WABASHA CITY COUNCIL

WABASHA CITY HALL

Tuesday, April 23, 2024

Special Council Meeting 5:00 PM

All matters listed under the "Consent Agenda" are considered routine by the City Council and will be entered by one motion. Unless requested by a Council Member or citizen, there will be no separate discussion on these items. If discussion is required regarding an item, that item will be removed from the Consent Agenda and will be considered separately.

1. Consent: Accept Resignation of Part-Time Paramedic Brittni Gillett
2. Consent: City of Wabasha Community Development Block Grant Coronavirus (CDBG-CV) Income Reuse Plan
3. Consent: Final grant tree order 2024

2. **General Business**

1. Public hearing to Establish a TIF District and Resolution Approving TIF District
2. Approval of matching funds for MN housing grant
3. Update on new EPA PFAs regulation
4. Approve change to compensation policy for Ambulance Director

3. **Adjournment**

City Council Special **1.**

Meeting Date: 04/23/2024

ITEM TITLE: Consent: Accept Resignation of Part-Time Paramedic Brittni Gillett

DEPARTMENT: Ambulance

PURPOSE:

Accept Resignation of Part-Time Paramedic Brittni Gillett.

ITEM SUMMARY:

Accept resignation of Part-Time Paramedic Brittni Gillett. Brittni is unable to meet the required hourly requirements and wishes to resign.

STAFF RECOMMENDATION:

Accept the resignation and approve the re-posting of the position.

ACTION REQUIRED:

Accept resignation and re-post the position.

City Council Special **2.**

Meeting Date: 04/23/2024

ITEM TITLE: Consent: City of Wabasha Community Development Block Grant Coronavirus (CDBG-CV) Income Reuse Plan

DEPARTMENT: Administration

PURPOSE:

ITEM SUMMARY:

Per the CDBG-CV grant for the HVAC projects, a City of Wabasha Community Development Block Grant Coronavirus (CDBG-CV) Income Reuse Plan is required. This was not approved and as part of our monitoring, DEED is requesting that we approved it. Since these were grants, City staff did not approve the policy because we were not going to have program income.

ACTION REQUIRED:

Approve the City of Wabasha Community Development Block Grant Coronavirus (CDBG-CV) Income Reuse Plan.

Attachments

CDBG-CV Income Reuse Plan

City of Wabasha Community Development Block Grant Coronavirus (CDBG-CV) Income Reuse Plan

All income and repayments received through the Community Development Block Grant Coronavirus (CDBG-CV) will be used for further CDBG-CV activities and will be consistent with the application for funds and the Contract Agreement. If income received exceeds $35,000 in any given federal fiscal year (Oct. 1 – Sept. 30), the funds will follow federal policies (similar to original grant) regarding federal objectives, tiered environmental reviews, Davis Bacon wages, and federal labor standards. If income received is below the $35,000 threshold, it will still be used for CDBG-CV activities, but following federal policies is not required.

A CDBG-CV Post Closeout Report will be accurately completed and submitted to the Minnesota Department of Employment and Economic Development (DEED) by October 15 each year.

Mayor Emily Durand	City Clerk, Wendy Busch
Date	Date

City Council Special **3.**

Meeting Date: 04/23/2024

ITEM TITLE: Consent: Final grant tree order 2024

DEPARTMENT: Public Works

PURPOSE:

Finalize our last tree order for 2024 EAB tree grant.

ITEM SUMMARY:

During the last regular scheduled council meeting, I sought approval for up to $10,000 to purchase trees through the EAB tree grant. After working with City Hall staff, we realized that we have $21,166.90 left to use up before May 31st. We have received a tree order quote to complete this project for $21,379.35. This will leave us with 178 trees left to plant this spring.

STAFF RECOMMENDATION:

Recommend approving the purchase so we can move forward with tree planting before the summer heat comes in.

ACTION REQUIRED:

Motion to approve the purchase being reimbursed by the EAB tree grant.

Attachments

Tree order

CROSS nurseries, inc.

Lakeville, MN 55044

TEL (952) 469-2414
FAX (952) 469-1844

QUOTE

04/18/24

CITY OF WABASHA

QTY	TYPE	SIZE	EACH	TOTAL	COMMENTS
15	CRAB PRAIRIFIRE	6' BR	$34.95	$524.25	
8	CRAB ROYAL RAINDROPS	6' BR	$38.95	$311.60	
10	HACKBERRY	1" BR	$48.95	$489.50	
10	LINDEN BOULEVARD	1 1/4" BR	$53.95	$539.50	
10	ELM VALLEY FORGE	1" BR	$53.95	$539.50	
53				$2,404.35	

Any questions, please call me @ (952) 469-2414.

Thank you.

Gary Cross

CROSS nurseries, inc.

Lakeville, MN 55044

TEL (952) 469-2414
FAX (952) 469-1844

QUOTE

04/18/24

CITY OF WABASHA

QTY	TYPE	SIZE	EACH	TOTAL	COMMENTS
15	CRAB PRAIRIFIRE	#10 CONT	$139.00	$2,085.00	**only 15 available**
15	CRAB ROYAL RAINDROPS	#10 CONT	$139.00	$2,085.00	**only 15 available**
30	ELM CATHEDRAL	#10 CONT	$159.00	$4,770.00	**50 available**
30	HACKBERRY	#10 CONT	$149.00	$4,470.00	**40 available**
20	LINDEN BOULEVARD	#10 CONT	$159.00	$3,180.00	**only 20 available**
15	LOCUST SKYLINE	#10	$159.00	$2,385.00	**only 15 available**
125				$18,975.00	

Any questions, please call me @ (952) 469-2414.

Thank you.

Gary Cross

City Council Special **2. 1.**

Meeting Date: 04/23/2024

ITEM TITLE: Public hearing to Establish a TIF District and Resolution Approving TIF District

DEPARTMENT: Administration

PURPOSE:

ITEM SUMMARY:

THE ESTABLISHMENT OF TAX INCREMENT FINANCING DISTRICT NO. 1-9 AND
THE ADOPTION OF A TAX INCREMENT FINANCING PLAN RELATING THERETO

Hold a public hearing on the following matters; (a) the proposed establishment of Tax Increment Financing District No. 1-9, and (b) the adoption of the Tax Increment Financing Plan relating thereto, pursuant to and in accordance with Minnesota Statutes, Sections 469.174 to 469.1794, both inclusive, as amended (the "Act").

Mike Bubany has provided the attached TIF Plan and resolution for approval. Mike will also be present at the meeting for comments and questions.

Attachments

TIF Plan
Resolution

Draft

City of Wabasha, Minnesota

Tax Increment Financing Plan for

Tax Increment Financing District No. 1-9

(Keller/Baartman Properties Redevelopment Project)

Public Hearing: April 23, 2024
To be Adopted: April 23, 2024

DDA
David Drown Associates, Inc.
Public Finance Advisors

Minneapolis Office:
5029 Upton Avenue South
Minneapolis, MN 55410
612-920-3320 (phone); 612-605-2375 (fax)
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Tax Increment Financing Plan for Tax Increment Financing District No. 1-9

Section 1 Definitions

The terms defined in this section have the meanings given herein, unless the context in which they are used indicates a different meaning:

"Authority" means the City of Wabasha, Minnesota.

“City” also means the City of Wabasha, Minnesota.

“City Council” means the City Council of the City of Wabasha, Minnesota.

"County" means Wabasha County, Minnesota.

"County Board” means the County Board of Wabasha County.

“Developer” means any person undertaking construction or renovation in the Project Area, including Keller/Baartman Properties, its successors and assigns.

“Development District” means Development District No. 1 in the City.

"Development Program” means the Development Program for the Development District.

