Res - \$200,000		\$ 1,739.51	\$ 1,869.07	\$ 129.56	\$ 144.00	\$ 14.44	111.15%		7.45%	8.28%	1306
Res -\$211,000	Breakeven with \$5 Franchise fee	\$ 1,854.97	\$ 1,993.13	\$ 138.16	\$ 144.00	\$ 5.84	104.23%		7.45%	7.76%	398
Res -\$213,500	Median Value	\$ 1,880.94	\$ 2,021.04	\$ 140.10	\$ 144.00	\$ 3.90	102.78%		7.45%	7.66%	123
Res -\$218,500		\$ 1,932.90	\$ 2,076.86	\$ 143.96	\$ 144.00	\$ 0.04	100.03%		7.45%	7.45%	
Res -\$250,000		\$ 2,263.87	\$ 2,432.48	\$ 168.61	\$ 144.00	\$ (24.61)	85.40%		7.45%	6.36%	
Res - \$300,000		\$ 2,788.22	\$ 2,995.89	\$ 207.67	\$ 144.00	\$ (63.67)	69.34%		7.45%	5.16%	
Res - \$400,000		\$ 3,836.93	\$ 4,122.71	\$ 285.78	\$ 144.00	\$ (141.78)	50.39%		7.45%	3.75%	
Res - \$500,000		\$ 4,810.60	\$ 5,168.90	\$ 358.30	\$ 144.00	\$ (214.30)	40.19%		7.45%	2.99%	
Res - \$600,000		\$ 6,013.25	\$ 6,461.13	\$ 447.88	\$ 144.00	\$ (303.88)	32.15%	7.45%	2.39%		
											2029

Tax levy amounts are based on 2019 certified tax levy and residential properties homesteaded Anoka Hennepin School District

City of Ramsey Parcel Breakdown (from Anoka County)

Value	Residential	Commercial/Ind/Apt	Exempt	Public Utility	Total		Additional Income from Franchise Fee-Residential Only	Residential Only - Additional Income from Prop. Tax	
100,000 - 150,000	202	3	12	0	217	\$ 144.00	\$ 29,088.00	\$ 18,281.00	See Note Below
150,001 - 200,000	1306	15	1		1322	\$ 144.00	\$ 188,064.00	\$ 169,205.36	
200,001-211,000	398	2	1		401	\$ 144.00	\$ 57,312.00	\$ 54,987.68	
211,001-213,500	123	1			124	\$ 144.00	\$ 17,712.00	\$ 17,232.30	
213,501-218,500	306				306	\$ 144.00	\$ 44,064.00	\$ 51,594.66	
218,501-300,000	4110	19	11		4140	\$ 144.00	\$ 591,840.00	\$ 853,523.70	
300,001 - 400,000	1806	24	0		1830	\$ 144.00	\$ 260,064.00	\$ 249,516.96	
400,001 - 500,000	377	25	4		406	\$ 144.00	\$ 54,288.00	\$ 63,565.97	
500,001-1,000,000	176	65	11	0	252	\$ 144.00	\$ 25,344.00	\$ 36,549.92	
1,000,001-5,000,000	7	89	10	0	106	\$ 144.00	\$ 1,008.00	\$ 2,000.46	
5,000,000+ (Non-Residential)	0	13	4	0	17	\$ 144.00	\$ -		
Total	8811	256	54	0	9121		\$ 1,268,784.00	\$ 1,516,458.01	

Property Values	Residential Units/Parcels	% of Total Households	Total Franchise Fees	of 1.780,800 million total	Total Property Tax	% of \$1.780,800 million total
\$100,000-\$218,500	2335	26.50%	\$ 336,240.00	18.8814%	\$ 311,301.00	17.48%

2019 Average Market Value: \$223,100

2019 Median Market Value: \$213,500

NOTE: The \$90.50 Property Tax increase was based on a residential home that has received a market value exclusion (phased out after \$413,800) and whose tax capacity rate is 1% for the first \$500,000.

2020 - 2024 Modified CIP Street Overlay & Reconstruction Improvement Project Costs - Franchise Fee Model										
Year	Project Type	Project No.	Project Name	Miles	2018 PASER	Estimated Project Cost	MSA	SWU	TIF #8	Franchise Fee Project Cost
2020	Reconstruction	17-STR-005	Variolite Street (Alpine Drive to 173rd Avenue)	2.24	4	\$ 2,643,600	\$ 2,328,270	\$ 315,330	\$ -	\$ -
2020	Overlay	19-STR-003	Sunfish Square, Sunfish Square 2nd, Windemere Woods, Windemere Woods 2nd, Klemish, Klemish and Flores	2.46	5	\$ 495,120	\$ -	\$ 24,600	\$ -	\$ 454,011
2020 Subtotal						\$ 3,138,720	\$ 2,328,270	\$ 339,930	\$ -	\$ 454,011
2021	Reconstruction	17-STR-001	Barthels Rum River Acres	0.85	2 - 4	\$ 701,300	\$ -	\$ 63,750	\$ -	\$ 611,633
2021	Reconstruction	19-STR-001	Barthels Rum River Acres 2nd	1.62	2	\$ 902,000	\$ -	\$ 82,000	\$ 200,000	\$ 594,797
2021	Reconstruction	17-STR-003	Riverdale Drive (Feldspar Street to Tungsten Street)	0.80	3	\$ 854,500	\$ 500,000	\$ 125,560	\$ -	\$ 219,633
2021	Overlay	19-STR-006	Deerwood, Hunters Ridge, Menkveld's Country Park, Section 11 Unplatted, Riverside West	4.52	5	\$ 865,100	\$ -	\$ 51,440	\$ -	\$ 785,111
2021 Subtotal						\$ 3,322,900	\$ 500,000	\$ 322,750	\$ 200,000	\$ 2,211,174
2022	Reconstruction	17-STR-004	Wood Pond Hills 2nd, 3rd, 4th, and 5th	1.04	4	\$ 365,600	\$ -	\$ 8,800	\$ 166,000	\$ 183,044
2022	Reconstruction	19-STR-002	Oakwood Hills	0.30	3 - 4	\$ 181,900	\$ -	\$ 16,540	\$ -	\$ 158,638
2022	Reconstruction	17-STR-003	Section 07 Unplatted	1.66	3	\$ 526,700	\$ -	\$ -	\$ -	\$ 505,289
2022	Reconstruction	17-STR-005	Autumn Heights	1.61	2	\$ 825,000	\$ -	\$ -	\$ -	\$ 791,463
2022	Overlay	19-STR-007	Regency Pond, Regency Pond 2nd, Regency Pond 3rd, Wildlife Sanctuary 3rd, Wildwood Acres	2.92	6	\$ 580,100	\$ -	\$ 52,740	\$ -	\$ 508,856
2022 Subtotal						\$ 2,479,300	\$ -	\$ 78,080	\$ 166,000	\$ 2,147,291
2023	Reconstruction	17-STR-008	Fox Ridge Estates 1st & 2nd	2.10	2	\$ 1,799,300	\$ -	\$ 17,280	\$ -	\$ 1,709,580
2023	Overlay	19-STR-008	Section 15 Unplatted	4.68	6	\$ 889,200	\$ -	\$ 46,800	\$ -	\$ 812,842
2023 Subtotal						\$ 2,688,500	\$ -	\$ 64,080	\$ -	\$ 2,522,422
2024	Reconstruction	17-STR-009	Rodeo Hills Estates / Valley View Acres	1.19	3	\$ 981,800	\$ -	\$ 89,250	\$ -	\$ 856,267
2024	Reconstruction	17-STR-006	Halls Dover Acres	0.98	2	\$ 539,000	\$ -	\$ 76,000	\$ -	\$ 444,179
2024	Reconstruction	17-STR-007	Nature View	0.46	3	\$ 253,000	\$ -	\$ -	\$ -	\$ 242,715
2024	Reconstruction	19-STR-004	161st Avenue (CR 83 to Variolite Street)	0.51	4	\$ 279,200	\$ -	\$ 25,380	\$ -	\$ 243,502
2024	Overlay	17-STR-010	Oakridge Estates, Sunny Ponds, Sunny Ponds 2nd, Sunny Ponds 3rd, Business Park 95, Business Park 95 2nd, Business Park 95 5th, Business Park 95 7th, Traprock Commons	3.92	6 - 7	\$ 744,200	\$ -	\$ 39,200	\$ -	\$ 680,263
2024 Subtotal						\$ 2,797,200	\$ -	\$ 229,830	\$ -	\$ 2,466,927
5-YEAR (2020 - 2024) TOTALS						\$ 14,426,620	\$ 2,828,270	\$ 1,034,670	\$ 366,000	\$ 9,801,825

NOTES: (1) Indirect project costs for Franchise Fee funded projects are reduced 5% for street reconstructions and 4% for overlays compared to Chapter 429 assessment projects.

