
Description of Selected Tax Increment Districts

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Description of Selected Tax Increment Districts

This report supplements our report, *Tax Increment Financing* (96-06), published on March 8, 1996. It contains brief descriptions of over 400 Minnesota tax increment districts in the 43 cities and 3 counties we visited.¹

Figure 1 illustrates the cities and counties included in our sample. The information is current as of December 1995, when each city and county reviewed its appendix summary for factual accuracy. In the case of Minneapolis, because of the large number of districts, only the most recent tax increment districts are summarized. In preparing the following summaries, we relied on information provided by city officials. In addition we used data from the Minnesota Department of Revenue, tax increment financing (TIF) plans, and annual TIF disclosure and financial reports.

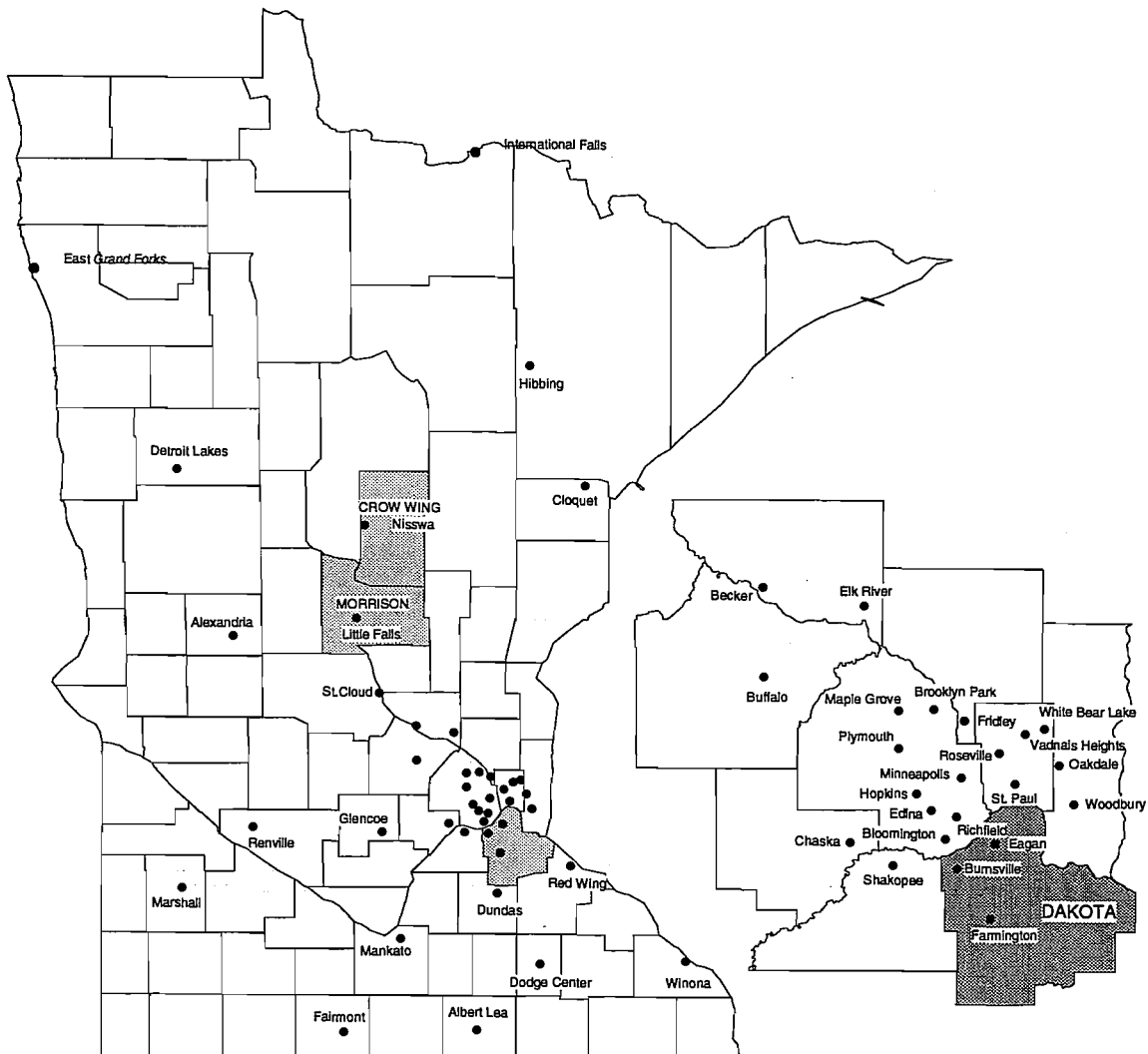
The parentheses following the name of each tax increment district (TID) contain the type of tax increment district (pre-1979, redevelopment, economic development, housing, soils condition) and the year the district was certified. "Pre-1979" refers to those districts established prior to August 1, 1979. For districts certified in 1990, the month of district certification is also given to allow identification of "pre-1990" districts, or those certified on or before April 30, 1990, and "post-1990" districts, or those certified after April 30, 1990. Generally, the summaries describe the previous use of the tax increment sites, the resulting developments, the amount and type of financing, and the specific uses of tax increment financing.

ALBERT LEA

Albert Lea has 11 tax increment financing districts including 4 post-1990 districts. To pool tax increments among its districts, Albert Lea created a project area in 1988 whose boundaries included about two-thirds of the city.

Northridge Mall TID 1-1 (economic development, 1984). This district was for a retail shopping mall, including a Shopko and a Hardees restaurant. The city issued \$1.2 million in bonds to assist with land acquisition and write-down, installation of a storm sewer that also served the surrounding neighborhood, installation of water and sewer lines, and sidewalk and street improvements including a bridge

¹ We conducted telephone interviews with city officials from North Branch, East Grand Forks, and International Falls.

Figure 1: Tax Increment Financing Sample Cities and Counties

Note: Telephone interviews were conducted with officials from the cities of East Grand Forks, International Falls, and North Branch.

over a creek. The bonds have been redeemed and 1995 will be the final year tax increments are collected for this district.

Farmstead Foods TID 2-1 (redevelopment, 1984). The city issued about \$1 million in tax increment bonds to help Farmstead Foods modernize an obsolete pork processing plant. The company went bankrupt in 1990 and the plant was sold to Seaboard Corporation, which reopened the packaging plant in 1991, but closed the slaughterhouse portion of the plant. The plant, which once employed 1,500, currently employs 250 people. The city announced recently that Farmland Foods, a Kansas City company, has signed an agreement to lease the packaging part of the facility but has no plans to reopen the slaughterhouse. The city refunded the origi-

nal bonds in 1994 and \$724,000 was outstanding at the end of the year. The district generates about \$175,000 in annual increments which, if maintained, would repay outstanding debt in 2002. Farmstead Foods also received Minnesota Department of Trade and Economic Development (DTED) economic recovery funds in 1984 and 1990.

Skyline Mall TID 3-1 (redevelopment, 1986). This district helped rejuvenate a 1960s shopping mall near downtown that was partially vacant and deteriorating. The city issued about \$500,000 in bonds to renovate part of the mall and demolish another section for construction of a Wal-Mart. The mall is now about 75 percent occupied. The \$25,000 annual tax increment will retire the outstanding debt within seven years.

Industrial Park North TID 4-1 (economic development, 1988). The city borrowed \$200,000 from its general fund to acquire and develop sites for an industrial park. The city deeded the land to the Albert Lea Port Authority which built a facility that currently houses a grain processor and a panel manufacturer. Tax increments from that facility are repaying the general fund loan, of which \$100,000 remained outstanding at the end of 1994.

Krieger Beverage TID 4-2 (economic development, 1988). The city created this district to help a beer distributor expand and relocate to the North Industrial Park. A \$47,000 general fund loan was used to acquire property and ready the site for construction.

First Subdivision TID 5-1 (housing, 1988). This district helped a developer construct three 16-unit low- and moderate-income apartment buildings. The city borrowed \$160,000 from its general fund to purchase the property, pay delinquent property taxes, install street and utility improvements, and extend a road before selling it to the developer for \$65,000. About \$100,000 remained outstanding on the general fund loan at the end of 1994.

Second Subdivision TID 5-2 (economic development, 1989). This project created an industrial park on 15 vacant parcels on the south side of town. The city borrowed \$280,000 from its general fund to finance storm drainage and other site improvements. Two local companies, a bailing twine manufacturer and a plastic bottle manufacturer, relocated and expanded on the site. The district's \$40,000 annual tax increment should be sufficient to repay \$190,000 outstanding on the general fund loan at the end of 1994.

Industrial Park North TID 5-3 and 5-4 (economic development, 1992 and 1993). These districts are located in the city's North Industrial Park. The city's Port Authority purchased the land and constructed facilities that it leases to businesses. Through 1994, the city has spent \$187,600 of internal funds to improve drainage, correct soils, extend city utilities, and construct parking lots. Several businesses currently operate in these districts, including two wholesale food distributors, a processor of mail-order coupons and rebates, and a cleaning equipment manufacturer.

Bridgeport Third Subdivision TID 5-5 (economic development, 1994). The city created this district to develop 22 acres for industrial and commercial uses. The city borrowed \$475,000 from its general fund for land acquisition, utility and street extensions, and other site improvements. Current plans call for an airplane parts manufacturer, a copper brazing company, and a gas station/convenience store to locate in the district. The gas station and any other commercial developments will be assessed for their share of the public improvements.

Minnesota Corrugated Box TID 5-6 (economic development, 1995). This district includes six parcels in the North Industrial Park. The city issued \$1.55 million in tax increment bonds, a portion of which it used to repay the general fund loans for TIDs 5-3, 5-4, and 5-5. The remainder will assist a cardboard box manufacturer with acquisition, soil correction, and a parking lot related to construction of a 167,000 square foot manufacturing facility. The city hopes to assist another manufacturer with construction of a 25,000 square foot facility in the district. The city projects \$146,000 annually in tax increments from this district, beginning in 1997. Tax increments from Districts 5-3, 5-4, and 5-5 will be pooled with District 5-6 to repay the bonds.

ALEXANDRIA

Alexandria has 11 tax increment districts. In 1993, the city consolidated existing districts into a new project area that encompasses a large portion of the city, excluding only single-family residential neighborhoods.

Haskins TID 1 (redevelopment, 1983). This district replaced substandard homes with 17 units of condominium housing. The city issued \$70,000 in bonds for land acquisition, demolition, and site improvements. The annual tax increment of about \$11,000 per year is sufficient to pay annual debt service on the bonds, which will mature in 1999.

Anderson TID 2 (redevelopment, 1984). This district replaced five substandard buildings with a 21-unit senior citizens apartment complex, including a senior citizens community center. A \$100,000 bond financed land acquisition, demolition, and site improvements. The bond is scheduled to mature in 1996.