“Project” means redevelopment activities within TIF District No. 1-9 by private enterprise, including the demolition and clearance of substandard structures and construction of an apartment complex .

“Project Area” means the geographic area of the Development District.

"School District" means Independent School District No. 811.

"State" means the State of Minnesota.

"TIF Act" means Minnesota Statutes, Sections 469.174 through 469.1794, inclusive.

"TIF District" means Tax Increment Financing District No. 1-9.

“TIF Plan” means the tax increment financing plan for the TIF District (this document).

Section 2 Statement of Need and Public Purpose

See the Development Program for the Development District which is on file at the City Administrator’s office at City Hall in Wabasha.

Section 3 Statutory Authorization

The City is empowered under the provisions of the TIF Act to establish a tax increment financing district.

Section 4 Statement of Objectives

The objectives of this tax increment financing plan are consistent with the objectives outlined in the Development Program.

Section 5 Development Activities for which the City has Designated a Developer

The City of Wabasha (the “City”) has solicited proposals from developers to redevelop a substandard property that it has owned for many years. Specifically, the City is interested in having the site redeveloped into multi-family housing. The City selected Keller/Baartman Properties (the “Developer”) to act as developer for this project. The Developer intends to demolish the existing substandard building and construct a new 44-unit apartment complex in its place.

According to documentation submitted by the Developer, redevelopment of the property is cost prohibitive due to sizeable demolition and site improvement costs As such, the Developers are requesting tax increment financing to make the project feasible. The assistance contemplated for the Project will be provided on a pay-as-you-go basis to reimburse the Developer for eligible site improvement expenses.

Section 6 Property to be Included in the TIF District

The TIF District includes a single parcel, as well as all adjacent street rights-of-way and utility / drainage easements:

270024700

A map showing the location of the TIF District is provided in Exhibit 1. Parcel valuation and other statistics is included in Exhibit 2.

Section 7 Estimated Sources and Uses of Funds (Public Costs)

The estimated costs of the proposed development in the TIF District which are eligible for funding with tax increments generated from the TIF District and the projected sources of revenue available to pay these costs are summarized below.

Estimated Project/Financing Costs to be paid or financed with increment:

Project / Capital Costs:	
Land Acquisition	0
Site Improvement/Prep	1,613,135
Utilities	0
Other Public Improvements	0
Construction of Affordable Housing	0
Small City Authorized Costs	0
	$1,613,135
Finance Costs:	
Bond & Note Interest Expense	$3,138,534
Administrative Costs	
Administration funded with TIF	$527,963
Total Uses of Funds	**$5,279,632**

Estimated Tax Increment Revenues

Tax Increments	5,279,632
Investment Interest	0
Sales/Lease Proceeds	0
Market Value Homestead Credit	0
Total Sources of Funds	**$5,279,632**

Estimated Amount of Bonds to be issued **$2,141,098**

The Authority reserves the right to adjust the amount of Capital and Administrative line items listed above or to incorporate additional eligible items, so long as the total Capital and Administrative costs are not increased ($2,141,098). Adjusting financing costs, principal or interest, will require a public hearing and formal TIF Plan modification process pursuant to Minnesota Statutes Section 469.175 Subd. 4. The Authority also reserves the right to fund any of the identified costs with any other legally available revenues but anticipates that such costs will be primarily financed with tax increments. Therefore, the total estimated costs to be financed with tax increments, including capital costs, administrative costs and financing costs (interest) is stated as $5,279,632.

Section 8 Estimated Impact on Other Taxing Jurisdictions

Exhibit 4 shows the estimated impact on other taxing jurisdictions if the projected Retained Captured Net Tax Capacity of the TIF District were hypothetically available to the other jurisdictions. The Authority believes that there will be no adverse impact on other taxing jurisdictions during the life of the TIF District, since the proposed development would not have occurred without the establishment of the TIF District and the provision of public

assistance. A positive impact on other taxing jurisdictions will occur when the TIF District is decertified and the development therein becomes part of the general tax base.

Section 9 Fiscal and economic implications

M.S. Section 469.175 Subdivision 2(b) requires a specific description of the fiscal and economic implications of the proposed TIF District. Please refer to Exhibit 4 for an estimate of the captured tax increments by jurisdiction. The probable impact of the TIF District on City-provided services, such as police and fire protection, is minimal since the area is already highly developed and currently being served by these services.

Development expected within the TIF District shall occur in a fairly developed area of the City. No sizeable public improvements are expected to be necessary to serve the Project.

It is the opinion of the City that the existing sanitary sewer and water systems of the City have adequate capacity to serve the project and are ultimately paid for through utility rates which this new development will pay. In terms of public safety, it is the Authority's opinion that there will be no significant increase in police calls or the need for additional fire protection personnel for the City. Additionally, it is the opinion of the Authority that police and fire protection services can be provided to the TIF District with no identifiable budget impacts or the direct need for any additional capital equipment. The factors supporting this finding include the nature of the project, its projected tenants, and its location in the City.

The Authority intends to assist the Project via the issuance of a Pay-As-You-Go Contract. This type of debt instrument does not apply to the City's legal debt limit, nor does it carry the City's General Obligation pledge. As such, this TIF District will not have an adverse impact on the City's current bond credit rating or capacity to borrow for future projects. The City reserves the right to issue bonds if necessary, however (see Section 11).

Section 10 Property to be acquired in the TIF District

While the Authority does not contemplate the use of tax increments for the purpose of funding site acquisition costs, the Authority still reserves the right to do so should it be deemed necessary in the future. Specifically, the TIF Plan hereby authorizes the direct acquisition, or reimbursement to developers for acquisition costs, of any and all property in the TIF District, as itemized on Exhibit 2 and illustrated on Exhibit 1

Section 11 Estimated Amount of Bonded Indebtedness

The Authority reserves the right to fund all Project costs permitted by law using internal funding, general obligation bonds, pay-as-you-go financing or any other financing mechanism authorized by law. The maximum amount of bonds to be funded with tax increment revenue from TIF District No. 1-9 is $2,141,098.

Internal Loans, including a negative balance in the TIF fund, must be authorized by resolution of the entity advancing the loan before money is transferred, advanced or spent. The resolution must include the terms and conditions for repayment of the loan to include, at a minimum, the principal amount of the loan, the interest rate and the maximum term. The interest rate to be charged on internal loans shall not exceed 5% based upon the limit of the greater of the rates specified under Minnesota Statutes 270C.40 or 549.09 as of the date this Plan is approved.

Section 12 Designation of TIF District as a Redevelopment District

The Tax Increment District qualifies as a redevelopment district. M.S. 469.174, Subd. 10 defines a redevelopment district as an area where the following conditions are reasonably distributed throughout the district:

a. Parcels consisting of 70 percent of the area of the district are occupied by buildings, streets, utilities, or other improvements and more than 50 percent of the buildings, not including outbuildings, are structurally substandard to a degree requiring substantial renovation or clearance; or

b. The property consists of vacant, unused, underused, inappropriately used, or infrequently used rail yards, rail storage facilities or excessive or vacated railroad rights-of-way.

For purposes of this section, "structurally substandard" means containing defects in structural elements, essential utilities, light and ventilation, fire protection, interior layout and condition or similar factors of significance to justify substantial renovation or clearance. A building is not substandard if it could be modified to satisfy the building code at a cost of less than 15 percent of the cost of constructing a new structure of the same square footage and type on the site. A parcel cannot be considered "occupied by buildings, streets, utilities or other improvements" unless 15 percent of the area of the parcel contains improvements.

As summarized on Exhibit 2, improved parcels constitute more than 70% of the area of the TIF District, and more than 50% of existing buildings have been found to be structurally substandard. Accordingly, it is the Authority's finding that the proposed parcel satisfies the standards for a redevelopment district.