FRANCHISE FEE REIMBURSEMENT SCHEDULE

Franchise Fee Annual Credit \$ 144 \$6/month per utility or \$12 month total

Pay Back: Lesser of Annual S/A or Franchise Fee

Levied	Payable		Eligible Reim Year	2020 Reim Amt	2021 Reim Amt	2022 Reim Amt	2023 Reim Amt	2024 Reim Amt	2025 Reim Amt
2015	2016 # of Accounts	12	2020	\$ 1,728.00					
	Garnet Recon	Annual Franchise \$ 144.00	2021		\$ 1,728.00				
		Annual S/A Levy \$ 650.00	2022			\$ 1,728.00			
			2023				\$ 1,728.00		
			2024					\$ 1,728.00	
			2025						\$ 1,728.00
	Overlays	# of Accounts 112	2020	\$ 8,163.68					
		Annual Franchise \$ 144.00	2021		\$ 8,163.68				
		Annual S/A Levy \$ 72.89	2022			\$ 8,163.68			
			2023				\$ 8,163.68		
			2024					\$ 8,163.68	
			2025						\$ 8,163.68
	Jarvis St Recon	# of Accounts 10	2020	\$ 1,440.00					
		Annual Franchise \$ 144.00	2021		\$ 1,440.00				
		Annual S/A Levy \$ 450.00	2022			\$ 1,440.00			
			2023				\$ 1,440.00		
			2024					\$ 1,440.00	
			2025						\$ 1,440.00
	Total 2015 Projects Final Levy 2025		TOTALS	\$ 11,331.68	\$ 11,331.68	\$ 11,331.68	\$ 11,331.68	\$ 11,331.68	\$ 11,331.68

\$ 67,990.08

Levied	Payable		Eligible Reim Year	2020 Reim Amt	2021 Reim Amt	2022 Reim Amt	2023 Reim Amt	2024 Reim Amt	2025 Reim Amt	2026 Reim Amt
2016	2017 # of Accounts	65	2020	\$ 9,360.00						
	Andrie & 164th Ln Rec	Annual Franchise \$ 144.00	2021		\$ 9,360.00					
		Annual S/A Levy \$ 663.64	2022			\$ 9,360.00				
			2023				\$ 9,360.00			
			2024					\$ 9,360.00		
			2025						\$ 9,360.00	
			2026							\$ 9,360.00
	Sunwood Dr Overlay	# of Accounts 3	2020	\$ 285.00						
		Annual Franchise \$ 144.00	2021		\$ 285.00					
		Annual S/A Levy \$ 95.00	2022			\$ 285.00				
			2023				\$ 285.00			
			2024					\$ 285.00		
			2025						\$ 285.00	
			2026							\$ 285.00
	Total 2016 Projects Final Levy 2026		TOTALS	\$ 9,645.00	\$ 9,645.00	\$ 9,645.00	\$ 9,645.00	\$ 9,645.00	\$ 9,645.00	\$ 9,645.00

\$ 67,515.00

Levied	Payable		Eligible Reim Year	2020 Reim Amt	2021 Reim Amt	2022 Reim Amt	2023 Reim Amt	2024 Reim Amt	2025 Reim Amt	2026 Reim Amt	2027 Reim Amt
2017	2018 # of Accounts	1	2020	\$ 192.00							
	Sunwood Drive Recon	Annual Franchise \$ 192.00	2021		\$ 192.00						
	North Sub Mgmt	Annual S/A Levy \$ 774.76	2022			\$ 192.00					
	Small Comm??		2023				\$ 192.00				
			2024					\$ 192.00			
			2025						\$ 192.00		
			2026							\$ 192.00	
			2027								\$ 192.00
	Sunwood Drive Recon	# of Accounts 1	2020	\$ 2,394.88							
	Vision Ease	Annual Franchise \$ 12,120.00	2021		\$ 2,394.88						
	Large Comm	Annual S/A Levy \$ 2,394.88	2022			\$ 2,394.88					
			2023				\$ 2,394.88				
			2024					\$ 2,394.88			
			2025						\$ 2,394.88		
			2026							\$ 2,394.88	
			2027								\$ 2,394.88
	Sunwood Drive Recon	# of Accounts 1	2020	\$ 3,336.39							
	Connexus Energy	Annual Franchise \$ 12,120.00	2021		\$ 3,336.39						
	Large Comm	Annual S/A Levy \$ 3,336.39	2022			\$ 3,336.39					
			2023				\$ 3,336.39				
			2024					\$ 3,336.39			
			2025						\$ 3,336.39		
			2026							\$ 3,336.39	
			2027								\$ 3,336.39
	Sunwood Drive	# of Accounts 1	2020	\$ 192.00							
	Knoll Properties	Annual Franchise \$ 192.00	2021		\$ 192.00						
	Small Comm??	Annual S/A Levy \$ 1,399.90	2022			\$ 192.00					
			2023				\$ 192.00				
			2024					\$ 192.00			
			2025						\$ 192.00		
			2026							\$ 192.00	
			2027								\$ 192.00
	Sunwood Drive	# of Accounts 2	2020	\$ 384.00							
	RMR & O'Brien Prop	Annual Franchise \$ 192.00	2021		\$ 384.00						
	Small Comm??	Annual S/A Levy \$ 650.00	2022			\$ 384.00					
			2023				\$ 384.00				
			2024					\$ 384.00			
			2025						\$ 384.00		
			2026							\$ 384.00	
			2027								\$ 384.00
	Sunwood Drive	# of Accounts 1	2020	\$ 192.00							
	Phillips	Annual Franchise \$ 192.00	2021		\$ 192.00						
	Small Comm??	Annual S/A Levy \$ 867.83	2022			\$ 192.00					
			2023				\$ 192.00				
			2024					\$ 192.00			
			2025						\$ 192.00		
			2026							\$ 192.00	
			2027								\$ 192.00
	Total 2017 Projects Final Levy 2027		TOTALS	\$ 6,691.27	\$ 6,691.27	\$ 6,691.27	\$ 6,691.27	\$ 6,691.27	\$ 6,691.27	\$ 6,691.27	\$ 6,691.27

			2024				\$ 1,025.97					
			2025					\$ 1,025.97				
			2026						\$ 1,025.97			
			2027							\$ 1,025.97		
			2028								\$ 1,025.97	
			2020	\$ 1,150.08								
Northfork Overlay	# of Accounts	12	2020	\$ 1,150.08								
	Annual Franchise	\$ 144.00	2021		\$ 1,150.08							
	Annual S/A Levy	\$ 95.84	2022			\$ 1,150.08						
			2023				\$ 1,150.08					
			2024					\$ 1,150.08				
			2025						\$ 1,150.08			
			2026							\$ 1,150.08		
			2027								\$ 1,150.08	
			2028									\$ 1,150.08
			2020	\$ 2,512.62								
North Forty 2nd & 3rd	# of Accounts	18	2020	\$ 2,512.62								
	Annual Franchise	\$ 144.00	2021		\$ 2,512.62							
	Annual S/A Levy	\$ 139.59	2022			\$ 2,512.62						
			2023				\$ 2,512.62					
			2024					\$ 2,512.62				
			2025						\$ 2,512.62			
			2026							\$ 2,512.62		
			2027								\$ 2,512.62	
			2028									\$ 2,512.62
			2020	\$ 1,054.24								
Northfork Oaks Overla	# of Accounts	11	2020	\$ 1,054.24								
	Annual Franchise	\$ 144.00	2021		\$ 1,054.24							
	Annual S/A Levy	\$ 95.84	2022			\$ 1,054.24						
			2023				\$ 1,054.24					
			2024					\$ 1,054.24				
			2025						\$ 1,054.24			
			2026							\$ 1,054.24		
			2027								\$ 1,054.24	
			2028									\$ 1,054.24
Total 2018 Projects Final Levy 2028				\$ 22,735.56	\$ 22,735.56	\$ 22,735.56	\$ 22,735.56	\$ 22,735.56	\$ 22,735.56	\$ 22,735.56	\$ 22,735.56	\$ 22,735.56