Alex Clinic TID 3 (economic development, 1988). The city created this district to help remodel and expand a downtown medical clinic that was considering moving to a new facility on the south end of town. City officials wanted to keep the clinic in the downtown. Pay-as-you-go financing will reimburse the developer for up to \$241,000 in remodeling costs.

Towner Oberg TID 4 (economic development, 1988). The city used pay-as-you-go financing to reimburse a developer for up to \$134,000 to acquire and demolish two old single-family homes so that a gas station/convenience store could be constructed. The annual increments of about \$17,000 per year are not expected to be

sufficient to fully reimburse the developer, who will have to absorb some of the costs.

APV Douglas TID 6 and APV Douglas TID 7 (economic development, 1989 and 1991). The city created the 1989 district to help remodel office space into a production facility for a packaging design company. The city pledged up to \$341,000 in tax increments on a pay-as-you-go basis for remodeling costs and construction of a parking lot. In 1991, the company constructed a 38,750 square foot packaging assembly plant expansion. The city again used pay-as-you-go financing for up to \$328,000 in site preparation costs. Between 30 and 40 jobs were created. The annual increments of about \$90,000 will exceed pay-as-you-go obligations. The company also received \$195,000 in DTED economic recovery funds in 1991.

KD Development TID 8 (redevelopment, 1993). This project involved demolition of a four-unit apartment building and construction of 24 market-rate condominium units. The city will use \$161,000 in tax increments to reimburse the developer for acquisition and site improvement costs.

LD Development TID 9 (redevelopment, 1994). The site was occupied by substandard houses in a commercially zoned area. Up to \$270,000 in tax increments will reimburse the developer for acquisition and site improvement costs for development of a strip mall. A hair stylist, paint store, insurance office, and restaurant now occupy the mall.

Sunrise Apartments TID 10 (housing, 1994). This project involved construction of an 18-unit apartment building for low- and moderate-income residents. A \$325,000 bond paid for land acquisition and extension of public utilities to the site.

Dunmire TID 11 (redevelopment, 1995). The city created this one-parcel district to demolish a substandard house and replace it with a restaurant. The city estimates that \$245,000 in TIF assistance will finance land acquisition, site preparation, and extension of public utilities. No activity has occurred to date.

Woodsmen Distributing TID 12 (redevelopment, 1995). The city created this one-parcel project to demolish a substandard house, five cabins, and two garages (some of the structures were fire-damaged), allowing for construction of a retail store and service center for a local distributor of all terrain vehicles. The city estimates that \$267,500 in TIF assistance will finance land acquisition, demolition, site preparation, and public improvement costs.

BECKER

The city has two tax increment districts. The city expanded the project area in 1993 to include the whole city.

TID 1 (redevelopment, 1982). The city created this district to encourage development of several downtown parcels. The city acquired land and prepared a site for construction of a convenience store. It amended the plan in 1985 to acquire land for a motel. The city issued a total of \$205,000 in tax increment bonds for these two projects. The debt has been retired and the district continues to generate about \$48,000 per year in tax increments. The city has used these tax increments to extend utilities and improve roads for industrial park development.

Liberty Paper TID 3 (economic development, 1993). The district assisted Liberty Paper Inc. with development of a cardboard recycling facility. The company wanted to locate its facility near a power plant in order to use steam in its production process. The city issued \$26.4 million in tax increment bonds to acquire property, purchase recycling equipment, extend utilities, improve streets, install sidewalks and other public improvements, construct a railroad spur and crossings, and construct a new water tower to have sufficient water pressure for fire fighting requirements.² Under an agreement with the company, the city's EDA owns the facility and leases it to the company, with an option to purchase after the bonds are repaid. Tax increments and leasing fees will repay the bonds.³ Because the city's tax rate is low (due to the high assessed value of the Northern States Power plant in Becker), Liberty Paper agreed to an artificially high assessment of its facility to generate the tax increments necessary to support the bonds. The assessment will revert to its fair market value when the district expires in 2003.

BLOOMINGTON

Bloomington has three development authorities -- the city, Port Authority, and Housing and Redevelopment Authority -- that use tax increment financing and account for 13 districts. We focused on the city's districts located in the Airport South Development District, the city's pre-1979 district which pools increments with three other districts, and the city's most recent districts.

The following four districts are all in the "Airport South Development District." The Stadium Act of 1986 allowed tax increments from any Port Authority district to be pledged to revenue bonds of the Airport South Development District.⁴ During the mid-1980s, the Port Authority created a number of districts within Airport South as private development occurred in order to use the tax increments generated by the development to finance public improvements and redevelopment costs in the project area. Recently, the city decertified four economic development districts in Airport South. (See Appendix C.) The city will use the cash balances remaining in these districts, approximately \$7.6 million, as a debt service reserve or to help finance future public improvements in Airport South.

² The city issued an additional \$9.2 million in solid waste disposal bonds to finance construction of a wastewater treatment plant, which will be repaid through user fees.

³ Tax increments, under an assessment agreement, will be about \$650,000 per year for nine years (\$5.9 million total). Lease payments will continue through 2014.

⁴ *Minn. Laws* (1986), Chapter 391.

Mall of America TID 1-C (redevelopment, 1984). Once the site of Metropolitan Stadium, this district contains the Mall of America with over four million square feet of commercial development. Of the total \$700 million investment in the project, the city provided approximately \$105 million in public improvements: \$35.1 million to acquire the stadium site and Kelly properties; \$59.9 million to construct two 6,000-space parking facilities. \$4.8 million for site preparation costs including sewer, water, and drainage; \$1.25 million for grading, construction of bridges and landscaping costs; and \$500,000 for miscellaneous costs.

The Port Authority issued \$140 million in bonds and notes to finance project costs. At the end of 1994 the district's outstanding indebtedness included \$65.2 million in tax increment revenue bonds payable from tax increments and local lodging and liquor tax revenues⁵ and \$19.8 million in general obligation bonds payable from tax increments. In 1995, the Port Authority refinanced the developer note, reducing that debt to approximately \$28 million. The developer note allows the developer to finance part of the public improvement costs and is subordinate to the tax increment and general obligation bonds. Finally, the Port Authority has built a bond reserve of \$36 million.

Hilton Hotel TID 1-H (economic development, 1986). The district contains a hotel development. No bonds were issued. TIF assistance of \$374,000 was used for road and sewer improvements in the Airport South area. This district will be decertified in 1996 and tax increments of \$1.259 million in 1994 will be held in reserve for future Airport South public improvements.

Kelly Properties TID 1-G (redevelopment, 1986). This 32-acre parcel is adjacent to the Mall of America. Previously, the site was occupied by a partially burned farmhouse and outbuildings. The Mall of America Company owns the site and has a contractual obligation with the Port Authority to develop it as a second phase of the mall. The property is currently used for surface parking related to the mall.

City plans for long-term public improvements in the Airport South Development District include: \$11.5 million in road and street improvements; \$255,000 for sidewalks and bikeways; \$280,000 for traffic signals; \$3.6 million for sewer and water; and \$8 million for public improvements related to redevelopment of the Met Center site.

Carlton TID 5-1 (redevelopment, 1988). This district is in the Airport South Development District, adjacent to the Mall of America, but it is a city district and its increments *are not* pledged to support the Port Authority TIF bonds related to the mall development. Previously, the parcel was the site of the Carlton Celebrity Theater. The city issued \$9.5 million in bonds and paid \$6.5 million for site acquisition, demolition and preparation. A developer purchased the west part of the site for \$3.2 million and constructed a hotel and restaurant. The city is negotiating for

⁵ The Stadium Act allowed Bloomington to impose a sales tax on lodging and on-sale liquor with revenues pledged to tax increment bonds. The city authorized a 2% lodging tax and 3% liquor tax which together generated \$3.6 million in revenues in 1994.

construction of a 100-room expansion of the first hotel, another 140-room hotel, and two restaurants on the remainder of the site.

The following four districts are in the Oxboro Redevelopment Project, which is east of Interstate 35, centered at Lyndale Avenue and 98th Street. Bloomington has tried to encourage more intense, mixed-use development throughout the project area while retaining existing businesses. The Nativity of Mary project was added to the Oxboro Redevelopment Project in December 1985. The tax increments for these districts are pooled.

Nativity of Mary TID (pre-1979, 1978). The city issued \$362,000 in bonds and provided a \$100,000 loan to acquire 10 acres of vacant land and provide a land write-down (purchase land for \$480,000, sell it for \$95,800). Developers constructed 50 townhouse units of Section 8 assisted rental housing, a 66-unit apartment building (of which 17 units are for low-income renters), and a 22-unit apartment building for low-income disabled people. The district does not have any outstanding debt. Tax increments are being transferred to Oxboro O-1 TID (\$664,140 in prior years and \$116,275 in 1995).

Oxboro TID O-1 (redevelopment, 1985). Bloomington issued \$8 million in tax increment bonds for land acquisition and write-down (purchase land for \$6.3 million, sell it for \$2.9 million), street and sewer improvements, site preparation, and relocation costs. General tax revenues also support the project (\$484,000 in 1994). As a result of a 1995 bond refunding and debt restructuring, the tax levy support for the district will be reduced to \$250,000 per year. Redevelopment in the district has included construction of a medical office building and retail shops, including a Byerly's grocery store and a regional outdoor retail store.

Oxboro TID O-2, The Gables (redevelopment, 1986). This district was the city's first pay-as-you-go financing project. The HRA acquired 10 parcels containing substandard single-family homes, made site improvements, and installed utilities. The developer purchased the land from the HRA for its actual costs and constructed a 100-unit, market-rate, multi-family rental building. Seventy percent of the tax increments collected repay the developer's land acquisition plus capitalized interest costs; 30 percent of the increments pay for street improvement, special assessment, and administration costs. Increments from this district will be pooled with other districts in the project area.

Oxboro TID O-3 (redevelopment, 1986). This district is a continuation of the phased commercial development related to Oxboro TID O-1. Bloomington issued \$1 million in general obligation TIF bonds for land acquisition, street improvements, and landscaping. Redevelopment in the district includes relocation of a medical clinic, construction of new retail buildings, and relocation of existing businesses into that space. The city still owns property in the district and is awaiting additional development opportunities.

The following three districts are the most recent certified in Bloomington.

Seagate TID (economic development, 1995). The city provided up to \$1.9 million in pay-as-you-go financing to facilitate the expansion of Seagate Technologies, an international manufacturer of disk drives, in the city. Tax increments will assist with public improvements including storm and sanitary sewers, water mains, parking lot improvements, landscaping, and soil correction. The expansion will consist of 249,000 square feet of office, manufacturing, and wafer fabrication space. The expansion of Seagate will create 500 new jobs (150 will be administrative positions and 350 will be production employees). Another source of funding includes an anticipated 1996 DTED economic recovery grant from Hennepin County. The city has elected to make a local contribution to qualify for exemption from the state aid penalty.