Section 13 Original Net Tax Capacity

The County Auditor will certify the Original Net Tax Capacity of the TIF District, which will be the total Net Tax Capacity of all property in the TIF District. For districts certified between January 1 and June 30, inclusive, this value is based on the previous assessment year. For districts certified between July 1 and December 31, inclusive, this value is based on the current assessment year.

The City intends to file the request for certification after July 1, 2024. As such, the Original Tax Capacity will be the net tax capacity as of January 2, 2024 (assessed value for taxes payable 2025) and is unknown at this time. The assessed values for taxes payable 2024 are included for estimation purposes only.

The Market Value of all property within the TIF District as of January 2, 2023 for taxes payable in 2024 is estimated at $233,500. At this value, the Original Net Tax Capacity of the TIF District would be $2,919 (see Exhibit 2).

Each year the County Auditor will certify the amount that the Original Net Tax Capacity has increased or decreased as a result of:

1. changes in the tax-exempt status of property;
2. reductions or enlargements of the geographic area of the TIF District;
3. changes due to stipulation agreements or abatements; or
4. changes in classification rates.

Section 14 Original Local Tax Rate

The County Auditor shall also certify the Original Local Tax Rate of the TIF District. This rate shall be the sum of all local tax rates that apply to property in the TIF District. This rate shall be for the same taxes payable year as the Original Net Tax Capacity. In future years, the amount of tax increment generated by the TIF District will be calculated using the lesser of (a) the sum of the current local tax rates at that time or (b) the Original Local Tax Rate of the TIF District. As noted in Section 13, the City intends to file the TIF District for certification after July 1, 2024; therefore, the Original Local Tax Rate will be the rate that applies for taxes payable in 2025, which is unknown at this time. The rates associated with taxes payable 2024 are included for estimation purposes only:

Taxing Jurisdiction	2023/2024 Local Tax Rate
City of Wabasha	72.364%
Wabasha County	38.446%
School District 811*	13.222%
Other	0.312%
Total	**124.344%**

The projected original local tax rate does not include the State of Minnesota property tax rate on commercial, industrial and seasonal recreation property because it does not apply to multifamily residential properties, nor is it collectible as tax increment revenue.

** Minnesota Statutes Section 469.177 Subd. 1a was amended in 2013 redefining what portion of the local school district tax capacity rate will be used in calculating tax increments. Specifically, this amendment now excludes that portion of the school rate attributable to the general education levy under Section 126C.13. The rate shown is only an estimate of the applicable rate.*

Section 15 Projected Retained Captured Net Tax Capacity and Tax Increment

Each year the County Auditor will determine the current net tax capacity of all property in the TIF District. To the extent that this total exceeds the Original Net Tax Capacity, the difference shall be known as the Captured Net Tax Capacity of the TIF District. It is the City's intention to retain 100% of the Captured Net Tax Capacity of the TIF District.

Exhibit 3 estimates the total amount of retained net captured tax capacity, gross tax increments, adjustments, and the net tax increment revenues which will be available annually and cumulatively over the life of the TIF District.

Section 16 Statutory Duration of the TIF District

Redevelopment districts may remain in existence for 25-years from receipt of the first tax increment. This results in 26 collections of tax increments. The Authority is electing that the first tax increment be collected in 2027, which would result in the District terminating at year-end 2052. Modifications of this plan (see Section 28) may not extend these duration limits.

Section 17 Use of Tax Increments – Redevelopment Districts

Ninety percent (90%) of the tax increments generated from the TIF District must be used to finance the cost of correcting conditions that allow designation as a redevelopment district. These costs include, but are not limited to, acquiring properties containing substandard buildings or improvements, acquiring adjacent parcels necessary to provide a site of sufficient size to permit development, demolition of structures, clearing of the land, and installation of utilities, roads, sidewalks and parking facilities for the site.

Section 18 Use of Tax Increments – General

Each year County Treasurer shall deduct an estimated 0.36% of the annual tax increment generated by the TIF District and pay such amount to the state general fund. Such amounts will be appropriated to the state auditor for the cost of financial reporting and auditing of tax increment financing information throughout the state. Exhibits 3a and 3b show the projected deduction for this purpose over the anticipated life of the TIF District.

The Authority has determined that it will use 100% of the remaining tax increment generated by the TIF District for any of the following purposes:

1. Pay for the estimated public costs of the TIF District (including administrative expenses, see Section 7) and City administrative costs associated with the TIF District (see Section 29);

2. Pay principal and interest on tax increment bonds, notes or other financial obligations issued to finance the public costs of the TIF District;

3. Accumulate a reserve securing the payment of tax increment bonds or other bonds issued to finance the public costs of the TIF District;

4. Pay all or a portion of the County road costs as may be required by the County Board under M.S. Section 469.175, Subdivision 1a; or

5. Return excess tax increments to the County Auditor for redistribution to the City, County and School District in proportion to their local tax capacity rates.

Tax increments from property located in one County must be expended for the direct and primary benefit of a project located within that County, unless both County boards involved waive this requirement. Tax increments shall not be used to circumvent levy limitations.

Tax increment shall not be used to finance the acquisition, construction, renovation, operation, or maintenance of a building to be used primarily and regularly for conducting the business of a municipality, County, school district, or any other local unit of government or the State or federal government, including social, recreational or conference facilities or a public park used as a commons area. Tax increments may be used to finance public parking facilities.

Tax increment may not be spent outside the TIF District on improvements, equipment, or other items whose primary purpose is decorative or aesthetic or if the materials used or design cost twice that of more commonly used equipment or improvements. This prohibition does not apply to improvements related to rehabilitating historic structures on national register or in a historic district listed on the national register.

If there exist any type of agreement or arrangement providing for the Developer, or other beneficiary of assistance, to repay all or a portion of the assistance that was paid or financed with tax increments, such payments shall be subject to all of the restrictions imposed on the use of tax increments. Assistance includes sales of property at less than the cost of acquisition or fair market value, grants, ground or other leases at less than fair market rent, interest rate subsidies, utility service connections, roads, or other similar assistance that would otherwise be paid for by the developer or beneficiary.

Section 19 "Green Acres"

The TIF District may not include parcels that qualified as "green acres" in any of the five (5) years preceding the request for certification, unless 85% of development in the district is restricted to qualified manufacturing or distribution facilities directly related to production of tangible personal property and paying at least 90% of its employees' wages equal to or greater than 160% of the federal minimum wage; or the development in the district is a qualified housing project.

No land to be included in the TIF District has been enrolled in the Green Acres Program.

Section 20 4-Year Knock-Down Rule

If after four years from certification of the TIF District no demolition, rehabilitation, renovation, or qualified improvement of an adjacent street has commenced on a parcel located within the TIF District, then that parcel shall be excluded from the TIF District and the Original Net Tax Capacity shall be adjusted accordingly. Qualified improvements of a street are limited to construction or opening of a new street, relocation of a street, or substantial reconstruction or rebuilding of an existing street. The Authority must submit to the County Auditor, by February 1 of the fifth year, evidence that the required activity has taken place for each parcel in the TIF District.

If a parcel is excluded from the TIF District and the Authority or owner of the parcel subsequently commences any of the above activities, the Authority shall certify to the County Auditor that such activity has commenced and the parcel shall once again be included in the TIF District. The County Auditor shall certify the net tax capacity of the parcel, as most recently certified by the Commissioner of Revenue, and add such amount to the Original Net Tax Capacity of the TIF District.