\$ 204,620.04

Summary of Rebates:	# Accounts	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	TOTAL
Road Reconstruction Levies	221	\$ 36,389.86	\$ 36,389.86	\$ 36,389.86	\$ 36,389.86	\$ 36,389.86	\$ 36,389.86	\$ 33,221.86	\$ 23,861.86	\$ 17,170.59	\$ 8,721.11	\$ 301,314.58
Road Overlay Levies	236	\$ 22,734.76	\$ 22,734.76	\$ 22,734.76	\$ 22,734.76	\$ 22,734.76	\$ 22,734.76	\$ 14,571.08	\$ 14,286.08	\$ 14,286.08	\$ -	\$ 179,551.80
Total	457	\$ 59,124.62	\$ 59,124.62	\$ 59,124.62	\$ 59,124.62	\$ 59,124.62	\$ 59,124.62	\$ 47,792.94	\$ 38,147.94	\$ 31,456.67	\$ 8,721.11	\$ 480,866.38

Summary of Franchise Fee Collections Less Rebates of Assessments:												
Based on \$6/per utility \$12/month for Residential & tiered for commercial												
Franchise Fee Revenue Generated	\$ 1,695,708.00	\$ 1,695,708.00	\$ 1,695,708.00	\$ 1,695,708.00	\$ 1,695,708.00	\$ 1,695,708.00	\$ 1,695,708.00	\$ 1,695,708.00	\$ 1,695,708.00	\$ 1,695,708.00	\$ 1,695,708.00	\$ 1,695,708.00
Less Special Assessment Rebates	\$ (59,124.62)	\$ (59,124.62)	\$ (59,124.62)	\$ (59,124.62)	\$ (59,124.62)	\$ (59,124.62)	\$ (59,124.62)	\$ (47,792.94)	\$ (38,147.94)	\$ (31,456.67)	\$ (8,721.11)	\$ (8,721.11)
Net Franchise Fee Revenue	\$ 1,636,583.38	\$ 1,636,583.38	\$ 1,636,583.38	\$ 1,636,583.38	\$ 1,636,583.38	\$ 1,636,583.38	\$ 1,636,583.38	\$ 1,647,915.06	\$ 1,657,560.06	\$ 1,664,251.33	\$ 1,686,986.89	

Net Franchise Fee Based on 75% Eligible												
Requesting Rebate	\$ (44,343.47)	\$ (44,343.47)	\$ (44,343.47)	\$ (44,343.47)	\$ (44,343.47)	\$ (44,343.47)	\$ (44,343.47)	\$ (35,844.71)	\$ (28,610.96)	\$ (23,592.50)	\$ (6,540.83)	
Amount not rebated	\$ (14,781.16)	\$ (14,781.16)	\$ (14,781.16)	\$ (14,781.16)	\$ (14,781.16)	\$ (14,781.16)	\$ (14,781.16)	\$ (11,948.24)	\$ (9,536.99)	\$ (7,864.17)	\$ (2,180.28)	

Elk River Rebate Schedule

Year	<u># Checks Issue</u>	<u># Properties Eligible</u>	<u>% Claimed</u>
2014	445	711	62.59%
2015	400	648	61.73%
2016	382	594	64.31%
2017	230	345	66.67%
2018	212	317	66.88%
2019	58	90	64.44%

(PROPOSED) ORDINANCE NO. 19-XX

**CITY OF RAMSEY
ANOKA COUNTY
STATE OF MINNESOTA**

AN ORDINANCE IMPLEMENTING AN ELECTRIC FRANCHISE FEE ON CONNEXUS ENERGY, A MINNESOTA COOPERATIVE AND CITY OF ANOKA ELECTRIC, A MUNICIPAL ELECTRIC DISTRIBUTOR, ITS SUCCESSORS AND ASSIGNS, FOR PROVIDING ELECTRIC SERVICE WITHIN THE CITY OF RAMSEY, ANOKA COUNTY, MINNESOTA.

THE CITY OF RAMSEY ORDAINS:

SECTION 1: ELECTRIC FRANCHISE FEE

- (a) *Definitions.* For the purposes of this Ordinance, the following terms shall have the following meanings:
- (1) City. The City of Ramsey, County of Anoka, State of Minnesota.
 - (2) Company. Connexus Energy and City of Anoka Electric, its successors and assigns.
 - (3) Franchise Agreement. The franchise agreement between the City and Company pursuant to City Ordinance #03-16.
 - (4) Notice. “Notice” means a writing served by any party or parties on any other party or parties. Notice to Company shall be mailed to Connexus Energy, 14601 Ramsey Boulevard NW, Ramsey, Minnesota, 55303 and City of Anoka Electric, 501 Pierce Street, Anoka, Minnesota, 55303. Notice to City shall be mailed to the City Clerk, City of Ramsey, 7550 Sunwood Drive NW, Ramsey, Minnesota, 55303.
- (b) *Purpose.* The Ramsey City Council has determined that it is in the best interest of the City to impose a franchise fee on those public utility companies that provide natural gas and electric services within the City. Pursuant to the Franchise Agreement, the City has the right to impose a franchise fee on Company. All franchise fee revenues generated through this Ordinance shall be collected in lieu of special assessments for street maintenance projects, and shall be dedicated only to long-term street maintenance program projects including pavement preservation and street reconstruction projects.
- (c) *Franchise Fee Statement and Schedule.* A franchise fee is hereby imposed on Company commencing with the _____, 20____ billing month, and in accordance with the following fee schedule:

<u>Electric Utility</u> <u>Customer Classification</u>	<u>Amount per Account per Month (\$)</u>
Residential	\$ 6
Small Commercial/Industrial – Non-Demand	\$ 8
Small Commercial/Industrial – Demand	\$ 45
Institutional (Schools)	\$210
Large Commercial/Industrial	\$210

- (d) *Account Fee.* This fee is an account based fee and not a meter-based fee. In the event that an entity covered by this Ordinance has more than one meter, but only one account, only one fee shall be assessed to that account. In the event any entities covered by this Ordinance have more than one account, each account shall be subject to the appropriate fee. In the event a question arises as to the proper fee amount for any account, the highest possible fee amount shall apply.
- (e) *Payment.* Franchise fees are to be collected by the Company and submitted to the City as follows:
- January – March collections due by April 30
 April – June collections due by July 31
 July – September collections due by October 31
 October – December collections due by January 31
- (f) *Record Support for Payment.* The Company shall make each payment when due and, if requested by the City, shall provide a statement summarizing how the franchise fee payment was determined, including information showing any adjustments to the total made to account for any non-collectible accounts, refunds or error corrections. The Company shall permit the City, and its representatives, access to the Company’s records for the purpose of verifying such statements.
- (g) *Payment Adjustments.* Payment to the City will be adjusted where the Company is unable to collect the franchise fee. This includes non-collectible accounts.
- (h) *Dispute Resolution.* If either party asserts that the other party is in default in the performance of any obligation hereunder, the complaining party shall notify the other party of the default and the desired remedy. The notification shall be written. Representatives of the parties must promptly meet and attempt in good faith to negotiate a resolution of the dispute. If the dispute is not resolved within 30 days of the written notice, the parties may jointly select a mediator to facilitate further discussion. The parties will equally share the fees and expenses of this mediator. If a mediator is not used or if the parties are unable to resolve the dispute within 30 days after first meeting with the selected mediator, either party may commence an action in District Court to interpret and enforce this Ordinance or for such other relief permitted by law.