Rich Road Housing TID (housing, April 1990). The HRA provided a \$290,000 loan to acquire vacant property and provide a land write-down to the developer who constructed 51 units of low-income rental housing for elderly and handicapped individuals. Tax increments are used to repay the HRA loan.

Lyndale Avenue TID (housing, 1989). Prior to being acquired and cleared by the HRA, this site contained three single-family homes in poor condition. The HRA resold the land (for nearly \$75,000) to the developer who constructed 30 units of rental housing for low-income, developmentally disabled adults. A jury award in a condemnation lawsuit significantly increased acquisition costs (from \$300,000 to \$1.5 million). The HRA used its fund balance to pay the settlement.

BRANCH

Branch created the following district in 1992. The cities of Branch and North Branch merged in November 1994 and administration of the district was transferred to North Branch.

Tanger Factory Outlet Center TID 1-1 (soils condition, 1992). The district consists of 20 acres of vacant land. The district was created to assist with development of a 140,000 square foot national retail outlet center. Unstable soil conditions required removal of topsoil and replacement with compacted fill. Branch issued a \$825,000 bond to finance storm sewer improvements and soil correction costs associated with construction of an elevated water storage tank, well and pump house, holding pond, and street improvements. Annual tax increments of \$90,000 are also being used to reimburse soil correction costs incurred by the developer. Developer assessments paid for sanitary sewer services. The developer agreed to pay the city's local government aid penalty. The project received DTED economic recovery funds; the center provides 300 full- and part-time jobs.

The city amended the tax increment plan in 1993 to add an adjacent 20 acres to the district and authorize increased spending to correct soil conditions related to future expansion of the outlet center. The developer has purchased the land but no additional tax increment activity has occurred.

BROOKLYN PARK

Brooklyn Park has 11 tax increment districts, including 6 post-1990 districts. District 3, a scattered-site redevelopment district, accounts for about two-thirds of the city's tax increments.

85th Avenue Improvements TID 3 (redevelopment, 1985). The city originally created this scattered-site district to widen 85th Avenue. It used \$1.5 million of internal city funds to pay for the improvements. This district has been amended many times to assist a variety of commercial, housing, and industrial developments. In 1989, the city provided assistance with soil correction costs for a Target store and a land write-down for the Gates of Edinburgh, a market-rate housing project. Beginning in 1990, the city provided land write-downs to several expanding local companies that relocated from leased space in the city's industrial parks. Other commercial developments occurred in District 3 without city assistance.⁶ In 1992 and 1993, the city issued \$15.1 million in pooled TIF bonds to renovate existing housing developments. These bonds are supported primarily from District 3 tax increments. At the end of 1994, \$14.1 million remained outstanding on the bonds. In addition, the district had \$1.3 million in internal city loans, \$6 million in pay-as-you-go commitments, and \$600,000 in other obligations outstanding. The district generated about \$3.3 million in tax increments in 1994.

Creekside of Edinburgh TID 4 (economic development, 1988). This pay-as-you-go project provided a \$200,000 land write-down for a small shopping center. The city received about \$85,000 in tax increments from this district in 1994. City officials plan to decertify the district at the end of 1995.

Northland Business Center TID 6 (economic development, 1989). This district was created for an industrial building in the Northland Industrial Park. The partially-completed building is tied up in litigation between the developer, his banker, and a subcontractor. The developer has not signed the development agreement and no city funds have been spent yet. The district generated about \$232,000 in 1994 tax increments. The city is holding the increments in reserve in case it gets drawn into the litigation.

Damark TID 8 (economic development, 1989). This project provided a \$1.5 million land write-down on a pay-as-you-go basis for construction of a new facility for a mail order distributor. The company had been leasing space at several Twin Cities locations. Damark is Brooklyn Park's largest employer with between 800 and 2,000 employees, depending on the season.

Meyer's Printing TID 9 (economic development, April 1990). This pay-as-you-go project provided a \$1.6 million land write-down for a new Meyer's Printing facility. The company had been located in Minneapolis and, according to Brooklyn

⁶ Part of the Edinburgh Golf Course and the golf course clubhouse are in District 3 but they received no tax increment funding and, because they are owned by the city, generate no tax increments.

Park officials, was considering leaving the state. The city received \$278,000 in tax increments from this district in 1994.

Wal-Mart TID 10 (soils condition, 1992). The city spent about \$350,000 of internal funds to correct soils related to construction of a 116,000 square foot Wal-Mart store. The district generated \$252,000 in 1994 tax increments, and the city plans to decertify it in 1996.

Wilson Leather TID 11 (economic development, 1992). The city provided about \$900,000 on a pay-as-you-go basis for land acquisition and soil correction costs. Wilson Leather constructed a 125,000 square foot warehouse and distribution center addition to its existing facility.

Kelco Industries TID 12 (redevelopment, 1993). The city created this district to assist a local medical instruments manufacturer to acquire land and demolish two vacant buildings for a 40,000 square foot facility. The company was considering expanding in Plymouth. The city agreed to provide \$445,000 in TIF assistance, partly from city funds and partly on a pay-as-you-go basis. Construction has not begun because the company has encountered unexpected soil problems and has asked the city for additional financial support. The city is considering the request but the issue has not been resolved.

CSM TID 13 (economic development, 1993). The city established this one-parcel district to help develop the Boone Ave Business Center, a 168,000 square foot multi-tenant office/showroom/warehouse facility. About \$1.25 million was provided on a pay-as-you-go basis to assist the developer with land acquisition costs. The first tax increments from this district are expected in 1996.

DataCom TID 14 (economic development, 1993). The city provided \$76,500 on a pay-as-you-go basis to help a computer networking company acquire land for a 10,000 square foot manufacturing facility, which is currently under construction.

Damark TID 15 (economic development, 1994). The city created this scattered-site district primarily to assist Damark International with construction of a 950,000 square foot warehouse on 27 acres north of its current location (see District 8). According to city officials, the company was considering relocating to another state. The company expects to have 3,200 employees when the three-phase construction project is complete. Assistance was also provided to Northstar Computer Forms, a printer of financial documents, for an 85,000 square foot manufacturing facility and to Stein Industries for a 100,000 square foot facility for manufacturing switches, store fixtures, and grocery store coolers. The financing plan was amended in 1995 to provide up to \$18 million for land write-downs and public improvements for future unspecified facilities.

City officials, concerned about the effects of the local government aid reduction, sought and received special legislation that exempted the district from the reduction if the city contributes 15 percent of the tax increments to a special housing

rehabilitation fund.⁷ City officials estimate that this arrangement will provide about \$330,000 per year for the city's housing needs.

BUFFALO

Buffalo has seven districts. The pre-1979 downtown district accounts for about two-thirds of Buffalo's tax increment revenues.

Downtown TID 2 (pre-1979, 1979). This district includes Buffalo's downtown, some commercial areas along Highway 55, and some large areas of housing. Initially, the city issued \$2 million in bonds, primarily for downtown projects, including changes in street alignment; the bricking of previously-paved streets; new sidewalks, streetlights, and street furniture; and acquisition of a lumberyard to make room for a large grocery store and parking lot. The city provided land write-downs for a retail development on a site with an old gas station and a new restaurant on a site with a vacant restaurant.

Additional activity financed with bonds or tax increments has included a land write-down for a fast food restaurant on Highway 55; relocation of the municipal liquor store to allow construction of a commercial building on that site; a land write-down for a local farm cooperative; creation of a commercial rehabilitation program in the Buffalo central business district with \$200,000 in increments; acquisition of property to develop a senior citizen center; numerous property acquisitions to provide public parking; and streetlights and street improvements.

Two modifications, the most recent in 1992, increased the size of the project area to conform with the intent of the original TIF certification. According to city officials, the original map included the property in question but the legal description did not include the correct information.

The city has modified the district plan 17 times, with the most recent modifications made in 1992 and 1995. In 1992, the city authorized spending \$2.5 million in tax increments. Development activities included: re-routing County Highway 35; expanding the park system along Buffalo Lake and constructing a rest area; extending a local street; correcting drainage and storm sewer problems and installing a looped water main; acquiring a church and four other properties for public parking or private commercial development; acquiring property for a possible senior housing project; and improving an alley.

In March 1995, the city approved \$1.9 million in surplus tax increments to provide land write-downs to two restaurants, to assist with the rehabilitation of two downtown buildings, and to complete the following public improvements: street and utility improvements; a bike and pedestrian path; downtown sewer improvements; Central Avenue streetscaping and pedestrian improvements; library landscaping; and a pedestrian-oriented marina development on Buffalo Lake.

⁷ *Minn Laws* (1994) Ch. 587, Art. 9, Sec. 20.

This district had \$2.7 million in outstanding tax increment bonds and a \$1 million fund balance at the end of 1994. The city will collect approximately \$921,700 in tax increments from this district in 1994.

Von Ruden Manufacturing TID 5 (economic development, 1989). A Long Lake company was exploring several Minnesota communities as expansion sites. The district consists of eight acres of vacant land in Buffalo's industrial park. The city issued a \$400,000 TIF bond to provide a land write-down and to finance site improvements. A 55,000 square foot industrial facility which employs 70 people was constructed. Other sources of funding included industrial revenue bonds, DTED economic recovery funds, city community reinvestment funds, and funds from the Minnesota Initiative Fund. The district generated nearly \$65,000 in tax increments in 1994 and had \$355,000 in outstanding debt.

American Legion TID 6 (economic development, 1989). The city created this district to relocate the American Legion from its downtown location, which the city bought to develop with senior housing. The district consists of three vacant parcels. The city used TIF to provide a \$90,000 land write-down on a pay-as-you-go basis. The American Legion constructed a 10,000 square foot bar and club facility. The district generated \$18,900 in tax increments in 1994.

Polka Dot Recycling TID 7 (economic development, 1989). The district consists of a 3.5-acre parcel in Buffalo's industrial park. Under the original plan, tax increments were to reimburse the developer for land acquisition and site improvement costs over the life of the district. After some delay, the developer constructed a 12,600 square foot industrial building but then went bankrupt; the bank holds the title to the property.

Wal-Mart TID 8 (economic development, April 1990). Prior to TID creation, this site was vacant and was not connected to public utilities. The developer asked the city for financial assistance to construct an 89,600 square foot retail center, with Wal-Mart serving as the anchor store. City officials believed that if the project was not constructed in Buffalo it would have located in the township or in one of several neighboring communities. A \$645,000 tax increment bond financed installation of sanitary and storm sewers and a water main and widening of Highway 55 to provide improved access. An assessment agreement commits the developer to a minimum level of annual property taxes sufficient to cover the annual debt service payments.

Whirltronics TID 9 (economic development, 1991). A manufacturer of lawn mower blades previously located in Brooklyn Park was looking at a number of Minnesota communities as an expansion site. Buffalo created the district on five acres in its industrial park and issued \$1.9 million in bonds to finance construction of a 40,000 square foot building which it leases to Whirltronics. A combination of tax increments and lease revenues are used to pay debt service on the bond.