Section 21 Tax Increment Pooling – 5-year Rule

At least 80% of the tax increments from the TIF District must be expended on activities within the district or to pay for bonds used to finance the estimated public costs of the TIF District. No more than 20% of the tax increments may be spent on costs outside of the TIF District, but within the boundaries of the Project Area. All administrative expenses are considered to have been spent outside of the TIF District. Tax increments are considered to have been spent within the TIF District if such amounts are:

1. actually paid to a third party for activities performed within the TIF District within five years after certification of the district;

2. used to make payments or reimbursements to a third party under binding contracts for activities performed within the TIF District, which were entered into within five years after certification of the district; or

3. used to pay bonds that were issued and sold to a third party, the proceeds of which are reasonably expected on the date of issuance to be spent within the later of the five-year period or a reasonable temporary period or are deposited in a reasonably required reserve or replacement fund-

Beginning with the sixth year following certification of the TIF District, at least 80% of the tax increments must be used to pay outstanding bonds or make contractual payments obligated within the first five years. When outstanding bonds have been defeased and sufficient money has been set aside to pay for such contractual obligations, the TIF District must be decertified.

Section 22 Excess Tax Increment

On December 31st of each year, the Authority must determine the amount of excess increments for the TIF District. Excess increments may only be used to:

1. prepay any outstanding tax increment Bonds;

2. discharge the pledge of tax increments on any outstanding Bonds;

3. pay amounts into an escrow account dedicated to the payment of any outstanding Bonds; or

4. return excess tax increments to the County Auditor for redistribution to the City, County and School District in proportion to their local tax capacity rates. The County Auditor must report to the Commissioner of Education the amount of any excess tax increment redistributed to the School District within 30 days of such redistribution.

Section 23 Limitation on Administrative Expenses

Administrative expenses are defined as all costs of the Authority other than:

1. amounts paid for the purchase of land;
2. amounts paid for materials and services, including architectural and engineering services directly connected with the proposed development within the TIF District;
3. relocation benefits paid to, or services provided for, persons or businesses located within the TIF District; or
4. amounts used to pay interest on, fund a reserve for, or sell at a discount, tax increment bonds.
5. amounts used to make payments on other financial obligations used to finance costs outlines above.

Administrative expenses include amounts paid for services provided by bond counsel, fiscal consultants, planning or economic development consultants, and actual costs incurred by the City in administering the TIF District. For TIF Districts with certification request dates after July 31, 2001 tax increments may be used to pay administrative expenses of the TIF District up to the lesser of (a) 10% of the total tax increment expenditures authorized by the TIF plan or (b) 10% of the total tax increments received by the TIF District. However, tax increments used to pay County expenses pursuant to M.S. Section 469.176 Subd. 3(d) are not subject to these percentage limits.

The Authority intends to retain the full 10% of tax increment collected allowed by law to pay its expenses related to administering the TIF District. See Exhibit 3.

Section 24 Prior Planned Improvements

The Authority shall accompany its request for certification to the County Auditor a listing of all properties within the TIF District for which building permits have been issued during the 18 months immediately preceding approval of the TIF Plan. The County Auditor shall increase the Original Net Tax Capacity of the TIF District by the net tax capacity of each improvement for which a building permit was issued.

No permits were issued in the prior 18 months.

Section 25 Development Agreements

If more than 25% of the acreage of a project (within a redevelopment TIF district) is to be acquired by the Authority with proceeds from tax increment bonds then, prior to such acquisition, the Authority must enter into an agreement for the development of the property. Such agreement must provide recourse for the Authority should the development not be completed.

Section 26 Business Subsidy Laws

Minnesota Statutes 116J.994 requires a City or Authority providing financial assistance of between $25,000-150,000 or a business subsidy worth $150,000 or more to complete an approval process as described below. Housing projects and many redevelopment projects are exempt from the requirements.
For financial assistance of $25,000-149,999:

1. Adopt criteria for awarding business subsidies following a public hearing.

2. Complete the Financial Assistance Report annually for two years.

For a business subsidy of $150,000 or more, the Authority must complete the following:

1. Adopt criteria for awarding business subsidies following a public hearing.

2. Conduct a public hearing on the subsidy, after providing at least 10 days published notice in the local newspaper.

3. Enter into a subsidy agreement which must include the following information and requirements:

    a. A description of the subsidy.

    b. A statement of the public purpose and goals of the subsidy.

    c. Wage and job creation goals (or job retention goals if job loss is imminent and demonstrable) to be achieved within 2 years of receiving the subsidy.

    d. A description of the recipient's financial obligation if the goals are not met. The recipient must pay back the assistance with interest if goals are not met, although pro-ration to reflect partial fulfillment of goals is permitted.

    e. A statement of why the subsidy is needed.

    f. A commitment from the recipient to continue operations at the site for at least 5 years;

    g. The name and address of the parent company of the recipient;

    h. A list of all other financial assistance to the project; and

    i. A requirement for the recipient to provide the Authority and the Department of Employment and Economic Development with annual information regarding goals for two years after receiving the subsidy or until the goals are achieved. The reports must be filed by March 1 for the prior year.

While the assistance contemplated in this plan is expected to exceed $150,000, the Project is nevertheless exempt from the Business Subsidy Act. It is exempted because the Project is related to housing and redevelopment.

Section 27 Assessment Agreements

The City may, upon entering into a development agreement, also enter into an assessment agreement with the developer, which establishes a minimum market value of the land and improvements for each year during the life of the TIF District.

The assessment agreement shall be presented to the County or City Assessor who shall review the plans and specifications for the improvements to be constructed, review the market value previously assigned to the land, and so long as the minimum market value contained in the assessment agreement appears to be a reasonable estimate, shall certify the assessment agreement as reasonable. The assessment agreement shall be filed for record in the office of the County Recorder of each county where the property is located. Any modification or premature termination of this agreement must first be approved by the City, and if the project is valued below the minimum market value, also approved by the County and School District.

Section 28 Modifications of the Tax Increment Financing Plan

Any reduction or enlargement in the geographic area of the Project Area or the TIF District; increase in the amount of bonded indebtedness to be incurred; increase in the amount of capitalized interest; increase in that portion of the Captured Net Tax Capacity to be retained by the Authority; increase in the total estimated public costs; or designation of additional property to be acquired by the Authority shall be approved only after satisfying all the necessary requirements for approval of the original TIF Plan. This paragraph does not apply if:

1. the only modification is elimination of parcels from the Project Area or the TIF District; and

2. the current net tax capacity of the parcels eliminated equals or exceeds the net tax capacity of those parcels in the TIF District's Original Net Tax Capacity, or the Authority agrees that the TIF District's Original Net Tax Capacity will be reduced by no more than the current net tax capacity of the parcels eliminated.

The Authority must notify the County Auditor of any modification that reduces or enlarges the geographic area of the Project Area or the TIF District. The geographic area of the TIF District may be reduced but not enlarged after five years following the date of certification.

Section 29 Administration of the Tax Increment Financing Plan

Upon adoption of the TIF Plan, the Authority must submit a copy of such plan to the State Auditor's Office and the Department of Revenue. The Authority must also request that the County Auditor certify the Original Net Tax Capacity and Net Tax Capacity Rate of the TIF District. To assist the County Auditor in this process, the Authority must submit copies of the TIF Plan, the resolution establishing the TIF District and adopting the TIF Plan, and a listing of any prior planned improvements. The Authority must also send the County Assessor any assessment agreement establishing the minimum market value of land and improvements in the TIF District and shall request that the County Assessor review and certify this assessment agreement as reasonable.

The County will distribute to the Authority the amount of tax increment as it becomes available. The amount of tax increment in any year represents the applicable property taxes generated by the Retained Captured Net Tax Capacity of the TIF District. The amount of tax increment may change due to development anticipated by the TIF Plan, other development, inflation of property values, or changes in property classification rates or formulas. In administering and implementing the TIF Plan, the following actions should occur on an annual basis:

1. Prior to July 1, the Authority shall notify the County Assessor of any new development that has occurred in the TIF District during the past year to ensure that the new value will be recorded in a timely manner.