- (i) *Effective Date of Franchise Fee.* The effective date of this Ordinance shall be after its publication and ninety (90) days or more after sending written notice enclosing a copy of this adopted Ordinance to Company by certified mail. Collection of the fee shall commence as provided above.
- (j) *Relation to Franchise Agreement.* This Ordinance is enacted in compliance with the Franchise Agreement and shall be interpreted as such.
- (k) *Periodic Review.* The City Council may review this Ordinance from time to time in whatever manner the City Administrator then determines to be appropriate, including, but not limited to, review by the City Council in either a work session or a regular session. Failure to review this Ordinance shall not in any way invalidate or limit it.
- (a) *Rebate Program.* The City will rebate the lesser annual amount paid for franchise fees versus special assessments over the remaining term of the special assessments, regardless if the assessment was pre-paid or is currently being paid through property taxes. Rebates will be in the form of a check to qualifying property addresses. This rebate program applies strictly to qualifying property addresses during the effective term of their current assessment or this Ordinance, whichever expires first.

SECTION 2: EFFECTIVE DATE.

This Ordinance takes effect as provided by the City Charter. This Ordinance shall terminate _____ years from the date passed and adopted by the City. If the termination date falls within the middle of a three-month collection period, the Ordinance shall terminate at the end of the collection period.

PASSED by the Ramsey City Council this the ____ day of _____, 20 ____.

Mayor

ATTEST:

City Clerk

Introduction Date:
Posting Dates:
Adoption Date:
Publication Date:
Effective Date:

(PROPOSED) ORDINANCE NO. 19-XX

**CITY OF RAMSEY
ANOKA COUNTY
STATE OF MINNESOTA**

AN ORDINANCE IMPLEMENTING A GAS FRANCHISE FEE ON CENTERPOINT ENERGY MINNESOTA, ITS SUCCESSORS AND ASSIGNS, FOR PROVIDING GAS SERVICE WITHIN THE CITY OF RAMSEY, ANOKA COUNTY, MINNESOTA.

THE CITY OF RAMSEY ORDAINS:

SECTION 1: GAS FRANCHISE FEE

- (a) *Definitions.* For the purposes of this Ordinance, the following terms shall have the following meanings:
- (1) City. The City of Ramsey, County of Anoka, State of Minnesota.
 - (2) Company. Centerpoint Energy Minnesota, its successors and assigns.
 - (3) Franchise Agreement. The franchise agreement between the City and Company pursuant to City Ordinance #03-16.
 - (4) Notice. “Notice” means a writing served by any party or parties on any other party or parties. Notice to Company shall be mailed to Centerpoint Energy Minnesota, 505 Nicollet Mall, P.O. Box 59038, Minneapolis, Minnesota, 55459-0038. Notice to City shall be mailed to the City Clerk, City of Ramsey, 7550 Sunwood Drive NW, Ramsey, Minnesota, 55303.
- (b) *Purpose.* The Ramsey City Council has determined that it is in the best interest of the City to impose a franchise fee on those public utility companies that provide natural gas and electric services within the City. Pursuant to the Franchise Agreement, the City has the right to impose a franchise fee on Company. All franchise fee revenues generated through this Ordinance shall be collected in lieu of special assessments for street maintenance projects, and shall be dedicated only to long-term street maintenance program projects including pavement preservation and street reconstruction projects.
- (c) *Franchise Fee Statement and Schedule.* A franchise fee is hereby imposed on Company commencing with the _____, 20____ billing month, and in accordance with the following fee schedule:

Gas Utility

Customer Classification

Amount per Account per Month (\$)

Residential	\$ 6
Comm/Ind A (Up to 1,500 Therms)	\$ 8
Comm/Ind B (1,500-4,999 Therms)	\$ 20
Comm/Ind C (5,000 + Therms)	\$ 70
Small Volume, Dual Fuel A (“SVDF A”)	\$148
Small Volume, Dual Fuel B (“SVDF B”)	\$148
Large Volume, Dual Fuel (“LVDF”)	\$800

- (d) *Account Fee.* This fee is an account based fee and not a meter-based fee. In the event that an entity covered by this Ordinance has more than one meter, but only one account, only one fee shall be assessed to that account. In the event any entities covered by this Ordinance have more than one account, each account shall be subject to the appropriate fee. In the event a question arises as to the proper fee amount for any account, the highest possible fee amount shall apply.
- (e) *Payment.* Franchise fees are to be collected by the Company and submitted to the City as follows:
- January – March collections due by April 30
April – June collections due by July 31
July – September collections due by October 31
October – December collections due by January 31
- (f) *Record Support for Payment.* The Company shall make each payment when due and, if requested by the City, shall provide a statement summarizing how the franchise fee payment was determined, including information showing any adjustments to the total made to account for any non-collectible accounts, refunds or error corrections. The Company shall permit the City, and its representatives, access to the Company’s records for the purpose of verifying such statements.
- (g) *Payment Adjustments.* Payment to the City will be adjusted where the Company is unable to collect the franchise fee. This includes non-collectible accounts.
- (h) *Dispute Resolution.* If either party asserts that the other party is in default in the performance of any obligation hereunder, the complaining party shall notify the other party of the default and the desired remedy. The notification shall be written. Representatives of the parties must promptly meet and attempt in good faith to negotiate a resolution of the dispute. If the dispute is not resolved within 30 days of the written notice, the parties may jointly select a mediator to facilitate further discussion. The parties will equally share the fees and expenses of this mediator. If a mediator is not used or if the parties are unable to resolve the dispute within 30 days after first meeting with the selected mediator, either party may commence an action in District Court to interpret and enforce this Ordinance or for such other relief permitted by law.

- (i) *Effective Date of Franchise Fee.* The effective date of this Ordinance shall be after its publication and ninety (90) days or more after sending written notice enclosing a copy of this adopted Ordinance to Company by certified mail. Collection of the fee shall commence as provided above.
- (j) *Relation to Franchise Agreement.* This Ordinance is enacted in compliance with the Franchise Agreement and shall be interpreted as such.
- (k) *Periodic Review.* The City Council may review this Ordinance from time to time in whatever manner the City Administrator then determines to be appropriate, including, but not limited to, review by the City Council in either a work session or a regular session. Failure to review this Ordinance shall not in any way invalidate or limit it.
- (l) *Rebate Program.* The City will rebate the lesser annual amount paid for franchise fees versus special assessments over the remaining term of the special assessments, regardless if the assessment was pre-paid or is currently being paid through property taxes. Rebates will be in the form of a check to qualifying property addresses. This rebate program applies strictly to qualifying property addresses during the effective term of their current assessment or this Ordinance, whichever expires first.

SECTION 2: EFFECTIVE DATE.

This Ordinance takes effect as provided by the City Charter. This Ordinance shall terminate _____ years from the date passed and adopted by the City. If the termination date falls within the middle of a three-month collection period, the Ordinance shall terminate at the end of the collection period.

PASSED by the Ramsey City Council this the _____ day of _____, 20____.

Mayor

ATTEST:

City Clerk

Introduction Date:
Posting Dates:
Adoption Date:
Publication Date:
Effective Date:

Meeting Date: 06/25/2019

Information

Title:

Continue Discussion on Outsourcing Ramsey Resident Newsletter

Purpose/Background:

The purpose of this case is to discuss options for reducing the overall cost of the Ramsey Resident newsletter and allowing the Administrative Department to allocate more time to other tasks such as records retention. Our goal is to make this process more efficient and cost-effective as outlined in our Strategic Plan.

The City Charter requires the City to publish a minimum of six Newsletters per calendar year. (Sec. 12.13) Currently, the City publishes a bi-monthly Ramsey Resident Newsletter which fulfills this requirement. In addition, the Community Development Department publishes one to two Ramsey Recycler newsletters per year which fulfills the Select Committee On Recycling Environment (SCORE) funding requirements. These newsletters are bulk mailed to every address in Ramsey, including all businesses, for a total of approximately 10,600 addresses. The newsletter is currently printed by Countryside Printing with ads being sold by Scott Robinson of Universal Apparel. The revenue from ad sales is split 50/50 between the City of Ramsey and Universal Apparel. The invoicing for ads is handled by the City's Finance Department.