Target TID 10 (soils condition, 1992). The site consisted of a vacant, undeveloped 16-acre site with unstable soils requiring extensive corrections. The developer asked the city to assist with soil corrections. The city will use tax increments

collected to reimburse the developer for actual soil correction costs up to \$400,000. An 86,500 square foot retail facility has been constructed on the site. The city will collect its first full increment of approximately \$144,000 in 1995.

BURNSVILLE

Burnsville has four tax increment districts. In February 1995, the city combined the project areas for the three pre-1990 districts (TIDs 1, 2 and 2-1) making them the same as the city boundaries and authorized \$25.59 million in increased TIF spending. To stimulate development in Burnsville, the city plans to fund the following activities: business expansion and retention in Districts 1 and 2 (\$1.073 million); business expansion and retention in the city's existing industrial parks (\$5.365 million); infrastructure improvements (\$10.04 million); environmental/natural resources preservation including highway beautification (\$2.51 million); and redevelopment of retail centers and industrial parks (\$4.292 million). The pre-1990 districts had combined fund balances of \$7 million at the end of 1994 and annual tax increment collections of approximately \$1.8 million.

TID 1 (redevelopment, 1984). Originally, the site consisted of 290 acres of vacant land with terrain and soil deficiencies. The site qualified as a redevelopment district on the basis of soil conditions. Three private development projects were scheduled when the district was created: a 216-lot, market-rate, single-family residential development; a 180,000 square foot office/service building; and a 70,000 square foot addition to an existing manufacturing building. A \$3.32 million tax increment bond financed site preparation (grading, clearing, landscaping), installation of storm sewers, and road improvements, including partial funding for construction of Southcross Drive.

In 1992, the city issued \$1.655 million in tax increment bonds to acquire, replat and actively promote industrial development on 58 acres within Southcross Industrial Park. Public activities included street and utility improvements and other site improvements (grading, landscaping, on-site utilities). Projects located in the district include a cabinet manufacturer, materials handling firm, medical disposal service, aerospace facility, printing company, hydraulics company, and day care center. The district had \$4.365 million in outstanding debt and a fund balance of \$2 million at the end of 1994; it generated \$644,000 in tax increments in 1994.

Billy Goat Sienna TID 2 (redevelopment, 1987). The site with 265 acres of vacant land qualified as a redevelopment district on the basis of soil problems. Three projects were scheduled when the district was created: a 143-lot market-rate, single-family residential development; a 60,000 square foot office/warehouse building; and a 121-lot market-rate, single-family residential development. The city issued TIF to finance site preparation (clearing, grading, erosion control, landscaping), park improvements, gas line relocation, and railroad crossing improvements. The city continues to develop the industrial park in the southern portion of the district. Recently, Data Sales, Inc. received a \$648,000 land write-down. Other companies relocating to the district with TIF assistance include Rigid Hitch

and Rupp Industries. Transcom Inc., a manufacturer of ball bearings and seals, relocated to the district without TIF assistance, although the company may receive TIF support for a planned expansion in 1996. At the end of 1994, the district had \$4.6 million in outstanding debt (excluding bond proceeds held in escrow to retire a refunding bond); it had a fund balance of \$1.72 million (excluding the \$3.28 million held in escrow to retire the refunding bond). The district generated \$1.07 million in tax increments in 1994.

McGowan Pond TID 2-1 (economic development, April 1990). The 188-acre site contains a closed sanitary landfill and a limestone quarry. When the district was created, the city envisioned private development of an amphitheater, a waste transfer station, and a private marina, and public development of a park. The city planned to use up to \$3.3 million in tax increments for road improvements, storm sewers, a freeway ramp, a boat ramp, parking lots, pathways, fencing, and sidewalks. Only the transfer station was constructed. No bonds have been issued. The city acquired several parcels from the property owner for \$1 shortly after the district was created. The city collected \$110,800 in tax increments from this district in 1994.

Soils TID 3 (soils condition, 1995). The district consists of 106 acres of vacant land with unusual soil and terrain conditions. An unauthorized dump was located on a portion of the site. The city will reimburse developers for soil correction costs necessary to make the site buildable including: slope stabilization, storm sewer construction, removal and disposal of contaminated soils, and excavation of poor soils and replacement with clean fill. The tax increment plan authorizes up to \$1.67 million in pay-as-you-go financing for current development and \$2.46 million for future developments in the district. An office systems manufacturing firm and an office/distribution company have constructed buildings on the site. The city has approved two additional manufacturing and office firms that will locate in the district in 1996.

CHASKA

Chaska has eight active tax increment districts including three post-1990 districts. All of Chaska's tax increment districts are within a project area that includes the eastern two-thirds of the city. Through 1994, Chaska had issued \$27.2 million in pooled tax increment bonds and \$834,000 in tax increment revenue notes. \$23.7 million in bonds and notes were outstanding at the end of 1994.

Chaska Manor TID 2 (housing, 1982). The city issued \$200,000 in bonds to finance a land write-down, site preparation costs, and utility improvements for a federally subsidized senior housing project. An old duplex and storage building on the site were demolished. The bonds have been repaid and the city collected \$53,475 in tax increments in 1994 from this district. City officials told us they may use tax increments to expand the housing project. The district had a \$208,000 fund balance at the end of 1994.

Flood Control TID 4 (redevelopment, 1985). The district included the city's downtown, the river front area, and undeveloped land in the northern part of the city earmarked for industrial development. The downtown and riverfront area was subject to seasonal flooding.

The northern part of Chaska was largely owned by Chaska Development Corporation.⁸ In the early 1980s, the city approached Chaska Development with a plan for an industrial park. The city agreed to include this area in the district and use tax increment financing to provide infrastructure and land write-downs. In return, Chaska Development Corporation agreed to charge a set price per acre of land, subject to a general inflation adjustment. The city was able to meet the 70 percent occupancy requirement for a redevelopment district because the undeveloped northern area contained a few large parcels and the downtown and riverfront areas contained many small occupied or improved parcels.

Many companies have located in the industrial parts of District 4. The city has used increments from this district to make general improvements to the downtown and industrial park areas. Chaska has spent \$10 million (excluding debt service) through 1994 on federal flood control projects and \$8.7 million to provide land write-downs to 44 companies. In addition, the city has funded many community projects, including \$9.2 million for a community center, \$671,000 for a senior center, \$5.8 million for street (including resurfacing, curbs and gutters, sidewalks, and streetlights), water, sanitary, and storm sewer improvements. The city financed these improvements with bonds and tax increments. The city collected \$6.3 million in tax increments from this district in 1994.

Kallestad Diagnostics TID 5 (economic development, 1989). The city issued a \$389,862 TIF revenue note to finance a land write-down and site preparation costs for an expansion of an existing medical instruments manufacturer. The company also move its corporate headquarters from Texas. The project received economic recovery funds. The district generated \$67,000 in tax increments in 1994 and \$77,000 was outstanding on the revenue note.

Fluoroware TID 6 (economic development, 1989). The city created this district to assist a manufacturer of plastic computer parts with construction of a 110,000 square foot office and assembly facility. The company is also constructing its corporate headquarters in Chaska. The city used \$135,000 in pooled bond proceeds to finance a land write-down and site improvements. The city received \$61,000 in tax increments from this district in 1994.

Arbor Park TID 7 (economic development, 1989). The city created this four-parcel district to develop an industrial park and assist Richlind Metal with expansion and relocation from its Chanhassen facility. The city used \$260,00 in pooled bond proceed to provide a land write-down. The city also provided land write-downs to

⁸ In the early 1970s, an attempt was made to create a planned community of 35,000 people in the northern part of Chaska called Jonathan. This community was to be self-supporting, with housing, commerce and industry. The plan never materialized and the developer went bankrupt. The land was subsequently purchased by a local group called Chaska Development Corporation.

three other companies that moved to the industrial park. The city received \$188,000 in tax increments from this district in 1994.

Jamco TID 8 (economic development, October 1990). The city used \$324,000 in pooled bond proceeds to finance a land write-down land for construction of a 50,000 square foot office/warehouse/manufacturing facility. The developer agreement requires the company to reimburse the city for an estimated \$200,000 in local government aid reductions. The city received \$68,000 in tax increments from this district in 1994.

FMG TID 9 (redevelopment, 1991): This one-parcel district contained a cosmetic and soap outlet store that was destroyed by a fire. The city agreed to spend up to \$374,000 on a pay-as-you-go basis to write-down the property, demolish the building, and prepare the site for construction of a retail music store. The city received \$42,000 in tax increments from this district in 1994.

Nordic Track TID 10 (redevelopment, 1993). The city used \$400,000 of internal funds to assist Nordic Track with a land write-down, demolition, and renovation of three existing buildings in the industrial park. The company constructed a 50,000 square foot showroom and customer service facility. Nordic Track also received \$162,500 in economic recovery funds and moved its corporate headquarters to this facility. The district will generate about \$77,000 annually in tax increments beginning in 1995.

CLOQUET

All of Cloquet's tax increment districts have helped Potlatch Corporation, the city's largest employer and property taxpayer, modernize and expand its manufacturing facility.

TID 2 Potlatch (economic development, 1986). The city issued a \$2.6 million TIF bond to acquire a parcel of land located within the Potlatch site and finance site improvements including excavation, rail access, utilities, and footings and foundations. The city sold the land back to Potlatch for \$1. Potlatch constructed a building to house a new paper machine, off-machine coater, and other auxiliary equipment.

This district will be decertified in 1996. Plan amendments, approved in May 1995, authorize the use of approximately \$819,000 in tax increments from this district to replace the curbs, sidewalks, storm and sanitary sewers, water mains, and bituminous surfacing on Cloquet Avenue. The total costs of this project are over \$5 million. Other financing will likely include special assessments and Minnesota Department of Transportation funding.

TID 3 Potlatch (economic development, 1992). The city created this district within the Potlatch site to assist with the company's construction of an evaporator building, control-room complex, and pump house with tank farm. Tax increment

of \$3.8 million will reimburse Potlatch for site acquisition and preparation, including soil corrections, footings and foundations, landscaping, and pollution control equipment. This district generated its first increments in 1995.

TID 4 Potlatch (economic development 1993). The city will use \$11.8 million in tax increments from the district, which is within the Potlatch site, to reimburse the company for site acquisition and preparation, including foundations and footings, landscaping, water and wastewater utility services. Potlatch will construct a 525,755 square foot manufacturing facility, including two high density towers, four digesters, three wash presses, screw conveyors, and related tanks. The first increments from this district will be collected in 1996.

CROW WING COUNTY

The Crow Wing County Housing and Redevelopment Authority administers two tax increment financing districts in Irondale Township.