2. If the County Auditor receives the request for certification of a new TIF District, or for modification of an existing TIF District, before July 1, the request shall be recognized in determining local tax rates for the current and subsequent levy years. Requests received on or after July 1 shall be used to determine local tax rates in subsequent years.

3. Each year the County Auditor shall certify the amount of the Original Net Tax Capacity of the TIF District. The amount certified shall reflect any changes that occur as a result of the following:

   a) the value of property that changes from tax-exempt to taxable shall be added to the Original Net Tax Capacity of the TIF District. The reverse shall also apply;

   b) the Original Net Tax Capacity may be modified by any approved enlargement or reduction of the TIF District;

   c) if laws governing the classification of real property cause changes to the percentage of Estimated Market Value to be applied for property tax purposes, then the resulting increase or decrease in net tax capacity shall be applied proportionately to the Original Net Tax Capacity and the Retained Captured Net Tax Capacity of the TIF District.

The County Auditor shall notify the Authority of all changes made to the Original Net Tax Capacity of the TIF District.

Section 30 Financial Reporting and Disclosure Requirements

The City is responsible for information and financial reporting on the activities of the TIF District. These responsibilities include:

1. Prepare and Publish an Annual Statement. No later than August 1 of each year, the City must prepare and publish an annual statement which includes at least the following information:

   (a) tax increment received and expended in that year

   (b) Original Net Tax Capacity

   (c) captured Net Tax Capacity

   (d) amount of outstanding bonded indebtedness

   (e) increments paid to other government bodies

   (f) administrative costs

   (g) increments paid directly or indirectly outside of the district

   (h) if a fiscal disparities contribution is computed under section 469.177, Subd. 3(a), the increase in property tax imposed on other properties in the municipality as a result of the fiscal disparities contribution in the manner prescribed by the commissioner of revenue.

A copy of the annual statement must also be provided to the State Auditor, county board and county auditor, and the municipality.

2. Prepare an Annual Report. (469.175 Subds. 5 and 6) The State Auditor enforces the provisions of the TIF Act and has full responsibility for financial and compliance auditing of the City's use of tax increment financing. The State Auditor's office provides detailed tax increment reporting forms for use in complying with annual reporting requirements. On or before August 1 of each year, the City and/or the City must prepare a status and financial report for the TIF District and submit it to the state auditor, the county board, the county auditor, and the governing body of the municipality, if the municipality is not also the City.

3. Prepare a Minnesota Business Assistance Form. (116J.994) By April 1, the Authority must submit a report to the Department of Employment and Economic Development on wage and job goals and progress made in achieving them. A reporting form is provided by the Department and must be submitted for each business which has received TIF assistance.

Section 31 Findings and Need for Tax Increment Financing

In establishing the TIF District, the Authority makes the following findings:

1. The TIF District qualifies as an redevelopment district;

   The TIF District qualifies as a redevelopment district in that the proposed development described in this TIF Plan (see Section 5) meets all of the criteria listed in Sections 12 and 17 above.

2. The proposed development, in the opinion of the Authority, would not reasonably be expected to occur solely through private investment within the reasonably foreseeable future, and the increased market value of the site that could reasonably be expected to occur without the use of tax increment 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 above finding is based on a letter submitted by the Developer stating that without the use of tax increment financing the Project could not proceed.

   The Authority has further determined that no other development is expected to occur that would create a greater market value than that proposed, adjusting for the tax increment assistance. Any other development of the TIF District would have to create a market value increase of more than $7,106,896 in order to exceed the value increase expected under the current proposal, after subtracting the present value of the tax increment for 26 years (See Market Value Analysis, Exhibit 5). Due to the amount of time this substandard site has sat in its current condition the Authority has no reason to expect any significant development would occur without tax increment assistance. Therefore, the Authority reasonably believes that the expected increase in market value at this site without TIF assistance is limited to appreciation in existing real estate value, estimated to be approximately $98,070 over the life of the TIF District.

   To summarize the basis for the City's findings, the City makes the following determinations:

   a) *The Authority's estimate of the amount by which the market value of the site will increase without the use of tax increment financing is $98,070 (for the reasons described above).*

   b) *If the proposed development to be assisted with tax increment occurs in the TIF District, the total increase in market value would be approximately $8,766,500. The increase in market value would be due primarily to redevelopment of the site and new construction within the TIF District. (See Exhibit 3)*

   c) *The present value of tax increments from the TIF District for the maximum duration of the district permitted by the TIF Plan is estimated to $1,659,604 (See Exhibit 5)*

   d) *Even if some development other than the proposed development were to occur, the Authority finds that no alternative would occur that would produce a market value increase greater than $7,106,896 (the amount in clause b less the amount in clause c) without tax increment assistance*.

3. The TIF Plan conforms to the general plan for development or redevelopment of the City as a whole.

   The reasons and facts supporting this finding are that the redevelopment proposal is consistent with the City's zoning ordinances and comprehensive plans for the area and serves to promote the Authority's development objectives.

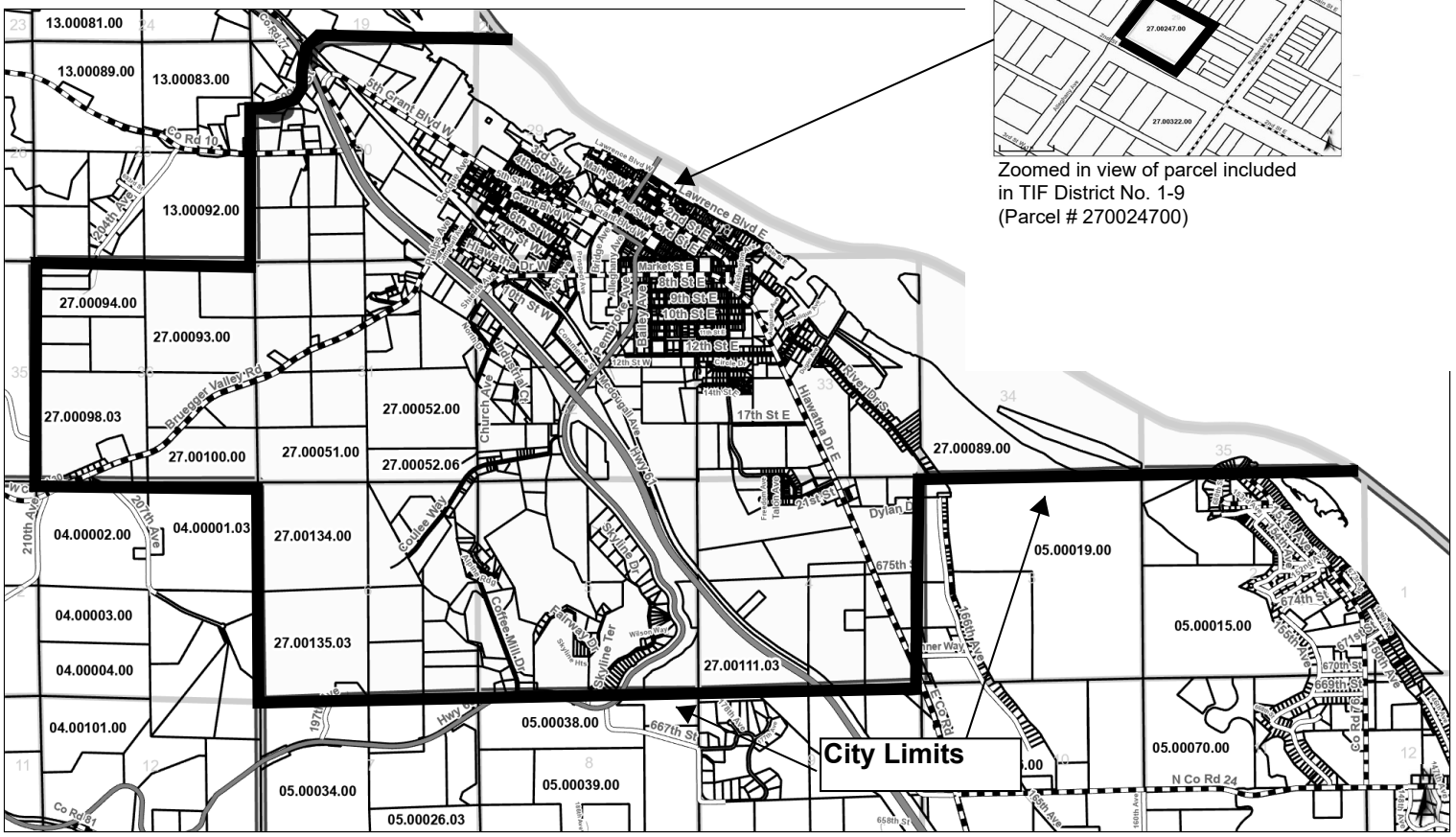
4. The TIF Plan will afford maximum opportunity, consistent with the sound needs of the City as a whole, for the redevelopment of the Project by private enterprise.

