



Tax Increment Financing Policy for Private Redevelopment

Introduction

The purpose of the City of Long Lake Tax Increment Financing (TIF) Policy is to establish the City's position and goals as related to the use of Tax Increment Financing for private redevelopment. This policy shall be used as a guide in processing and reviewing applications for TIF assistance. The fundamental purpose of tax increment financing in the City of Long Lake is to encourage desirable development and/or redevelopment that would not otherwise occur "but for" the assistance provided through TIF.

This policy may be amended by the City Council from time to time and, under special circumstances, sections of the policy may be waived or additional criteria/requirements considered when deemed appropriate and in the best interest of the City.

TIF requests/approvals must comply with all applicable State statutes.

Policy Considerations

I. Redevelopment/TIF Goals

The City will consider the use of TIF or other business subsidy to assist private development only in those circumstances in which proposed private developments meet one or more of the following uses/goals (no particular order):

- To redevelop blighted or underutilized areas of the community
 - To remove blight and encourage redevelopment in commercial/industrial areas in order to encourage high levels of property maintenance and private reinvestment
 - To increase the tax base of the City
 - To provide adequate parking and other infrastructure
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- To create additional redevelopment opportunities on other potential sites and to encourage additional unsubsidized private development in the area, either directly or through secondary, spin-off development

- To retain local jobs and/or increase the number and diversity of quality jobs (e.g. stable employment and/or attractive wages and benefits)
- To accelerate the development process and to achieve development on sites which would not be redeveloped within a reasonable timeframe without City assistance

II. Approval Criteria for TIF Projects

- TIF assistance, when provided, shall be provided within applicable state legislative restrictions, debt limit guidelines and other appropriate financial requirements and policies
 - The project must meet one or more of the adopted City TIF goals listed above
 - The project must be in accord with the City's Comprehensive Plan, Zoning Ordinances or required changes to the plan or ordinances must be under active consideration by the City at the time of approval
 - The project should be in accord with other planning/development plans as adopted by the City from time to time which are in effect at the time the TIF application is being considered. This includes, but is not limited to, the City's Downtown Master Plan for Redevelopment and the City's Comprehensive Plan.
 - TIF assistance will not be provided to projects that have the financial feasibility to proceed substantially as proposed without the benefit of TIF. In effect, TIF assistance will not be provided solely to broaden a developer's profit margin on a project. Prior to consideration of a TIF assistance request, the City shall undertake an independent financial analysis of the project to help ensure that the request for assistance is valid. Lookback provisions will be used to ensure that TIF is provided only to the extent necessary to make the project viable.
 - Prior to approval of a TIF plan, the developer shall provide any required market and financial feasibility studies, appraisals, soil boring information provided to private lenders for the project, and other information or data that the City or its financial consultants may require in order to proceed with an independent underwriting
 - The developer should provide adequate financial guarantees to ensure the repayment of the TIF subsidy. These may include, but are not limited to, assessment agreements, letters of credit, etc.
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- Any developer requesting TIF assistance should be able to demonstrate past successful general development capability as well as specific capability in the type and size of development proposed

- The developer should retain ownership of the project at least long enough to complete it, to stabilize its occupancy, to establish the project management, and to initiate repayment of the TIF obligation
- The level of TIF funding should be reduced to the lowest possible level by maximizing the use of private debt and equity financing first, and then using other funding sources or income-producing vehicles that can be structured into the project financing, prior to using additional TIF funding
- Development financing will be made available only on a Pay-As-You-Go (PAYGO) basis
- Fiscal disparities shall be paid within the district whenever possible. This issue will be reviewed at the time of creation of each TIF district

III. TIF Evaluation Criteria

- All projects will be reviewed on a case by case basis
- All third-party sources of grant funds shall be pursued by the developer and/or City. Any grant funds received shall be applied toward any appropriate level of subsidy.
- Some criteria, by their very nature, must remain subjective. Although certain benchmark criteria may be used to evaluate a given project, each project will be critically evaluated on a case by case basis. The fact that a given proposal meets one or more benchmark criteria does not mean that it is entitled to funding under this policy, but rather that the City is in a position to proceed with evaluations of, and comparisons between, various TIF proposals, using uniform standards where appropriate.
- The following evaluation criteria will be used by the City:
 - All TIF proposals should optimize the private development potential of a site
 - All TIF proposals should create the highest feasible number of new jobs on the site. The Council establishes a benchmark of one newly created (or retained) FTE job per \$40,000 of TIF assistance provided to industrial projects

IV. Eligible Costs/Uses for TIF

The following costs *may* qualify for the use of TIF assistance if such assistance is determined necessary and desirable by the City:

- Project Design fees including: utilities, landscape, architectural and engineering design

- Site related work, including: earthwork/excavation, soil correction, landscaping, utilities, streets and roads, street/parking lot paving, street/parking lot lighting, curb and gutter, sidewalks
- Land acquisition. However, if the acquisition price of property for a given project is more than 20% of the appraised market value of that property, TIF assistance will not be provided on the incremental cost above and beyond the appraised market value as determined by an independent, City-engaged appraiser.
- Special assessments
- Legal fees (acquisition, finance, closing)
- Soil tests
- Environmental studies
- Surveys
- Park and open space dedication fees
- Interest rate write downs
- Relocation assistance
- Replacement or clean-up of contaminated soils which would otherwise preclude redevelopment
- Rehabilitation
- Other costs as allowable by State Statute

Note: Standard City fees will not be waived.

V. Application/Analysis/Approval Process

The general procedures for receiving, processing and approving/denying applications for TIF assistance is described below. The City may modify this process on a case by case basis as individual circumstances dictate.

a. **General Steps in the Application Process:**

1. Developer contacts City staff to discuss the project
2. Staff meets with developer to discuss overall project, the merits of the project (i.e., how well the project meets City goals/plans) the developer's intention to request TIF, and the application process

3. Staff analyzes project in terms of the City TIF policy and other redevelopment plans to determine if the project is a candidate for City involvement and/or assistance
4. If determined by staff to be a viable/desirable project, developer may be encouraged to make a conceptual presentation to the Long Lake Economic Development Authority (EDA), and, when applicable, the Long Lake Planning Commission
5. Developer submits a formal application for TIF assistance including development Pro Forma (in the specific format required by the City), a \$3,000 non-refundable application fee and a cashier's check for \$10,000 to cover initial escrow funds (additional funds to be submitted as necessary).
6. Application is reviewed by staff and applicable City consultants
7. Staff and City consultants determine whether or not the TIF application and project should proceed to the EDA/Council
8. Staff presents project analysis and recommendations to the EDA/Council.
9. Council/EDA direct staff with regard to drafting of a Developer's Agreement if TIF assistance is deemed appropriate by Council/EDA
10. Negotiation of TIF Developer's Agreement
11. Public Hearing is held on the proposed project
12. EDA/Council vote to approve/deny Developer's Agreement

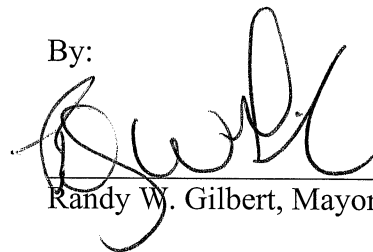
If approved:

13. Conditions of Developer's Agreement met.
14. TIF Note issued
15. Follow-up reporting

VI. Effective Date

This policy has been adopted by the City Council of the City of Long Lake on this 15th day of August and is effective immediately upon its adoption.

By:



Randy W. Gilbert, Mayor

ATTEST:



Steve Stahmer, City Administrator