MacMillan Bloedel TID 1 (economic development, 1989). The county created this district as part of a state, regional, and local financing package to assist MacMillan Bloedel construct a wood processing plant. The district consists of four parcels totaling 40 acres on tax-forfeited forest land. Tax increments are providing \$1 million in pay-as-you-go TIF assistance for site preparation and extension of utilities, including fire lines and pumps. The company constructed a larger facility than originally proposed, and the annual tax increments of about \$485,000 are well above the required annual payments to the developer. (The company, however, is appealing the plant's \$10 million assessment.)

The county has increased TIF spending three times. In 1992, the county authorized \$53,000 in tax increments to finance land acquisition and site preparation for a local engineering firm's headquarters building. In 1994, it authorized up to \$1.1 million in tax increments to repair and upgrade County Road 102 due to the increased volume of truck traffic. In 1995, it authorized the use of \$1 million in tax increments for a revolving loan fund to encourage additional development. The road work has not yet been done and the county is working on policies and guidelines for the revolving loan fund.

Pine Grove Apartments TID 3 (qualified housing, 1994). The county created this district to assist with construction of a 12-unit low-income apartment building. The developer will receive \$78,650 in tax increments to acquire land, remove an old railroad line that runs through the property, install a septic tank, and provide parking and other site improvements. A developer agreement requires three units to be rented to individuals with less than 50 percent of the area median income. The first tax increment of about \$9,900 will be collected in 1997.

DAKOTA COUNTY

The Dakota County Housing and Redevelopment Authority (HRA) uses TIF to provide low- and moderate-income housing and to rehabilitate an area in West St. Paul. The HRA has nine active tax increment districts, eight of which involve interest rate reduction (IRR) programs for multi-family rental housing projects and first-time home buyer programs. In most cases, the tax increment assistance ensures that 100 percent of the housing units in a project are made available to low- and moderate-income families or individuals (with incomes at or below 60 percent of the area's median income). Tax increment financing is used in combination with other forms of financing such as: limited private partnerships; Minnesota Housing Finance Agency resources; Federal Home Loan Bank, Federal Home Administration; and the foundation-supported Family Housing Fund. The HRA monitors income and rental requirements.

The HRA has created four private limited partnerships in which the HRA is a general partner. Three of these partnerships were formed to receive federal tax credits and use TIF IRR assistance. At the end of the 15-year tax credit term, the HRA intends to purchase the developments in which it is involved. This will ensure long-term affordability of the rental units.

One project area includes Districts 2, 3, and 5 through 9, which allows tax increments to finance the purchase of partnership developments within the project area. Generally, the county HRA has pooled increments for projects located in the same city. For example, Districts 1 and 4 in West St. Paul are pooled; Districts 5 and Andrews Pointe are pooled; and Districts 3 and 7 are pooled.

West St. Paul TID 1 (housing, 1983). The HRA issued a \$225,000 TIF revenue note to finance a land write-down and soil correction costs for a 60-unit Section 202 senior rental project. In addition, tax increments finance a \$750,000 IRR loan and ensure that 26 units of a 128-unit market-rate senior facility are available to low-income families and individuals. The HRA collected \$237,000 in tax increments from this district in 1994. Tax increments from District 1 are pooled with District 4 to provide assistance to the HRA's commercial rehabilitation loan program. Increments are also used to pay debt service on a 42-unit senior development in West St. Paul that is owned and managed by the HRA.

Multiple Cities TID 2 (housing, 1984). This district involves a First-Time Homebuyer Program. Approximately \$450,000 in tax increments may be used to help pay interest on mortgages for first time homebuyers. The program has assisted approximately 214 families and individuals. The following multi-family projects in Lakeville receive IRR assistance: (1) a 70-unit multi-family rental housing development which benefits from an IRR loan of up to \$455,000; (2) a 72-unit multi-family rental housing development gets up to \$503,00 in IRR assistance; (3) a 60-unit low- and moderate-income senior rental housing project, which uses increments to make debt service payments on bonds issued by the HRA. Finally, approximately \$2 million in tax increments financed land acquisition, demolition,

and construction of 50,000 square feet of commercial space. This district generated nearly \$882,000 of tax increments in 1994.

Apple Valley TID 3 (housing, 1985). A multi-family rental housing facility with 208 units will receive up to \$2.4 million in tax increments for IRR payments. This district generated \$222,200 in increments in 1994. This district is pooled with District 7. Tax increments will also be used acquire a partnership development located in Apple Valley after the 15-year tax credit period expires.

North Robert Street and Smith Avenue TID 4 (redevelopment, 1986). The HRA created this district for a commercial rehabilitation and interest rate reduction program to encourage the rehabilitation and development of commercial/office space in two aging business districts. The HRA has spent \$157,000 to acquire and demolish vacant, dilapidated buildings. It has made IRR loans to a restaurant and bar; other commercial real estate received assistance through acquisition/demolition of redevelopment sites. In 1990 and 1991, the HRA used \$340,000 to acquire land for construction of a 42-unit senior housing project. It also used \$515,000 in increments to assemble land for commercial development at the site of an old greenhouse/nursery. This district generated \$78,000 in increments in 1994. Tax increments from Districts 4 and 1 are pooled.

Inver Grove Heights/College Housing TID 5 (housing, 1987). This district involved construction of 60 units of multi-family student rental housing. Tax increments will provide an IRR loan of up to \$564,200 with \$1.137 million in increments budgeted for future acquisition of a partnership development in the Andrews Pointe District. The HRA collected \$77,400 in tax increments from this district in 1994.

Burnsville Family Housing/Parkside Townhomes TID 6 (housing, September 1990). A 22-unit multi-family townhouse rental project will benefit from an IRR loan of up to \$385,000 over 12 years. In addition, up to \$100,000 in tax increments was budgeted for site preparation and improvements, \$500,000 for future project acquisition, \$15,000 for assessments and title searches for tax-forfeited parcels that will be sold to moderate-income persons for construction of single-family homes. The district generated \$23,000 in tax increments in 1994.

Apple Valley Family Housing TID 7 (housing, 1991). The district includes two projects. First, tax increments will provide \$784,000 in IRR payments in connection with the construction of 39 units of multi-family housing. In addition, up to \$884,000 in tax increments from this district and from District 3 are budgeted for the HRA's future acquisition of this development. Second, tax increments from District 3 may be used for a 50-unit senior rental housing facility, which was constructed and is owned and operated by the HRA. The project may receive TIF assistance of up to \$175,000 for land acquisition, \$72,800 for public improvements, and \$10,000 for soil tests and surveys.

Andrews Pointe TID 8 (housing, 1993). The district includes three housing development projects involving IRR programs and a tax forfeiture housing development. These projects include: (1) Andrews Pointe in Burnsville, a multi-family

rental townhouse development containing 57 units; (2) Harriet South in Burnsville, a proposed multi-family rental housing facility with 50 units; and (3) Samson Addition in Inver Grove Heights, which includes a 24 unit, multi-family townhouse development constructed on tax-forfeited land, and a single-family development using tax increments for the tax forfeiture development program. Terra Addition in Farmington is part of the HRA's Blighted Properties Program. The HRA may provide financing for acquisition and demolition of blighted houses on 21 tax-forfeited parcels which will be sold to moderate-income families for construction of new homes.

The total estimated public costs for this district are \$5.2 million including: IRR loans of up to \$477,900 for 10 years for Andrews Pointe, up to \$335,000 for Spruce Pointe, and up to \$335,000 for the proposed Harriet South project; site improvement costs for the Terra Addition project of up to \$300,000; future project acquisition costs of up to \$2.48 million; contingency costs of up to \$1.06 million. This district will generate approximately \$86,600 in increments in 1995.

Lakeville Court Apartments/Fairview Ridges Townhomes TID 9 (qualified housing, 1995). The district contains two housing projects: one in Lakeville and one in Burnsville. The Lakeville project, a 52-unit multi-family rental housing complex, will receive an IRR loan of up to \$360,000. In Burnsville, the county plans to make IRR payments of up to \$372,000 over 12 years for a 49 multi-family rental townhouse development. To keep the developments affordable in the long term, the HRA will use approximately \$1.48 million in tax increments collected in the final 13 years of the district's duration to purchase these developments at the end of the 15-year federal tax credit term. These projects are currently under construction.

DETROIT LAKES

Detroit Lakes has 14 tax increment districts, including 6 post-1990 districts.

Country Market TID 5-1, Washington Square Mall TID 5-2, and Lake Avenue Plaza TID 5-3 (redevelopment, 1984 and 1985). These three redevelopment districts are pooled districts within the downtown project area. The largest project, the Washington Square Mall, involved \$775,000 in city assistance to demolish a square block of old downtown buildings (some burned out and abandoned), upgrade city sewer and water service, and construct a parking lot for a shopping mall. The Country Market project provided \$224,000 in assistance for expansion of a supermarket and construction of a parking lot. The Lake Plaza project provided \$80,000 in assistance for construction of a downtown office building. In the early 1990s, some of the stores in the mall closed and the developer defaulted on his property taxes. The mall was sold and the city loaned the new owner funds to pay back taxes. The mall is now 80 to 90 percent occupied, but its assessment was lowered. Tax increments from districts 5-1 and 5-3 are being used to help retire \$670,000 in outstanding bonds for the mall project. The three districts combined provided \$143,000 in tax increments in 1994.

UPS TID 7-1 and Wausau Supply TID 7-2 (economic development, 1987 and 1989). These two single-parcel districts are located in the industrial park north of Highway 10. In District 7-1, the city provided \$30,000 in internal funds for site improvements to help construct a 5,250 square foot terminal building for United Parcel Service. The funds have been repaid and the district is being decertified at the end of 1995. In District 7-2, the city agreed to provide \$116,000 on a pay-as-you-go basis for land acquisition, site improvements, and utilities for a 36,440 square foot warehouse/office facility for a lumber wholesaler. \$59,000 in pay-as-you-go obligations were outstanding at the end of 1994.

Evans Supermarket TID 8-1 (redevelopment, 1988). The city borrowed \$232,000 of its own funds to assist with a supermarket expansion, including removal of substandard homes on the site and construction of a parking lot. \$92,000 remained outstanding on the city loan at the end of 1994.

Swift/Swedburg TID 8-2 (redevelopment, 1988). The city issued \$560,000 in bonds to assist Swift-Eckrich with adding a freezer facility to its turkey processing plant. Bond proceeds assisted with land clearance, site preparation, extension of water and sewer service, and construction of a tunnel between two plant buildings. In 1991, the city borrowed \$650,000 from its wastewater treatment fund to expand the city's wastewater treatment facility, which was unable to handle the increased volume from the plant. In 1992, the company shut down the turkey processing operation, but it continues to lease freezer space to other companies. At the end of 1994, \$470,000 of the original bonds and \$601,000 of the wastewater treatment fund loan remained outstanding and the district had a fund balance of \$413,000. The city plans to use 1995 tax increments and the fund balance to redeem the outstanding bonds at the end of 1995 and use future tax increments to repay the wastewater treatment fund loan. The company has continued to pay property taxes since the plant shut down but city officials are concerned that a future lowering of the plant's assessed value could reduce the \$141,000 in annual tax increments from the district.