   The reasons and facts supporting this finding are that the assistance contemplated in this TIF Plan will assist the Developer with site improvement expenses necessary to make the site ready for redevelopment into multifamily residential facilities.

Exhibits

Map of Tax Increment Financing District and Project Area ..... Exhibit 1
Parcels and Valuations ..... Exhibit 2
Tax Increment Projections ..... Exhibit 3
Statement of Fiscal and Economic Impacts ..... Exhibit 4
Market Value Analysis ..... Exhibit 5

City of Wabasha, Minnesota
Tax Increment Financing District No. 1-9



Zoomed in view of parcel included
in TIF District No. 1-9
(Parcel # 270024700)

The boundaries of Municipal Development District No. 1 are coterminous with city limits

Exhibit 1

City of Wabasha, Minnesota

Keller/Baartman Properties Redevelopment Project

Redevelopment Tax Increment Financing District No. 1-9

PARCEL INFORMATION

#	PIN #	Owner	2023/2024 Valuations Land	Building	**Total M.V.**	**Taxable MV**	**Tax Cap.**	Approx. Lot Area	Estimated sq. ft. Improvements	Coverage	Lot improved?	building?	Found to be Substandard?
1	270024700	City of Wabasha	*85,800*	*147,700*	**233,500**	233,500	2,919	22,800	22,800	100%	Y	Y	Y
					233,500	233,500	2,919	22,800					

Total Area of parcels in TIF District	22,800	
Total area of improved parcels	22,800	
% of total area	**100%**	**>70% OK**
# parcels	1	
# of buildings	2	
# primary buildings substandard	2	
% buildings substandard	**100%**	**> 50% OK**

City of Wabasha, Minnesota
Redevelopment Tax Increment Financing District No. 1-9

Keller/Baartman Properties Redevelopment Project

TIF PROJECTIONS

Valuations & Projected Increases

	Market	Tax Capacity
Estimated Original value	233,500	2,919
Completed Value after Redevelopment	9,000,000	112,500
Captured / Increased Values	8,766,500	109,581

Tax Rate Assumptions:

	2023/2024 Tax Rate	Est. Applicable TIF Tax Rate
City	72.364%	72.364%
County	38.446%	38.446%
School	18.047%	13.222%
Other	0.312%	0.312%
	129.169%	**124.344%**

Projected Tax Increment

3.0% Assumed inflation rate:

Payable Year	Original Tax Capacity	Projected Tax Capacity	Net Captured Tax Capacity	Less Fiscal Disparities	Retained Net Captured Tax Capacity	Projected Tax Rate	0.36% Less OSA Fees	**Gross Tax Increment**	10.00% Admin. Retainage	0.00% Other Deductions	**TOTAL NET REVENUES**
2025	2,919	2,919	-	-	-						
2026	2,919	2,919	-	-	-	124.34%		**-**	-	-	**-**
2027	2,919	112,500	109,581	-	109,581	124.34%	(491)	**135,767**	13,577	-	**122,190**
2028	2,919	115,875	112,956	-	112,956	124.34%	(506)	**139,949**	13,995	-	**125,954**
2029	2,919	119,351	116,433	-	116,433	124.34%	(521)	**144,256**	14,426	-	**129,830**
2030	2,919	122,932	120,013	-	120,013	124.34%	(537)	**148,692**	14,869	-	**133,823**
2031	2,919	126,620	123,701	-	123,701	124.34%	(554)	**153,261**	15,326	-	**137,935**
2032	2,919	130,418	127,500	-	127,500	124.34%	(571)	**157,967**	15,797	-	**142,171**
2033	2,919	134,331	131,412	-	131,412	124.34%	(588)	**162,815**	16,281	-	**146,533**
2034	2,919	138,361	135,442	-	135,442	124.34%	(606)	**167,808**	16,781	-	**151,027**
2035	2,919	142,512	139,593	-	139,593	124.34%	(625)	**172,950**	17,295	-	**155,655**
2036	2,919	146,787	143,868	-	143,868	124.34%	(644)	**178,247**	17,825	-	**160,423**
2037	2,919	151,191	148,272	-	148,272	124.34%	(664)	**183,703**	18,370	-	**165,333**
2038	2,919	155,726	152,808	-	152,808	124.34%	(684)	**189,323**	18,932	-	**170,391**
2039	2,919	160,398	157,479	-	157,479	124.34%	(705)	**195,111**	19,511	-	**175,600**
2040	2,919	165,210	162,291	-	162,291	124.34%	(726)	**201,073**	20,107	-	**180,966**
2041	2,919	170,166	167,248	-	167,248	124.34%	(749)	**207,214**	20,721	-	**186,492**
2042	2,919	175,271	172,353	-	172,353	124.34%	(772)	**213,539**	21,354	-	**192,185**
2043	2,919	180,529	177,611	-	177,611	124.34%	(795)	**220,053**	22,005	-	**198,048**
2044	2,919	185,945	183,027	-	183,027	124.34%	(819)	**226,763**	22,676	-	**204,087**
2045	2,919	191,524	188,605	-	188,605	124.34%	(844)	**233,675**	23,367	-	**210,307**
2046	2,919	197,269	194,351	-	194,351	124.34%	(870)	**240,793**	24,079	-	**216,714**
2047	2,919	203,188	200,269	-	200,269	124.34%	(896)	**248,126**	24,813	-	**223,313**
2048	2,919	209,283	206,364	-	206,364	124.34%	(924)	**255,678**	25,568	-	**230,110**
2049	2,919	215,562	212,643	-	212,643	124.34%	(952)	**263,457**	26,346	-	**237,111**
2050	2,919	222,028	219,110	-	219,110	124.34%	(981)	**271,469**	27,147	-	**244,322**
2051	2,919	228,689	225,771	-	225,771	124.34%	(1,011)	**279,721**	27,972	-	**251,749**
2052	2,919	235,550	232,631	-	232,631	124.34%	(1,041)	**288,222**	28,822	-	**259,399**
								5,279,632	**527,963**	**-**	**4,751,668**

Net Present Value 26 collections @ 8% >> **1,613,135**

City of Wabasha, Minnesota
Redevelopment Tax Increment Financing District No. 1-9

Keller/Baartman Properties Redevelopment Project

STATEMENT OF FISCAL AND ECONOMIC IMPACTS

	Without TIF District		With TIF District						
Taxing Jurisdiction	2023/2024 Taxable Net Tax Capacity[1]	Original Local TIF Tax Rate	2023/2024 Taxable Net Tax Capacity[1]	Projected Captured Net Tax Capacity	Hypothetical Tax Generated By TIF	New Taxable Net Tax Capacity	Hypothetical Adjusted Local Tax Rate	Hypothetical Decrease in Tax Rate	
									3,072,567
City of Wabasha	3,641,374	72.364%	3,641,374	109,581	79,297	3,750,955	70.250%	2.114%	1,632,413
Wabasha County	43,434,617	38.446%	43,434,617	109,581	42,130	43,544,198	38.349%	0.097%	561,404
School District (811)	10,434,846	18.047%	10,434,846	109,581	19,776	10,544,427	17.859%	0.188%	13,247
Other [2]	--	0.000%	--	109,581	-	--	0.000%	--	-
Totals		128.857%			141,203		126.459%	2.398%	5,279,632
									-

Statement #1: If all of the projected captured net tax capacity of the project were hypothetically immediately available to each taxing jurisdiciton if TIF were not used, the tax capacities of each jurisdiction would be increased by the amounts shown above, and the local tax rates of each jurisdiction would be decreased by the amounts shown.