Since we last met on this topic (May 14), staff has conducted research in terms of how other cities of similar population handle their newsletters and what other vendors exist that can handle the design, printing and solicitation of ad sales. Other than PRIME, staff found no other vendor that coordinates the design, printing and advertisement sales. Most companies, on the chart provided, only have the capabilities to handle the design and printing. The following six options exist:

1. Completely outsource the Ramsey Resident Newsletter to PRIME (four, 24-page full color glossy Ramsey Resident Newsletters, one Community Guide and at least one 4-page Ramsey Recycler)
2. Continue (as is/no change) using Countryside Printing, Scott Robinson (ads) and staff time for design (Six, bi-monthly Ramsey Resident newsletters, no community guide and at least one 4-page recycler)
3. Select a new designer and printer, Scott Robinson (ads) (Six, bi-monthly Ramsey Resident newsletters)
4. Discontinue print newsletter and move to electronic only (Would require an amendment to the existing Charter; the City would then be able to determine how many it wishes to produce)
5. Use a combination of these methods (i.e. Move to quarterly newsletter designed in house with ads being sold by Scott Robinson, outsource with PRIME for Community Guide and publish at least one Ramsey Recycler to meet our six required publications)
6. Other combination approach

Please note that the cost of postage will remain relatively consistent no matter which vendor is selected as postage is determined by weight and number mailed.

Administrative Services Staffing

The Administrative Clerk is currently responsible for collecting articles and designing the newsletter. In 2018 the Administrative Clerk spent 184 hours on the newsletter. Staff proposes that the Administrative Clerk would spend more time on other duties within her job description, but especially records retention, which includes the ongoing task of scanning, retaining and destroying city records.

Looking ahead, in December 2019 the part-time 20 hour per week City Clerk will retire. To help off-set some of the loss of staffing hours, the long-term succession plan currently in place allocates an additional 11 hours per week to an Administrative Assistant already working part-time in Administrative Services, but this is still a drop of 9 hours

per week in the Administrative Services Department. Opening up more time in the Administrative Clerk's schedule would help off-set some of this reduction.

By outsourcing the design work, combined with condensing the number of publications and the number of pages per publication, the City can cut its annual newsletter expenditures to an estimated \$32,500. By taking these steps, it would also allow the Administrative Department to accomplish more tasks with its existing staff.

Previous Meeting Questions/Concerns

At the May 14 Work Session, the Council brought up concerns about the paper quality and design of the example presented and the current Ramsey Resident newsletter.

Regardless of the design vendor chosen, staff has the flexibility to work with the designer to see that the adopt our current design and match paper quality.

A question was also asked about the City's control or copyrights over the newsletter. If the newsletter is outsourced, designers will work with us on proofing and we will still own the copyrights to the newsletter. It should be noted that, with other vendors the City would be responsible for copy editing content. With PRIME, their design team would copy edit our material.

Lastly, a question was also asked about alternative vendors, other than PRIME, that have the same scope of services. In your packet you will find a table outlining which vendors staff contacted, their scope of services and how much they charge for those services. Please note that, while PRIME's numbers appear to be the highest, their scope of services is greater than any other design and printing company staff found.

Advantages to Outsourcing

To reduce costs and staff time spent dedicated to the newsletter, staff is recommending a combination of the options by outsourcing the newsletter, as follows: Four quarterly newsletters, PRIME's Annual Community Guide and at least one Ramsey Recycler, for the following reasons:

- 1) The Community Resource Guide is an economic development marketing tool designed to promote Ramsey business and market Ramsey to other businesses looking to locate in the area. The Guide would serve as a helpful tool for the City to retain and draw retail to Ramsey - an important issue for Ramsey residents as outlined in the latest Citizen Survey.
- 2) The Ramsey Recycler would serve as a dual purpose document - it would also be reimbursed by SCORE funding and also help the City meet its Charter requirements. The City currently publishes the Recycler in addition to its newsletter. Please note, in order to be reimbursed by SCORE funds, the City is required to educate the public about the changes in global recycling trends via a print publication.
- 3) Condensing from six issues to four, this would amount to less dollars spent on printing and postage and also a drop in staff time.

Staff Recommendation

Of the six options listed above, it is staff's recommendation to use a combination approach, as follows: outsource the Ramsey Resident, the Community Resource Guide and at least one 4-page Ramsey Recycler to PRIME Advertising. This would then meet our requirements via City Charter. Staff also plans to make a concerted effort to reduce article length, in turn, reducing the number of pages to help reduce printing costs. This would save both staff time and overall publication cost. This would account for an approximate 25 percent cost reduction.

Another scenario that would save annual costs and only slightly reduce staff time spent on the newsletter is to convert from a bi-monthly (6) to a quarterly (4) Ramsey Resident Newsletter and at least one Ramsey Recycler in house and outsource the Community Resource Guide to PRIME. This would meet our City Charter requirements and amount to an estimated 40 percent cost reduction. Whatever the outcome, City staff retains copyrights and remains in full ownership of the Ramsey Resident Newsletter.

16-Page in house	16-page PRIME
\$32,095	\$36,664

<u>-4,164 (SCORE)</u>	<u>-4,164 (SCORE)</u>
\$27,931	\$32,500

These numbers are an estimate and may fluctuate slightly due to ad sales, printing and postage. Please note the current amount spent on the Ramsey Resident is \$42,190.50. Both options would yield a cost savings.

Timeframe:

Staff is recommending a start time of January 1, 2020.

Funding Source:

The funding for the Ramsey Resident is a line item in the General Fund Budget. The funding for the Ramsey Recycler is initially paid for by the City and is later reimbursed via the Select Committee on Recycling and the Environment (SCORE) funds, which the City receives as part of its Recycling Agreement with Anoka County. Please note that the City must publish education material regarding changes in global recycling patterns in order to be reimbursed by SCORE. The staff time spent designing the Ramsey Recycler is charged to the Ramsey Resident line item.

Responsible Party(ies):

Communications and Events Coordinator Megan Thorstad

Outcome:

For the City Council to direct staff, based on discussion, on how to produce the City's newsletter.

Attachments

Newsletter Cost Comparisons

2018-19 Newsletter Costs

PRIME Advertising Newsletter Contract

PRIME Advertising Community Guide Contract

Form Review

Inbox	Reviewed By	Date
Colleen Lasher	Colleen Lasher	06/20/2019 12:56 PM
Colleen Lasher	Colleen Lasher	06/20/2019 02:15 PM
Kurt Ulrich	Kurt Ulrich	06/20/2019 02:22 PM
Kurt Ulrich	Kurt Ulrich	06/20/2019 02:23 PM
Form Started By: Megan Thorstad		Started On: 05/29/2019 09:14 AM
Final Approval Date: 06/20/2019		

Note: This is the cost per issue

Company	Publications	Design	Printing	Postage	Mailing Service	Ad Sales	Start-up cost	Based in	Cost per issue	Annual Cost
PRIME	6, 24-page newsletters	\$1,200.00	\$4,510.00	\$1,732.00	\$554.00	Yes	N/A	Maple Grove, MN	\$7,996.00	\$47,976.00
PRIME Community Guide ONLY	One annual publication	\$6,500.00	included	included	included	Yes	N/A	Maple Grove, MN	\$6,500.00	\$6,500.00
John Roberts	6, 24-page newsletters	N/A	\$8,081.00	N/A	included	No	N/A	Minneapolis, MN	\$8,081.00	\$48,486.00
Wallace Carlson Printing	6, 24-page newsletters	\$825.00	\$5,135.21	\$1,713.60	\$315.00	No	N/A	Minnetonka, MN	\$7,988.81	\$47,932.86
Johnson Litho Graphics	6, 24-page newsletters	\$1,200.00	\$5,238.74	N/A	\$320.00	No	N/A	Eau Claire, WI	\$6,758.74	\$40,552.44
Nystrom Publishing	6, 24-page newsletters	\$6,497.94	included	N/A	included	No	N/A	Maple Grove, MN	\$6,497.94	\$38,987.64
Countryside Printing	6, 24-page newsletters	\$240.00	\$6,240.00	N/A	included	No	N/A	Ramsey, MN	\$6,480.00	\$38,880.00
Pig's Eye Media	6, 24-page newsletters	\$1,440.00	N/A	N/A	\$360.00	No	N/A	Arden Hills, MN	\$1,800.00	\$10,800.00
CivicEngage	Electronic only newsletter	N/A	N/A	N/A	N/A	No	\$1,375.00	Manhattan, KA	\$3,870.00 first yr	\$2,495.00