West Kjos TID 9-1 (economic development, 1988). The city created the district because a funeral home was located on a downtown site that the city wanted to use to expand its public library. The city borrowed \$75,000 from its general fund to acquire and prepare a new site for the funeral home. \$40,000 remained outstanding on the loan at the end of 1994.

Jordahl TID 10-1 (redevelopment, 1991). In this district, the city helped a developer demolish a vacant gas station and substandard house to construct a 7,500 square foot strip mall and expand a grocery store. The city will reimburse the developer \$50,000 for demolition and site improvements. The city expects to be able to decertify this district after five years.

D.L. Printing TID 11-1 (economic development, 1992). The district consists of two parcels in the city's industrial park. The company, a regional newspaper publisher and a subsidiary of the Fargo Forum, wanted to expand from its existing site in Hawley. The city authorized \$110,000 in pay-as-you-go TIF assistance for site acquisition and improvements for a new printing plant. The district collects about

\$19,000 per year in tax increments and the city hopes to decertify the district after six years.

Metz Bakery TID 12-1 (economic development, 1993). The city borrowed \$50,000 from its public utilities fund to assist with land acquisition, site preparation, and utilities for a 6,000 square foot bakery warehouse and retail facility. The city will collect its first full increment from this district in 1996.

Lakeshirts TID 13-1 (economic development, 1993). The city borrowed \$70,000 from its public utilities fund to acquire and prepare two parcels in the industrial park for construction of a 15,000 square foot facility to manufacture and embroider screen printed T-shirts. One of the parcels is in the current district and the other parcel will become a tax increment district in 1996 if the company follows through with plans for a 30,000 square foot expansion.

BBP Inc. TID 14-1 (redevelopment, 1994): The city borrowed \$43,000 from its public utilities fund to assist a local computer retailer with land acquisition, demolition, and driveway improvements for construction of a new office building. The new site contained a vacant building that most recently housed an auto body shop. The city expects an annual tax increment of \$8,500.

AmericInn TID 15-1 (economic development, 1995). The city created the district to assist a developer with site acquisition, demolition, and preparation for construction of a 46-unit motel. The district consists of three complete parcels and parts of two others containing an old communications building and a vacant lot. The city plans to provide \$120,000 in pay-as-you-go TIF assistance.

DODGE CENTER

Dodge Center has nine active districts, of which six are post-1990 districts. All districts are located in a redevelopment project area with boundaries that are the same as the city limits. Of the six post-1990 districts, one was financed with a tax increment bond while all the others are financed on a pay-as-you-go basis.

Since 1990, tax increments from the three pre-1990 districts (South Park Manor, Downtown and Airport) have been pooled and pledged to support construction of a wastewater treatment plant and water tower (\$1.867 million) and airport improvements (\$264,000). The Airport district will provide most of the tax increments for these projects. The 1990 amendment also authorized \$136,000 in increased tax increment spending from the South Park Manor and Airport districts for a scattered-site housing development program. The city acquired 19 tax-forfeited properties from the county and either sold the lots at a minimal price or gave them away to individuals who agreed to construct single-family homes and live in them for a minimum of three years. Finally, the amendment authorized \$225,000 in increased tax increment spending for a library and community center. The library is being constructed with private donations and the community center project has not materialized.

South Park Manor TID 1 (housing, 1979). The original plan was for a 38-unit, low-income housing project. Dodge Center issued \$110,000 in bonds to finance street improvements, utility installation, and land acquisition. The city expanded the district in 1981 to include a 36-unit housing development for the elderly. The city provided assistance with land acquisition. The original bonds were retired several years ago. This district collected about \$30,000 in tax increments in 1995 and had a fund balance of \$89,000 at the end of 1994. Tax increments from this district are also pay for the scattered-site housing development. The city is considering using increments to expand the parking lot at the elderly housing project and improve handicapped access.

Downtown TID 2 (redevelopment, 1979). Originally, the city planned to clear some houses to make room for a grocery store relocation, but the grocery store decided to relocate elsewhere. As a result, the city amended the district boundaries to include a parcel where a bank was planning to construct a new building and to include more downtown streets. The bank did not receive TIF assistance. A \$155,000 tax increment bond financed downtown improvements to sidewalks, streetlights, curbs and gutters, trash containers, benches, and a parking lot. The bond will be retired in 1996. This district generates about \$21,000 in tax increments annually.

Airport TID 3 (redevelopment, 1983). The district contains parcels in three areas of the city including: 1) the city airport, 2) a manufacturing firm that was planning to expand, and 3) some businesses in old buildings. The city used tax increments generated by the manufacturing firm's expansion to finance the non-state and non-federal shares of airport upgrading. Soil and drainage problems delayed the airport improvements and increased its costs; project costs have totaled nearly \$2.9 million. An \$860,000 tax increment bond, issued in 1990, financed replacement of a sod runway with a 4,500 foot concrete runway and taxiway system. The city plans to construct more hanger space and install a storm sewer in the summer of 1996 using approximately \$300,000 in tax increments and \$300,000 in Minnesota Department of Transportation funds. Future airport improvements include construction of a terminal building. The city will collect nearly \$193,600 in tax increments from this district in 1995.

Owatonna Canning Company/Agriland Elevator TID 4 (redevelopment, 1991). The district was created to assist with the expansion of a local canning company and to redevelop property along a railroad right-of-way. The district consists of 21 parcels covering over 14 acres with aging commercial and industrial facilities and several blighted single-family houses. The city provided \$100,000 in TIF assistance for land acquisition, demolition, and site improvement costs related to construction of a 28,000 square foot storage and loading facility.

In 1992, Agriland Elevator proposed to demolish an old warehouse and office facilities, construct a new office building, add six new grain working bins with conveyor facilities and a new dumping station, rebuild railroad siding, improve street access, and construct a parking lot. The city amended the TIF plan and provided a \$57,500 land write-down.

Southern Minnesota Machinery Sales TID 5 (economic development, 1991). The district consists of a single parcel. A company that buys and distributes new and used heavy equipment nationwide requested city financial assistance for an 8,000 square foot expansion of an existing building and installation of a free-standing bridge crane. The city agreed to provide \$150,000 in TIF assistance for land acquisition, demolition, site improvements, and street and drainage improvements. This project was delayed three years; the warehouse was constructed in the spring of 1995.

Garden Apartments TID 6 (housing, 1993). The district consists of seven acres of vacant land annexed to the city in the fall of 1992. A developer originally proposed to construct a 60-unit rental housing complex targeted to an elderly population. The use of Minnesota Housing Finance Agency tax credits reduced the original size of the project and changed the project costs. Currently the project involves development of 16 units with construction of two additional 16-unit buildings anticipated in the future. The city will use tax increments to reimburse the developer \$327,000 for land acquisition, site improvements including grading and excavation, foundation and footings, and utilities. Project size and design changes have resulted in delays. The developer has acquired the property; construction is anticipated in the spring of 1996.

McNeilus Steel TID 7 (economic development, 1993). The district is a six-acre site. McNeilus Steel, Inc. proposed to build a 10,000 square foot vehicle maintenance facility to service more than 40 company vehicles. The facility consists of three maintenance bays and one washing bay. Tax increments will reimburse the company for land acquisition (\$31,800), site improvements (\$81,200), and public improvements (\$5,900). This district generates about \$19,000 in increments annually.

Kuth Housing TID 8 (housing, 1994). The district consists of a three-acre site. A developer acquired the property and requested city assistance to plat the site into single-family residential lots and construct six houses in 1994 and six houses in 1995. Initially, these houses would be sold to low- and moderate-income individuals or families. The city issued \$210,000 in bonds to finance site platting and utility installation (street, sewer, water, gas, electricity and cable). The utility improvements have been completed but no houses have been constructed. The developer is currently exploring the option of using modular homes.

Super Value TID 9 (economic development, 1994). The district consists of a 2.5-acre site. The owner of an existing grocery store approached the city for financial assistance to relocate and expand with construction of a 11,200 square foot grocery store/gas station with related parking. Since Dodge Center has a population of less than 5,000, the use of tax increment revenues were limited to 5,000 square feet of commercial and retail facilities,⁹ or 45 percent of the total square footage of the project. Tax increments of nearly \$70,000 will reimburse the developer for land acquisition, site preparation, and other public improvements costs.

⁹ Minn. Stat. §469.176, Subd.4c. (b).

DUNDAS

District 1 (redevelopment, 1987). The district was created to help a local manufacturer of brass fixtures with expansion. The city obtained a \$66,700 tax increment note to finance public improvements consisting of a water system, safety lighting, landscaping, and soil corrections. \$52,200 in outstanding debt remained at the end of 1994.

District 2 Kmart (redevelopment, 1989). Dundas does not have a sewer system; the city's system consists of individual septic tanks. Because of soil and bedrock conditions, soil absorption septic disposal systems were not performing efficiently and could compromise the quality of deep water formations from which the city obtained its water supply. The city created this district to attract development, expand its tax base, and provide a means to finance construction of a central sanitary sewer system. The district consists of noncontiguous developed parcels including the Kmart project site and all homes in Dundas without central sewer. Only the commercial parcels generate tax increments. The latter parcels are subject to the "knock-down" provisions of the TIF Act. The city issued \$936,000 in bonds to finance public improvements related to construction of the Kmart facility (storm and sanitary sewers, a water main, street improvements, on-site temporary wastewater, and site improvements). \$907,000 remains outstanding as of December 1994. The city budgeted increments not pledged to the bonds to finance construction of a public sewer system.

Dundas modified District 2 in 1992 to increase costs for construction of a grocery store and other retail development. This activity never occurred. Since then Northfield has agreed to allow Dundas to hook into its central sewer system.

EAGAN

Cinnamon Ridge Apartments (housing, 1985). A developer approached the city for financial assistance to develop a 264-unit multi-family housing project on a 14-acre site. Fifty percent of the tax increment revenues are used to provide interest rate reduction loan payments of approximately \$118,800 annually for ten years. According to city officials, the last year of tax increment collections for this district will be 1997.

TID 1 Sperry (economic development, 1986). The company approached the city for assistance with construction of a 295,000 square foot office and computer center. The city issued a \$700,000 bond to finance utility installation (water, sanitary and storm sewers), street improvement, landscaping, and irrigation. Initially, the city used 50 percent of the tax increment revenues to make bond payments. This development brought 700 jobs to Eagan. (The computer company built a semiconductor facility on an adjacent 40-acre parcel without TIF assistance. Following a change in company ownership, the semiconductor building was left standing vacant and unsold for several years.)