Statement #2: As the projected captured tax capacity of the project would not be available without the use of TIF, the tax capacities and tax rates of each jurisdiction will not be affected.

Statement #3: The estimated amount of tax increment (gross increment less State Auditor's deduction) generated over the life of the TIF District is estimated to be $5,279,632.

Statement #4: A description of the probable impact of the TIF District on City services as a result of the creation of this TIF District would include the following: The City will be collecting an estimated $3,072,567 in city property tax revenue from the proposed project area and applying it to project related expenses rather than general services such as police, fire, and other services not paid by user fees.

Statement #5: The estimated amount of increment attributed to the school districts' tax levies and captured as a result of the creation of this TIF District is $561,404 for School District 811.

Statement #6: The estimated amount of increment attributed to the county tax levy and captured as a result of the creation of this TIF district is $1,632,413.

Statement #7: The final Original Net Tax Capacity and Local Tax Rate of the TIF District will be based upon data for taxes payable 2025 as the Authority intends to request certification of the TIF District after 7/1/2024.

[1] Taxable net tax capacity = total net tax capacity less value captured in TIF Districts and powerline value.
[2] The impacts upon other taxing jurisdictions not included since they represent a small percentage of the total tax rate.

City of Wabasha, Minnesota

Redevelopment Tax Increment Financing District No. 1-9

MARKET VALUE ANALYSIS

Increased Market Value of Site	8,766,500
Less Present Value of TIF Revenues	1,659,604
	7,106,896
Reasonably expected increase w/out TIF*	98,070
Net Value Increase	**7,008,826**

Present Value Calculation

Calculation Date	12/31/2024
Present Value Factor	8.00%

#	Year	Gross Tax Increment	Present Value
1	2025	-	
2	2026	-	-
3	2027	135,767	107,776
4	2028	139,949	102,866
5	2029	144,256	98,178
6	2030	148,692	93,701
7	2031	153,261	89,426
8	2032	157,967	85,345
9	2033	162,815	81,448
10	2034	167,808	77,727
11	2035	172,950	74,175
12	2036	178,247	70,785
13	2037	183,703	67,547
14	2038	189,323	64,457
15	2039	195,111	61,507
16	2040	201,073	58,691
17	2041	207,214	56,003
18	2042	213,539	53,438
19	2043	220,053	50,989
20	2044	226,763	48,652
21	2045	233,675	46,421
22	2046	240,793	44,292
23	2047	248,126	42,260
24	2048	255,678	40,320
25	2049	263,457	38,469
26	2050	271,469	36,703
27	2051	279,721	35,017
28	2052	288,222	33,409
		5,279,632	1,659,604

* Without the use of TIF, market value increases would be expected to be limited to infaltion only. No development is expected without the use of TIF. Inflation is estimated at 1.5% per year for 26 years.

EXTRACT OF MINUTES OF A MEETING OF THE CITY COUNCIL OF THE CITY OF WABASHA, MINNESOTA

HELD: April 23, 2024

Pursuant to due call and notice thereof, a special meeting of the City Council of the City of Wabasha, Wabasha County, Minnesota, was duly called and held on the 23rd day of April 2024, at 5:00 p.m.

The following members of the Council were present:

And the following were absent:

Member _____ introduced the following resolution and moved its adoption:

RESOLUTION NO. 16-2024
APPROVING THE ESTABLISHMENT OF TAX INCREMENT FINANCING DISTRICT NO. 1-9 WITHIN MUNICIPAL DEVELOPMENT DISTRICT NO. 1, AND ADOPTION OF THE TAX INCREMENT FINANCING PLAN RELATING THERETO

WHEREAS:

A It has been proposed that the City of Wabasha, Minnesota (the "City"), establish Tax Increment Financing District No. 1-9 within Municipal Development District No. 1, and adopt a tax increment financing plan relating thereto, under the provisions of Minnesota Statutes, Sections 469.174 to 469.1794 (inclusive, the "Act"); and

B. The City of Wabasha has investigated the facts and has caused to be prepared a tax increment financing plan for Tax Increment Financing District No. 1-9; and

C. The City has performed all actions required by law to be performed prior to the establishment of Tax Increment Financing District No. 1-9 within Municipal Development District No. 1 and the adoption of the tax increment financing plan relating thereto, including, but not limited to, notification of Wabasha County and Wabasha-Kellogg School District #811, having taxing jurisdiction over the property to be included in Tax Increment Financing District No. 1-9, and the holding of a public hearing upon published notice as required by law.

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

1. Tax Increment Financing District No. 1-9. The City hereby approves the establishment of Tax Increment Financing District No. 1-9 within Municipal Development District No. 1, the boundaries of which are fixed and determined as described in the Tax Increment Financing Plan.

2. Tax Increment Financing Plan. The Tax Increment Financing Plan is adopted as the tax increment financing plan for Tax Increment Financing District No. 1-9, and the City Council makes the following findings:

(a) Tax Increment Financing District No. 1-9 is a redevelopment district as defined in Minnesota Statutes, Section 469.174, Subd. 10.

The TIF District qualifies as a redevelopment district in that the proposed development described in this TIF Plan (Section 5 of the TIF Plan) meets all of the criteria listed in Sections 12, and 17 of the Plan.

(b) The proposed development in the opinion of the City Council, would not 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. 1-9 permitted by the Tax Increment Financing Plan.

The reasons and supporting facts for this finding are that the developer and his lending institution have indicated that without the use of tax increment financing the project(s) could not proceed.

The Authority has further determined that no other development is expected to occur that would create a greater market value than that proposed, adjusting for the tax increment assistance. Any other development of the TIF District would have to create a market value increase of more than $7,106,896 in order to exceed the value increase expected under the current proposal, after subtracting the present value of the tax increment for 26 years. Due to the amount of time this substandard site has sat in its current condition the Authority has no reason to expect any significant development would occur without tax increment assistance. Therefore, the Authority reasonably believes that the expected increase in market value at this site without TIF assistance is limited to appreciation in existing real estate value, estimated to be approximately $98,070 over the life of the TIF District.

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. Such indicates that:

1. the increase in estimated market value of the proposed developments is $8,766,500;
2. the present value of expected tax increments collected over the maximum duration of the TIF District is $1,659,604;
3. the expected increased estimated market value of the site without the use of tax increment is $98,070; and
4. even if some development other than the proposed development were to occur, the City Council finds that no alternative would occur that would produce a market value increase greater than $7,106,896 (the amount in line 1 less the amount in line 2) without tax increment assistance.

(c) The Tax Increment Financing Plan for Tax Increment Financing District No. 1-9 conforms to the general plan for development or redevelopment of the City of Wabasha as a whole.