2018 - 2019 NEWSLETTER COSTS

Issue	# of Pages	# Printed	Printing Cost	Notes	Postage Cost	Approximate Staff Wages	Gross Total Cost	# of Ads	Ad Total	City Half	Net Total Cost
Jan/Feb 2018	16	10,250	\$4,510.00	Full Color Glossy	\$1,465.97	\$604.82	\$6,580.79	7	\$2,446.00	\$1,223.00	\$5,357.79
Mar/Apr 2018	28	10,000	\$6,868.20	Full Color Glossy	\$1,540.39	\$1,072.02	\$9,480.61	10	\$3,996.00	\$1,998.00	\$7,482.61
May/June 2018	24	10,600	\$6,780.00	Full Color Glossy	\$1,644.40	\$658.71	\$9,083.11	9	\$3,681.00	\$1,840.50	\$7,242.61
July/Aug 2018	24	10,600	\$6,858.80	Full Color Glossy	\$1,622.24	\$762.04	\$9,243.08	10	\$4,081.00	\$2,040.50	\$7,202.58
Sept/Oct 2018	20	10,650	\$6,118.80	Full Color Glossy	\$1,651.10	\$908.60	\$8,678.50	11	\$4,651.00	\$2,325.50	\$6,353.00
Nov/Dec 2018	20	10,650	\$5,973.80 \$612.38 \$229.00	Full Color Glossy Chamber Mag Insert Extra Survey's	\$1,905.93	\$623.07	\$9,344.18	7	\$2,491.00	\$1,245.50	\$8,098.68
Spring Recycler	4	10,542	\$2,300.00	Full Color Glossy	\$1,644.55	\$219.58	\$4,164.13	0	\$0.00	\$0.00	\$4,164.13
Winter Recycler	4	10,500	\$2,427.00	Full Color Glossy	\$1,638.00	\$233.65	\$4,298.65	0	\$0.00	\$0.00	\$4,298.65
Total		83,792	\$42,677.98		\$13,112.58	\$5,082.49	\$60,873.05	54	\$21,346.00	\$10,673.00	\$50,200.05

*\$42,190.5

Issue	# of Pages	# Printed	Printing Cost	Notes	Postage Cost	Approximate Staff Wages	Gross Total Cost	# of Ads	Ad Total	City Half	Net Total
Jan/Feb 2016	12	10,650	\$4,287.00	Full Color Glossy	\$1,645.49	\$726.92	\$6,659.41	6	\$2,006.00	\$1,003.00	\$5,656.41
Mar/Apr 2019	24	10,650	\$6,966.00	Full Color Glossy	\$1,700.64	\$993.67	\$9,660.31	9	\$3,641.00	\$1,820.50	\$7,839.81
May/June 2019	24	10,650	\$6,966.00	Full Color Glossy	\$1,702.74	\$800.67	\$9,469.41	10	\$4,025.00	\$2,012.50	\$7,456.91
Jul/Aug 2019				Full Color Glossy			\$0.00			\$0.00	\$0.00
Sept/Oct 2019				Full Color Glossy			\$0.00			\$0.00	\$0.00
Fall Recycler2019				Full Color Glossy			\$0.00			\$0.00	\$0.00
Nov/Dec 2019				Full Color Glossy Chamber Mag Insert			\$0.00			\$0.00	\$0.00
Ramsey Recycler 2019				Full Color Glossy			\$0.00			\$0.00	\$0.00
Total		31,950	\$18,219.00		\$5,048.87	\$2,521.26	\$25,789.13	25	\$9,672.00	\$4,836.00	\$20,953.13



**PRIME ADVERTISING & DESIGN, INC.
& THE CITY OF RAMSEY RESIDENT NEWSLETTER
June 20, 2019**

Prime's Deliverables:

Prime's Publication Division will:

- Collaborate with City staff to develop informative, insightful and entertaining content. Prime will develop an editorial menu and provide a minimum of one (1) original piece of content authored by Prime Staff. Prime will also provide photography services via staff photographer to supplement City photography. All content will be proofed and approved by the City of Ramsey.
- An enhanced / redesign of the newsletter, allowing for best use of high-resolution images and vibrant design.
- Advertising sales to businesses in and around the Ramsey community.
- Printing up to 10,600 copies of a 24-page 4-color newsletter.
- Direct mailing of up to 10,500 newsletters to all homes, apartments and businesses in Ramsey.
- Conversion from print into a digital edition format for use on City website. The 'turn-page' digital edition includes links to websites and emails of all advertisers, as well as relevant content.

City of Ramsey Deliverables:

- The City shall pay a comprehensive, all-inclusive, per issue publishing fee that includes all services outlined under Prime Deliverables including editorial, photography, design, production, digital edition, printing, mailing, and postage. Postage amounts are approximate and final amount will be determined when carrier route list is finalized. Prime Advertising & Design is not responsible for the increase of USPS postal rates and as targeted carrier routes change. Any increase in postage rates and changes to carrier routes is the responsibility of the City of Ramsey.
- Editorial content and photography submitted to Prime staff in a timely and relevant manner.
- Editing, proofing and approval of newsletter content.



**CONTRACT BETWEEN THE CITY OF RAMSEY AND
PRIME ADVERTISING & DESIGN, INC.
FOR THE PUBLICATION OF THE
CITY OF RAMSEY RESIDENT NEWSLETTER**

This agreement made and entered into this ____ day of _____ 2019, by and between the CITY OF RAMSEY, a municipal corporation, hereinafter referred to as "City" and PRIME ADVERTISING & DESIGN, INC., a corporation doing business at 6450 Wedgwood Road North, Suite 100, Maple Grove, Minnesota, 55369, hereinafter referred to as "Prime."

The parties wish to reduce to writing the terms and conditions regulating the production and distribution of said City of Ramsey Resident Newsletter "Newsletter." Based upon mutual considerations contained herein, the parties agree as follows:

Purpose of Newsletter

The Ramsey Resident promotes a positive image of the City and is a key vehicle to deliver timely, up-to-date City news and information within the community. An enhanced version of the Resident will be valuable in promoting the economic development for the city, businesses and residents. The Resident is also an important marketing tool for local businesses, allowing them an efficient vehicle to reach every home, apartment and business in the community.

Size

The newsletter shall be a 24-page magazine-style publication. Printed on White 70# Matte – 4/4 Full Color with Bleeds, finished size will be 8.25" x 10.75", Collated, Saddle Stitched. Prime reserves the right to increase or decrease the number of pages based on content and participation with notification to the City.

Advertising

Prime shall be solely responsible for and may sell space to advertisers on such terms, conditions and at such prices as Prime determines. Prime shall follow the Advertising Guidelines in Exhibit A of this contract. In its contracts with advertisers, the contracts shall clearly state that the City is not a party to the contract and that the advertiser's sole source of recourse is against Prime. Prime will indemnify and hold harmless the City for any and all claims of any kind or nature arising out of the advertisers' content within any publication of said newsletter.

Advertising shall be limited up to 38% percent of the newsletter space. Advertisements will be limited to 1/2, 1/4 and 1/8-page ads. On one page there may be no more than 1/2 of the page dedicated to advertising (either two 1/4-page ads, four 1/8-page ads or one 1/2-page ad).

Publication Dates

The newsletter and Recycler shall be published on a schedule to be determined. Prime shall provide the City with a production schedule based on the City's requested mailing dates. Every reasonable effort will be made by both parties to meet said schedule. Prime shall provide the City with upcoming year's production schedule.



Publication

The City shall be responsible for the preparation, submission of articles and photos for the newsletter. Prime Staff will author a minimum of one (1) original piece of content. Prime will also provide photography services, as needed, via a staff photographer to supplement City photography. All content will be proofed and approved by the City of Ramsey.

Each Newsletter shall contain a disclaimer statement, approved by the City, to the effect that the advertisers offset the costs of the Newsletter and that Prime, not the City, is in total control of the advertising content of the Newsletter. Prime will also receive approval from the City for any special insertions to the Newsletter unless the insertion items are at the City's request.