In 1991, Unisys and Northwest Airlines asked the city for financial assistance to renovate the semiconductor facility for a data processing center. The city modified the plan to expand the project area but not the tax increment district, increase spending, and collect 100 percent of the tax increment revenues from the original district. The city agreed to write down land costs using tax increment revenues from the district over amounts needed to retire the TIF bonds issued previously. The city did not make any payments until the bonds were repaid in 1994. In 1995 the city made a payment of nearly \$1.3 million to Northwest Airlines. No increment will be collected from this district in 1996 because the district will have expired. The data center employs 850 people.

TID 2 I-494/Dodd Road (economic development, August 1990). This district is located on the campuses of Northwest Airlines and Cray Research. It was originally established to provide part of the financing for transportation improvements at the I-494 and Dodd Road interchange, needed to support a proposed expansion of office space. The major transportation improvement projects, which were contingent upon other financing sources, have not proceeded, but the private development did take place. In 1994, the city spent over \$300,000 in tax increments to install traffic medians and signal lights, add turn lanes and make street modifications, thus avoiding the knock-down provisions.

EAST GRAND FORKS

All six of East Grand Forks' tax increment districts are in the same project area encompassing about one-third of the city and including the city's downtown, the Burlington Northern rail yards, and two industrial parks.

Burlington Northern Triangle TIDs 1-1 and 1-2 (redevelopment, 1988). These two districts include a triangular section of the city containing railroad yards and abandoned railroad buildings (TID 1-1), and several blocks of old warehouses (some abandoned) surrounding the rail yards (TID 1-2). City officials hoped to remove the rail yards and clear and prepare the sites for new developments. One of the original projects was to restore an historic building. The city provided \$8,000 in tax increments over seven years to reimburse a local dentist for refurbishing the building into a dental clinic and other offices. In 1992, the city issued \$350,000 in bonds to purchase the railroad yards. Since then, the city has removed some dilapidated buildings and is leasing some others, but the area has not yet been renovated. A grain elevator on the property burned down in 1993 reducing the district's tax capacity. Recently, soil contamination problems have hurt efforts to redevelop the area. Currently, the two districts generate about \$28,000 annually in tax increments, which is not sufficient to pay annual debt service of \$42,000 on the bonds. The city uses lease payments and general city funds to make up the difference.

Gateway East TID 2 (economic development, 1989). The city issued \$290,000 in bonds to pay for infrastructure improvements to develop an eight-lot area with retail businesses. A 40,000 square foot discount retail store and a fast food restau-

rant have been built in the district, and the city is negotiating to build a gas station on another lot. The city expects annual tax increments of about \$55,000 to be sufficient to repay the \$250,000 in bonds outstanding at the end of 1994.

GFG TID 3 (redevelopment, November 1990). The district consists of nine parcels in the downtown business district with a railroad line running through its center. The city created the district to help a food service company construct a 15,000 square foot cooler, but the company decided to build a facility in North Dakota instead. An old potato warehouse is located in the district and the city is trying to interest a food processing company in renovating it, but so far nothing has happened. No bonds have been issued and the district has not generated any tax increments.

American Crystal Sugar TID 4 (redevelopment, 1991). The district is a single parcel on the site of an existing sugar plant. The sugar extraction process results in a molasses byproduct. The city spent \$2.74 million to improve its water treatment plant and water distribution system to help the company construct a plant to extract additional sugar from the molasses. The city used \$790,000 from economic development authority funds, \$1.5 million from the municipal water and light utility, and \$500,000 in DTED economic recovery funds to pay for the project. The city plans to use future tax increments to repay some of the project costs.

Season's TID 5 (redevelopment, 1993). The district consists of nine parcels containing a Dairy Queen restaurant, a used car dealer and mechanic, and other old homes and buildings. The Dairy Queen owner requested city assistance with constructing a new restaurant with parking to replace the Dairy Queen. The city agreed to reimburse the developer approximately \$5,000 per year for 12 years for demolition of the existing structure and construction of a parking lot. The city may also acquire the used car dealer site for future retail development. No bonds were issued for this project.

EDINA

Edina has two pre-1979 districts and four districts established between 1984 and April 1990. Most of the districts cover large areas. Public assistance has been provided primarily for housing (including interest rate reduction programs) and public improvements (roads and parks), but significant private development generated about \$7 million in 1994 tax increments. The city pools tax increments from the 50th and France, Southeast Edina, and Centennial Lakes districts.

50th and France TID 1200 (pre-79, 1974). The city created this district to alleviate traffic congestion, provide additional parking, improve public access to stores, and improve the physical appearance of the 50th Street and France Avenue business district. The district is occupied primarily with commercial establishments. The city has issued \$8.4 million in bonds (of which \$3.15 million are refunding bonds) for public improvements including constructing parking ramps, removing overhead utilities, redesigning 50th Street, installing streetlights and new traffic

signals, renovating buildings, and constructing public walkways. The district generates about \$1.4 million annually in tax increments. About \$200,000 of this amount is used toward retirement of the district's bonds (\$6.1 million were outstanding at the end of 1994) and the remainder is pooled with other districts for debt service.

Southeast Edina TID 1201 (pre-79, 1977). This district includes about eight square blocks of the southeast corner of Edina. The city issued bonds to acquire land, extend utilities, and provide public improvements (streets, sidewalks, streetlights, and park areas) for 90 units of low- and moderate-income rental townhouses and a 100-unit low-income senior apartment building. In 1985, the city issued bonds to acquire and write down land for 392 moderate-income condominium units in the Edinborough housing and commercial development along I-494. Bond proceeds were also used to construct an indoor park and a parking lot. The city used federal community block grant funds to provide a land write-down and issued bonds for a 20-year interest rate reduction program for a 200-unit senior apartment building on the site. The complex also included a privately financed 140-unit hotel and a 100,000 square foot office building adjoining the indoor park. In all, the city issued \$36.5 million in bonds for this district (of which \$15.076 million were refunding bonds) and \$30.5 million remained outstanding at the end of 1994. The city received \$2.4 million in tax increments from this district in 1994.

Grandview TID 1202 (redevelopment, 1984). The city issued \$3.37 million in tax increment bonds (of which \$1.37 million were refunding bonds) to make road and parking improvements on this 66-acre district west of Highway 100. The city used bond proceeds to demolish three private homes and a vacant hotel for construction of 140 rental units for seniors and a 29-unit low-income senior apartment building. Construction of an intersection and a parking ramp on the site of an old storage garage resulted in a privately financed grocery store expansion and retail strip mall which provides most of the district's \$550,000 annual tax increment. \$2.9 million in bonds were outstanding for this district at the end of 1994.

Centennial Lakes TID 1203 (redevelopment, 1988). The district previously contained an old gravel pit that had been refilled with concrete rubble. City officials told us that the city had to excavate and remove the concrete before development could occur there. The area is also needed for storm drainage. The city issued \$46.9 million in tax increment bonds (of which \$17.93 million were refunding bonds) for several projects. The city provided a land write-down and site improvements for 250 condominiums and construction of an outdoor park including walking paths and a pond that also provides storm water retention. The city (with assistance from Hennepin County) also widened France Avenue and made other street improvements. The district contains other major developments that received no direct tax increment support, including a medical building, an upper-income townhouse development, the Centennial Lakes Plaza retail development, and a movie theater. \$46.9 million in bonds remained outstanding for this district at the end of 1994.

Southdale TID 1204 (economic development, 1989). This district includes the Southdale and Galleria shopping centers and a portion of Fairview Southdale Hospital. The city spent \$189,000 to acquire right-of-way for a public transit system to transport residents and employees between the shopping centers, the hospital complex, and the Edinborough development. The transit system has not been built but the district has collected over \$5 million in tax increments from the shopping mall expansions. The city is holding these funds in escrow pending resolution of a legal challenge by the property owners to their assessed valuations.

70th and Cahill TID 1207 (economic development, April 1990). This 27-acre district includes the southwest corner of Edina. The city established this district to acquire and demolish old buildings and make public improvements (sidewalks, street reconfiguration, parking, and landscaping) to spur commercial development. Plans to redevelop an older commercial area in the district fell through and the city has only spent about \$89,500 for a historical kiosk. However, a vacant school was demolished by private developers for construction of market-rate housing. Commercial and residential developments in the district generated \$18,000 in tax increments in 1994.

ELK RIVER

Elk River has nine active districts, all within a project area that is the same as the city boundaries. Tax increments were pooled for the two Water Tower districts only.

Water Tower TID 1 and 3 (economic development, 1985 and 1986). In the early 1980s, the city identified a severe deficiency in the storage capacity of its existing water system, which limited the city's future business and industrial development. Elk River created these districts to finance construction of a water tower, a water main, and related water system improvements. The public improvements enabled extensive commercial development to occur in the area. The two districts capture tax increments from the Elk River Plaza Mall, the Barrington retail/office development, surrounding freestanding retail development, and a low-income multi-family residential development. A \$1.245 million TIF bond financed the project. District 1 was decertified in 1994 and District 3 will be decertified by December 31, 1995.

The plans for these districts have been amended four times.

An April 1991 amendment authorized the use of \$571,339 in tax increment revenues to acquire 8 acres to expand a city park, 160 acres to establish Woodland Trails Park, 5 acres of railroad corridor for the city trail system, and to provide a land write-down for redevelopment of a fire-damaged, blighted downtown site.

An April 1992 amendment authorized use of tax increments to acquire land for the Woodland Trails Park expansion (\$90,000) and to develop and prepare a down-

town parcel for construction of a 6,000 square foot office condominium building (\$20,000).

An August 1993 amendment authorized \$50,000 to develop and prepare a downtown parcel for construction of a 10,000 square foot office/condominium building. Subsequently, \$25,000 in tax increments from Districts 1 and 3 were used for this project and the remaining \$25,000 came from Elk River HRA funds.

A June 1994 amendment used \$177,000 in tax increments to underwrite nearly two-thirds of the cost of expanding the city's library. In addition, \$51,000 of future tax increments were pledged as a 20 percent debt service reserve on a \$255,000 TIF bond issued for the library project.

Guardian Angels TID 2 (housing, 1985). The Guardian Angels Foundation constructed a four-floor, 36-unit apartment complex for moderate-income seniors. A \$130,000 bond financed utility installation, water and sewer connection charges, parking lot construction, landscaping, curb and gutter, and sidewalks. The city planned to decertify this district by December 31, 1995.

Mork Clinic TID 6 (redevelopment, 1989). The owner of a medical clinic located in Anoka, with a very small office in Elk River, asked for city assistance to build a larger facility. Previously, three of the four parcels had turn-of-the-century single-family homes that the city found to be blighted. A \$410,000 TIF bond financed acquisition, clearance, and preparation of the 1.5-acre site. A 10,000 square foot medical clinic was constructed.