The reasons and facts supporting this finding are that the redevelopment proposal is consistent with the City's zoning ordinances and comprehensive plans for the area and serves to promote the City's development objectives.

(d) The Tax Increment Financing Plan will afford maximum opportunity, consistent with the sound needs of the City of Wabasha as a whole, for the redevelopment of the Project Area by private enterprise.

The reasons and facts supporting this finding are that the assistance provided in this TIF Plan will assist the Developer with site improvement expenses necessary to make the site ready for redevelopment into multi-family residential facilities.

3. Public Purpose. The adoption of the Tax Increment Financing Plan conforms in all respects to the requirements of the Act and will help fulfill a need to develop an area of the City 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.

4. Interfund Loan. The City has determined that it may pay for certain costs (the "Qualified Costs") identified in the Tax Increment Financing 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 the 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 Qualified Costs are initially paid, the principal amount of $2,141,098 (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 the 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 Wabasha 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.

5. Certification. The Auditor of Wabasha County is requested to certify the original net tax capacity of Tax Increment Financing District No. 1-9 within Municipal Development District No. 1 as described in the Tax Increment Financing 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 City Administrator 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 Tax Increment District No. 1-9 for which building permits have been issued during the 18 months immediately preceding the adoption of this Resolution.

6. Filing. The City Administrator is further authorized and directed to file a copy of the Tax Increment Financing Plan with and the Commissioner of Revenue and Office of the State Auditor.

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

And the following voted against the same:

Whereupon said resolution was declared duly passed and adopted.

STATE OF MINNESOTA
COUNTY OF WABASHA
CITY OF WABASHA

I, the undersigned, being the duly qualified and acting Administrator of the City of Wabasha, Minnesota, DO HEREBY CERTIFY that, I have compared the attached and foregoing extract of minutes with the original thereof on file in my office, and that the same is a full, true and complete transcript of the minutes of a meeting of the City Council of said City, duly called and held on the date therein indicated, insofar as such minutes relate to establishment of Tax Increment Financing District No. 1-9 within Municipal Development District No. 1 in the City.

WITNESS my hand this 23rd day of April, 2024.

_____
City Administrator

City Council Special **2. 2.**

Meeting Date: 04/23/2024

ITEM TITLE: Approval of matching funds for MN housing grant

DEPARTMENT: Administration

PURPOSE:

ITEM SUMMARY:

The Wabasha Port Authority recently convened and selected Keller-Baartman as the developer for the 50-unit apartment project. The project requires sizeable assistance for proposed market rents in Wabasha to cashflow the endeavor. The proposed rent levels are lower than other parts of the State, such as Rochester or Minneapolis, see example here for a current search of apartments.com in Rochester for other apartment units. Construction costs are about the same.

The Wabasha Port Authority recently convened and selected Keller-Baartman as the developer for the 50-unit apartment project. The project requires sizeable assistance for proposed market rents in Wabasha to cashflow the endeavor. The proposed rent levels are lower than other parts of the State, such as Rochester or Minneapolis.

As part of their proposal, Keller-Baartman requested long-term TIF assistance on a pay-as-you-go basis and additional matching funds from the City for the project to be feasible. The City Administrator and Financial Advisor, Michael Bubany, agreed matching funds are necessary for the project to cash flow with the proposed rent levels. Furthermore, the Minnesota Workforce Housing Grant requires a matching commitment from the City of Wabasha regardless. Please note, the proposed matching funds are contingent upon successful grant award from the State of Minnesota or the project will not move forward.

As indicated, part of the incentive package includes a Pay-As-You-Go TIF Note whereby the City will reimburse the developer annually 90% of the tax increments collected. The City will retain 10% of the tax increments to cover administrative costs and to (hopefully) recover the matching funds identified below. Tax increments are expected to begin in 2027 and be collected over 26 years. It is staff's intent to apply for additional grants to cover some of these items thus reducing the pressure on tax increment collection to fully cover these costs and reduce the associated risks related thereto. Mike Bubany will be present at the public hearing to explain the machinations of how this is supposed to work.

Below is a breakdown. The public infrastructure costs include new sidewalks and a new alley.

ACTION REQUIRED:

Approve matching funds for $372,500 and authorize City Administrator to write match letter to State of Minnesota Committing these funds, authorize staff to pursue other future grants to fund this portion of the project, and this authorization is contingent on successful grant award from Minnesota Housing.

City Council Special **2. 3.**

Meeting Date: 04/23/2024

ITEM TITLE: Update on new EPA PFAs regulation

DEPARTMENT: Administration

PURPOSE:

ITEM SUMMARY:

Pat Mueller and Administrator Gregerson will provide a Council update on the new EPA PFAs regulation and how it impacts the City. Essentially, more testing of water is needed and that will get us more information for next steps. We want Council to be informed in case they receive questions from the public.

City Council Special **2. 4.**

Meeting Date: 04/23/2024

ITEM TITLE: Approve change to compensation policy for Ambulance Director

DEPARTMENT: Administration

PURPOSE:

ITEM SUMMARY:

Please see attached memo.

Attachments

Compensation Policy Memo

To: City Council

From: Caroline Gregerson, City Administrator

Re: Volunteer Pay Compensation for Ambulance Director

Motion: Approve the Ambulance Director to be paid, as a "volunteer", for additional hours over a 40-hour work week that occur on weekends or evening hours after 6pm, that are for the purpose of call coverage and not for the purpose of attending meetings or trainings. (This pay shall not apply to holiday pay). City Administrator to approval all "volunteer" pay on timecard with signature.

Background:

On page 18 of the Wabasha Personnel Policies, under Compensation, it states "Unless approved by the Council, employees will not receive any amount from the City in addition to the pay authorized for the positions to which they have been appointed."

Ryan Marking, as Ambulance Director, is a salaried, exempt employees, but due to short staffing and personnel issues, is required to pick up frequent weekend and evening hours to keep the service meeting the 24/7 requirements. Our current system is currently designed so that weekend and evening hours are covered by unscheduled paid-on call staff (volunteers) and some scheduled part-time staff, but this is a volatile system.

The ambulance service is organized to operate without additional hours from the ambulance director when volunteers are picking up more than the minimum required hours to meet the 24-7 operations, which happens most of the time but not all of the time.

Since Ryan began employment with us in September 2023, he has accrued 280 hours of additional time beyond the 40-hours per week for most employees. Below are his hours for the last 5 pay periods (for full-time this represents 80 hours per period except for January 31, 120 hours).

- January 12: 84 hours
- January 31: 158.75 hours (three week pay period- 120 hours)
- February 15: 136.75 hours
- February 29: 95 hours
- March 15: 80.5 hours

While all exempt employees are expected to work additional hours, the situation for the ambulance service is uniquely situated as a department, due to its reliance on unscheduled, volunteer employees to

provide 24-7 service. This is different from all other departments who are adequately staffed by scheduled full-time employees to meet the services.

As this compensation is already budgeted into the City's budget under a volunteer line item, this will not have a budget impact because we are already budgeting for these hours under volunteer compensation on our budget.

Ryan will make all efforts to minimize these hours, where possible by continuing efforts to recruit volunteers or have schedule paid on-call staff where available.

A similar compensation policy for Ambulance Directors is in place at other similar sized and organized services, that rely on unscheduled paid-on call staff- Chatfield, Lewiston, St. Charles, Caledonia, Harmony, MN.

I also had a conversation with Brandon Fitzsimmons, Labor Attorney on 3/28/2024 and he confirmed that this is allowed for this specific type of situation for an exempt employees and they have provided legal advice on this specific situation for other cities. He recommended however that this be approved by Council.

This policy would be re-evaluated at a future point, if staffing levels change, to a minimal reliance on additional hours for the Ambulance Director.