Production

The City shall be responsible for providing Prime with any electronic copies of articles they would like included, as well as any photos (either electronic or actual) to be published. Prime may also provide photos and/or stock art in the design/layout of the newsletter with final approval by the City. Prime warrants it has rights to the photos and/or stock art it provides and will indemnify and hold harmless the City from any and all claims arising from copyright infringement relating to the use of said photos and/or stock art in the design/layout of the newsletter. Prime shall be responsible, subject to this agreement, for all aspects of production of the newsletter including, but not limited to, design, layout, printing and post-production delivery of all newsletters.

Ownership/Copyright

The City shall own the copyright of the newsletter, provided that each party shall retain ownership rights, including copyright, of their respective independent contributions to the newsletter. As owner of the copyright of the newsletter, the City shall have the right to reproduce and distribute all or part of the newsletter for any purpose.

Distribution

Prime, through the U.S. mail, shall distribute the newsletter. Prime is responsible for receiving routes, count information, and mailing of newsletters accordingly. The newsletter shall be distributed to each residential unit, including apartments, townhouses and condominiums, and to each business located within the geographic confines of the City of Ramsey, except for Post Office Boxes. One hundred (100) additional copies of each edition shall be delivered to the City at no charge. Prime shall provide the City with a digital edition of the newsletter for posting on the City website.

Publishing Fee

The City shall pay a comprehensive, all-inclusive, per issue publishing fee that includes all services outlined under Prime Deliverables including editorial, photography, design, production, digital edition, printing, mailing, and postage based on the size of the publication.

- 24-page Newsletter - \$7,996.00 / per issue.

A publication schedule will be determined on an annual basis, prior to September 1 of each year. Printing, postage, and mailing costs will be reviewed quarterly as postal routes change. Postage amounts are approximate and final amount will be determined when carrier route list is finalized. Prime Advertising & Design is not responsible for the increase of USPS postal rates and as targeted carrier routes change. Any increase in postage rates and changes to carrier routes is the responsibility of the City of Ramsey. Additional charges will apply to the City when an item(s) is inserted in the newsletter at the City's request. Cost will depend on the size and weight of item inserted. Cost of insertion items weighing more than 1/2 ounce will be handled on a case-by-case basis. Prime shall not insert any item without prior review and approval by the City.



Term

The initial term of this agreement will be for three years publication of the City of Ramsey Resident newsletter with sales and production starting upon execution of this agreement. The terms of this agreement will be reviewed, and a longer-term contract may be agreed and executed by both parties in September of the 3rd contract year.

Termination

Each party shall retain the right to terminate this agreement by giving 180 days written notice to the other party of such termination.

Independent Contractor Indemnification

It is understood and agreed that Prime is an independent contractor and is not an employee of the City. As such, Prime agrees to indemnify, save and hold harmless the City from any and all claims of every kind and nature which may arise out of the advertising content of any Newsletter and Prime’s performance of this contract. In turn, the City agrees to indemnify, save and hold harmless Prime for any and all claims of every kind and nature which may arise from the article content of any said newsletter publication and the City’s performance of this contract. Any disputes arising out of this agreement shall be decided according to the laws of the State of Minnesota and venue in a Minnesota court of competent jurisdiction.

In witness whereof, the parties hereto have entered into this agreement as of the day and year first above written.

CITY OF RAMSEY

City/Organization

PRIME ADVERTISING & DESIGN, INC.

Contractor

By

By

Its

President/CEO

Its

Printed Name

Mark J. Murray

Printed Name

Date

June 20, 2019

Date



PRIME ADVERTISING GUIDELINES – Exhibit A

Advertising Content: In its agreements with advertisers, the agreements shall clearly indemnify and hold harmless the “City” for any and all claims of any kind or nature arising out of the advertiser's display advertising content.

Prime shall obtain family-friendly commercial messages and/or advertisements consistent with the following guidelines. Any commercial message or advertisement which contains any of the following characteristics or which is of the type or category listed shall be and hereby are expressly prohibited:

1. Promotion of the sale or consumption of tobacco products or depiction of the use of tobacco products.
2. Promotion in any form of illegal drugs, illegal drug use or illegal drug materials or characterizations which suggest or depict the promotion or glorification of any such products, activities or materials.
3. Promotion for the use or sale of firearms, explosives or other weapons, or the depiction, suggestion or glorification of violence or acts of a violent nature.
4. Advertisements containing material that demeans or disparages an individual or group of individuals on the basis of race, color, religion, national origin, ancestry, gender, age, disability, ethnicity, marital or parental status, military discharge status, source of income, or sexual orientation.
5. Commentary, advocacy or promotion of issues, candidates, campaigns or organizations of a social, political, religious, or rhetorical nature.
6. Depiction in any form of nudity or semi-nudity, profanity, obscenity, or lewdness or characterizations which suggest, depict or promote any such element or sexually oriented products, activities or materials.
7. Use of language or descriptive material which taken in form and context is deemed to be unsuitable for and contrary to community standards or standards of appropriateness for governmental or family audience.
8. Use of words, language, representations or descriptive material of any kind having more than one meaning or connotation, one of which would otherwise be prohibited under these guidelines.

All advertising shall conform to guidelines above and must be approved by the “City” before production. The City approval process will require Prime to submit a proof of all proposed advertisements to the City, including content, size and proposed placement. The City retains absolute discretion to reject any proposed advertisement and Prime shall have no claim for damages or other loss related to any such denial and shall further defend and indemnify the City from any claims by advertisers related in any way to the City’s rejection of a proposed advertisement.



Proposed Advertising Rates*

Ad Size	SPECS (W X H)	ONE	TWO	THREE	FOUR
1/2 Page	7.75 x 4.5	\$755	\$735	\$695	\$635
1/4 Page	3.75 x 4.5	\$485	\$465	\$425	\$365
1/8 Page	3.75 x 2.125	\$299	\$279	\$239	\$179

*Final prices to be determined and subject to change at Prime's discretion.



**PRIME ADVERTISING & DESIGN, INC.
& THE CITY OF RAMSEY
COMMUNITY RESOURCE & RESIDENTS' GUIDE**

Prime's Deliverables:

- Collaborate with City staff to develop informative, insightful and entertaining content. Prime will develop an editorial menu and provide a minimum of one (1) original piece of content authored by Prime Staff. Prime will also provide photography services via staff photographer to supplement City photography. All content will be proofed and approved by the City of Ramsey.
- Advertising sales to businesses in and around the Ramsey community.
- A minimum of 11,000, 4-color Guides will be printed. Prime reserves the right to increase or decrease the quantity printed.
- Direct mailing of Guides to all homes, apartments and businesses in Ramsey.
- Conversion from print into a digital edition format for use on City website. The 'turn-page' digital edition includes links to websites and emails of all advertisers, as well as relevant content.

City of Ramsey Deliverables:

- The City shall pay a comprehensive, all-inclusive, per issue publishing fee that includes all services outlined under Prime Deliverables including editorial, photography, design, production, digital edition, printing, mailing, and postage.
- Editorial support to Prime staff in developing timely and relevant content and photography.
- Editing, proofing and approval of Guide content.



**AGREEMENT BETWEEN THE CITY OF RAMSEY AND
PRIME ADVERTISING & DESIGN, INC.
FOR THE PUBLICATION OF THE
CITY OF RAMSEY RESIDENTS' GUIDE**

This agreement made and entered into this ____ day of _____ 2019, by and between the CITY OF RAMSEY, a municipal corporation, hereinafter referred to as "City" and PRIME ADVERTISING & DESIGN, INC., a corporation doing business at 6450 Wedgwood Road North, Suite 100, Maple Grove, Minnesota, 55369, hereinafter referred to as "Prime."

The parties wish to reduce to writing the terms and conditions regulating the production and distribution of said Community Resource & Residents' Guide™ "Guide." Based upon mutual considerations contained herein, the parties agree as follows:

Purpose of Guide

The Guide is a comprehensive communication resource for residents in the Ramsey community as well as surrounding areas. The Guide will promote a positive image of the area by providing concise, timely, accurate, and useful information about the City, the member businesses, and the Ramsey community, which will help promote the economic growth and tourism.

Size

The Guide shall be an 8.25" x 10.75" four color process with bleeds, magazine-style, saddle-stitched publication. Prime reserves the right to increase or decrease the number of pages depending on the availability of advertising.

Advertising

Prime shall be solely responsible for selling ad space to advertisers on such terms, conditions and at such prices as Prime determines. Prime will indemnify and hold harmless the City for any and all claims of any kind or nature arising out of the advertiser's content within any publication of said Community Resource & Residents' Guide.

Publication Dates

Prime will provide an approximate production and mailing schedule annually, which both parties will make every reasonable effort to meet.

Publication

The City shall be responsible for the preparation, submission of articles and photos for the Guide. Prime Staff will author a minimum of one (1) original piece of content. Prime will also provide photography services, as needed, via a staff photographer to supplement City photography. All content will be proofed and approved by the City of Ramsey. Prime will work with the City to develop a content schedule and editorial menu.

Each Guide shall contain a disclaimer statement, approved by the City, to the effect that the advertisers offset the costs of the Guide and that Prime, not the City, is in total control of the advertising content of the Guide. Prime will also receive approval from the City for any special insertions to the Guide unless the insertion items are at the City's request.



Production

The City shall be responsible for providing Prime with any electronic copies of articles they would like included, as well as any photos (either electronic or actual) to be published. Prime may also provide photos and/or stock art in the design/layout of the Guide with final approval by the City. Prime warrants it has rights to the photos and/or stock art it provides and will indemnify and hold harmless the City from any and all claims arising from copyright infringement relating to the use of said photos and/or stock art in the design/layout of the Guide. Prime shall be responsible, subject to this agreement, for all aspects of production of the Guide including, but not limited to, design, layout, printing and post-production delivery of all Guides.

Ownership/Copyright

Prime shall own the copyright of the Guide, provided that each party shall retain ownership rights, including copyright, of their respective independent contributions to the Guide. As owner of the copyright of the Guide, Prime shall have the right to reproduce and distribute all or part of the Guide for any purpose.

Distribution

Prime, through the U.S. mail, shall distribute the Guide. Prime is responsible for receiving routes, count information, and mailing of Guides accordingly. The Guide shall be distributed to each residential unit, including apartments, townhouses and condominiums, and to each business located within the geographic confines of the City of Ramsey, except for Post Office Boxes. Approximately two hundred (200) additional copies shall be initially delivered to the City at no charge. The City may request additional copies as needed. Prime shall provide the City with a digital edition of the Guide for posting on the City website.

Publishing Fee

The City shall pay a per issue comprehensive publishing fee of \$6,500. This includes all services outlined under Prime Deliverables including editorial, design, production, printing and mailing.

Additional charges will apply to the City when an item(s) is inserted in the Guide at the City's request. Cost will depend on the size and weight of item inserted. Cost of insertion items weighing more than 1/2 ounce will be handled on a case-by-case basis. Prime shall not insert any item without prior review and approval by the City.

Printing, postage, and mailing costs will be reviewed annually as postal routes change.

Term

The initial term of this agreement will be for three years for the City of Ramsey Community Resource & Residents' Guide with sales and production starting upon execution of this agreement. The terms of this agreement will be reviewed, and a longer-term contract may be agreed and executed by both parties in September of the 3rd contract year.

Termination

Each party shall retain the right to terminate this agreement by giving 180 day written notice to the other party of such termination.

Independent Contractor Indemnification

It is understood and agreed that Prime is an independent contractor and is not an employee of the City. As such, Prime agrees to indemnify, save and hold harmless the City from any and all claims of every kind and nature which may arise out of the advertising content of any Guide and Prime's performance of this contract. In turn, the City agrees to



indemnify, save and hold harmless Prime for any and all claims of every kind and nature which may arise from the article content of any said Guide publication and the City's performance of this contract. Any disputes arising out of this agreement shall be decided according to the laws of the State of Minnesota and venue in a Minnesota court of competent jurisdiction.

In witness whereof, the parties hereto have entered into this agreement as of the day and year first above written.

CITY OF RAMSEY

City/Organization

By

Its

Printed Name

Date

PRIME ADVERTISING & DESIGN, INC.

Contractor

By

President/CEO

Its

Mark J. Murray

Printed Name

June 20, 2019

Date



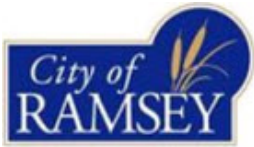
PRIME ADVERTISING GUIDELINES – Exhibit A

Advertising Content: In its agreements with advertisers, the agreements shall clearly indemnify and hold harmless the “City” for any and all claims of any kind or nature arising out of the advertiser's display advertising content.

Prime shall obtain family-friendly commercial messages and/or advertisements consistent with the following guidelines. Any commercial message or advertisement which contains any of the following characteristics or which is of the type or category listed shall be and hereby are expressly prohibited:

1. Promotion of the sale or consumption of tobacco products or depiction of the use of tobacco products.
2. Promotion in any form of illegal drugs, illegal drug use or illegal drug materials or characterizations which suggest or depict the promotion or glorification of any such products, activities or materials.
3. Promotion for the use or sale of firearms, explosives or other weapons, or the depiction, suggestion or glorification of violence or acts of a violent nature.
4. Advertisements containing material that demeans or disparages an individual or group of individuals on the basis of race, color, religion, national origin, ancestry, gender, age, disability, ethnicity, marital or parental status, military discharge status, source of income, or sexual orientation.
5. Commentary, advocacy or promotion of issues, candidates, campaigns or organizations of a social, political, religious, or rhetorical nature.
6. Depiction in any form of nudity or semi-nudity, profanity, obscenity, or lewdness or characterizations which suggest, depict or promote any such element or sexually oriented products, activities or materials.
7. Use of language or descriptive material which taken in form and context is deemed to be unsuitable for and contrary to community standards or standards of appropriateness for governmental or family audience.
8. Use of words, language, representations or descriptive material of any kind having more than one meaning or connotation, one of which would otherwise be prohibited under these guidelines.

All advertising shall conform to guidelines above and must be approved by the “City” before production. The City approval process will require Prime to submit a proof of all proposed advertisements to the City, including content, size and proposed placement. The City retains absolute discretion to reject any proposed advertisement and Prime shall have no claim for damages or other loss related to any such denial and shall further defend and indemnify the City from any claims by advertisers related in any way to the City’s rejection of a proposed advertisement.



Our Mission: To work together to responsibly grow our community, and to provide quality, cost-effective, and efficient government services.

CC Work Session

3.1.

Meeting Date: 06/25/2019

By: Katie Schmidt, Administrative Services

Information

Title:

Review Future Topics/Calendar

Purpose/Background:

Attached is the current list of future topics for work session discussion. Items are drawn from Council requests at meetings, or are related to topics that have been identified in the City's strategic plan. Tentative dates have been assigned.

Recommendation:

N/A

Action:

For Council review - no formal action necessary.

Attachments

Future Topics List

Form Review

Inbox

Colleen Lasher

Kurt Ulrich

Form Started By: Katie Schmidt

Final Approval Date: 06/20/2019

Reviewed By

Colleen Lasher

Kurt Ulrich

Date

06/19/2019 11:31 AM

06/20/2019 02:11 PM

Started On: 06/17/2019 12:49 PM

City Council Future Topics – Work Session

(Draft)

Date	Topics for Discussion – Council Action
TBD	Mediation Services presentation (Request of Anoka County mediation).
TBD	Review History of Land Use Plan and Branding for The COR -- Gladhill
TBD	Discuss Ford Brook Park Renovation
TBD	Discuss Historic Town Hall – Ulrich
TBD	Joint Meeting with the Council and Commissions & Other Cities
Date	Topics for Discussion – Policy
July	Intersection Control Evaluation for Spot Improvements on Armstrong -- Westby
09-10-19 (firm date)	Police Dept. Presentation – Drug Task Force Update (trends, statistics, and activity)
TBD	Discuss Temporary Outdoor Fabric Structures
TBD	Council Committee Assignments Process & Liaison to Boards and Commissions
Date	Topics for Discussion – Planning and Budget
07-09-19	2020 Budget
October	Trail Maintenance Policy – Westby
November	Stormwater Pond Maintenance Policy -Westby
TBD	Summary of Employee Compensation and Development Plan --Lasher
TBD	Accounting of City Engineering Staff Time for City Projects
TBD	Capital and Equipment Funding and Existing Fund Balances
TBD	Discuss Water Treatment Options - Westby