AmericInn TID 7 (redevelopment, March 1990). Previously, this five-acre site consisted of two parcels that contained a hotel and a house with an apartment both deemed blighted by the city. A \$400,000 TIF bond financed a write-down on the land, allowing the developer to clear the site and construct a 42-unit motel.

Main Street Dental Clinic TID 8 (redevelopment, July 1990). An existing dental clinic was displaced by fire. The district contained two pieces of property: one vacant lot and a turn-of-the-century single-family home. The city provided \$60,000 in pay-as-you-go TIF assistance to reimburse the developer for site preparation costs. A new 5,900 square foot dental clinic was constructed on the site.

Elk Terrace TID 10 (housing, 1992). A private development partnership obtained permanent financing from the Farmers Home Administration to construct a 23-unit senior housing project. The city negotiated a privately-placed TIF note of \$160,000 with a local lender to reimburse the developer for demolition of two blighted single-family houses, site grading and landscaping, and other site improvements.

The following districts are all in the Elk River Industrial Park.

All Tool TID 5 (economic development, 1988). All Tool, an Elk River metal fabricator and stamping company with 125 employees, had outgrown its present location in the industrial park and could no longer expand at that location. The district

consists of four parcels in a newer portion of the industrial park. A \$360,000 TIF bond provided a \$225,000 land write-down and \$68,000 to correct soils and prepare the site. This project also received \$200,000 in DTED economic recovery funds. The project resulted in construction of an 85,000 square foot manufacturing facility with 50 additional employees.

Tescom TID 9 (economic development, 1993). An Elk River manufacturer of regulators, valves, and control devices was looking at expansion options. A number of Minnesota cities tried to attract the company. Elk River used \$200,000 in tax increments primarily to write down the cost of a vacant site adjacent to the existing 34,000 square foot facility, and the manufacturer added a 30,000 square foot expansion. Tax increment funds also reimbursed the company for site preparation costs, soil tests, and a site survey. This project received \$250,000 in DTED economic recovery funds. Tescom was required to provide 48 new full-time jobs, a portion of which benefited low- or moderate-income wage earners. City officials told us that Tescom has exceeded this job creation requirement.

Timron Precision Gear TID 11 (economic development, 1992). Timron was leasing space in Maple Grove and looking at a number of cities for the site of its first expansion. To encourage the company to expand in Elk River, the city used \$52,000 in tax increments to reimburse the company for site acquisition costs. The company built a 10,000 square foot facility that employs 17 people, five more than before the expansion.

FAIRMONT

All of Fairmont's 16 districts are located in one noncontiguous project area that includes the downtown business district, a commercial area, two industrial parks, and other scattered tax increment districts. Fairmont has used pooled bond proceeds, primarily from District 3, to finance many of its tax increment projects.

Krahmer Building TID 1 (redevelopment, 1983). A \$75,000 TIF bond financed demolition of some old houses and a commercial building and site preparation for construction of an office/professional building. The city recently paid the last installment on the district's bonds and intends to use future tax increments of about \$11,500 annually to retire debt from other districts.

First National Bank TID 2 (redevelopment, 1985). First National Bank was planning to relocate its downtown facility to another Fairmont site, but the city wanted the bank to remain downtown. A \$315,000 bond financed acquisition and demolition of the old city hall and nearby buildings, and site preparation. The bank constructed a new facility at that site. The city used its own funds to purchase the original bank building and refurbish it into a new city hall. The city recently paid the last installment on the district's bonds and intends to use future tax increments of about \$45,000 annually to retire debt from other districts.

Old Hospital TID 3 (redevelopment, 1986). This district contained a vacant hospital that the city wanted to demolish so that an apartment complex could be built on the site. The city issued \$375,000 in bonds in 1986 but the original plan fell through and the city used the bond proceeds to finance projects in Districts 6 and 7. In 1992, the city issued \$275,000 in bonds to assist a different developer with construction of market-rate condominiums on the site. The city used \$100,000 of the bond proceeds to acquire and demolish the hospital, remove asbestos, and prepare the site for redevelopment. The city used the remaining \$175,000 for projects in Districts 10, 11, 12, and 13. In 1994, the city refunded the 1986 bonds with a \$290,000 bond issue. At the end of 1994, \$275,000 remained outstanding on the 1992 bonds and the full \$290,000 remained outstanding on the refunding bonds.

Fairmont National Bank TID 4 (redevelopment, 1988). The city issued \$136,000 in bonds to finance demolition of a vacant downtown hardware store and abandoned theater and site preparation. A local bank constructed an addition on the site. \$118,500 remained outstanding on these bonds at the end of 1994.

National Grain TID 5 (redevelopment, 1989). The district was created to demolish a vacant store and prepare the site for a cereal processing plant. The plans fell through, however, and no bonds were issued. The city plans to decertify the district at the end of 1995.

Harsco TID 6 (redevelopment, 1989). The city created this district to assist with expansion of a local tool manufacturing plant. The city used \$54,350 in bond proceeds from Districts 3 and 8 to demolish an adjacent ice cream plant and prepare the site. The district generates \$7,500 in tax increments annually.

Medical Clinic TID 7 (economic development, 1989). The city used \$235,000 in bond proceeds from District 3 to assist with a major expansion of a medical clinic located next to a hospital and to construct an orthopedic surgery wing of the hospital. Funds were used to construct a holding pond to improve drainage and to improve a street. The district generates about \$51,000 annually in tax increments.

Martin County Bank TID 8 (redevelopment, March 1990). This district assisted with the reconstruction and expansion of a local downtown bank. The city issued \$335,000 in bonds and spent \$219,000 to reconfigure a road and demolish the original bank and an old furniture store. The city transferred \$37,565 of the bond proceeds to District 6. The city receives about \$44,000 annually in tax increments from this district. \$293,000 in bonds remained outstanding at the end of 1994.

First Farmers and Merchants TID 9 (redevelopment, 1992). This district helped a local bank construct a new downtown facility. The city issued a \$108,000 revenue note to acquire and demolish an abandoned hotel and clean up contaminated soil from a dry cleaner that had leased space in the hotel building. \$103,000 remained outstanding on the note at the end of 1994. In 1994, the city agreed to spend \$32,000 in tax increments to demolish an old gas station and a vacuum cleaner repair store. A general store was constructed on the site.

Bryan's Pharmacy TID 10 (redevelopment, 1992). Previously, this district contained an old gas station and a vacant strip mall. The city used \$16,000 from District 3 bond proceeds to demolish the gas station and repair the roof of the strip mall. A pharmacy was constructed on the gas station site and several small businesses moved into the mall. This district will receive its first tax increment in 1996.

Taco John's TID 11 (redevelopment, 1994). This district contained old railroad tracks and a gas station. The city used \$15,000 from District 3 bond proceeds to demolish the gas station and remove underground fuel storage tanks, contaminated soil, and the railroad tracks. Taco John's constructed a restaurant on the site.

Weight Tronix TID 12 (economic development, 1994). The district is in an industrial park. A local manufacturer of electronic scales was purchased by a British company. According to city officials, the new owner planned to consolidate the Fairmont facility with one in California. Approximately \$75,000 in tax increments per year for nine years will be used to reimburse the company for site preparation costs for a new facility. In addition, the city provided \$120,000 as a qualifying local contribution in lieu of the state aid reduction to correct storm water runoff problems and send local employees to California for training on new equipment. The company constructed an 80,000 square foot facility and added 84 new employees.

S.R.S. Partnership TID 13 (redevelopment, 1994). The city used \$73,000 in District 3 bond proceeds to demolish an old school house and some abandoned homes. A developer constructed a professional office building on the site. The district will receive its first increment in 1996.

State Bank TID 14 (redevelopment, 1994). A local bank was going to construct a new facility on the outskirts of the city without public financial assistance, but the city wanted the bank to locate on property closer to the center of town. The city provided \$143,000 in tax increments on a pay-as-you-go basis to help renovate a vacant auto repair shop into a new bank.

Fair Mall TID 15 (redevelopment, 1995). The city established this district to renovate a shopping mall whose owners were in bankruptcy proceedings and were unable to properly maintain the mall. The city entered into an agreement with an Omaha developer to spend \$4.2 million to renovate the mall. The city recently issued \$1.34 million in TIF bonds to repair the roof and replace the heating and air conditioning system.

J.H. Larson TID 16 (economic development, 1995). The city created this district to help a local wholesaler of electrical parts expand its facility. The company acquired adjacent property for expansion but a major sewer line goes through it. The city issued \$100,000 in tax increment bonds to relocate the sewer line and improve storm water drainage.

FARMINGTON

Farmington has 11 districts: 1 pre-1979 district, 8 economic development districts in the city's industrial park, a redevelopment district, and a soils condition district. All districts, except the soils condition district, are in the same project area that includes most of the downtown and a 240-acre industrial park west of downtown. Most of the economic development districts involved land write-downs and the city sold some of the industrial park lots for \$1.

Downtown TID (pre-79, 1974). This downtown district originally included six full city blocks and parts of four others that the city designated for redevelopment. Early projects included rehabilitation of a grocery store and replacement of an old gas station and farm house with a Hardees restaurant. In 1982 and 1988, the city used TIF bond proceeds to extend city water and sewer services to the industrial park.

In 1988, the city authorized increased tax increment spending for downtown improvements, including acquiring and cleaning up abandoned railroad rights-of-way, constructing walking paths, installing streetlights, and replacing downtown storefront awnings. In 1990 and 1992, the city issued additional bonds to purchase and demolish blighted buildings and construct a market-rate duplex. In total, the city has spent \$2.7 million for land and building acquisition and \$809,000 for site improvements in the district. It has issued \$2.7 million in bonds of which \$1.5 million remained outstanding at the end of 1994. The city captured \$226,000 in tax increments from this district in 1994.

Duo Plastics TID (economic development, 1988). The city issued \$165,000 in bonds to finance site acquisition and improvements, including a parking lot and sidewalks, to help a local company expand in the industrial park. The city received about \$29,000 in tax increments from this district in 1994 and \$115,000 remained outstanding on the bonds.

Thelen TID (economic development, September 1990). This district helped a local manufacturer of cabinets and desks move to the industrial park. The city used tax increments from the pre-1979 district to purchase the existing manufacturing facility. It is currently storing parks and recreation equipment there but plans to demolish the building and construct a parking lot. The city will use up to \$88,000 in tax increments to reimburse the company for land acquisition and site preparation. In 1993, the company constructed another addition to its facility without public assistance.

City Center TID (redevelopment, 1991). The city created this district to remove abandoned railroad property and clean up an old city dump. The city used \$815,000 in bond proceeds to acquire the railroad property, improve streets, purchase and demolish an existing manufacturing facility, and construct a parking lot. The Farmington City Center, a complex of shops including a grocery store, hair stylist, hardware store, restaurant, travel agency, and medical office, opened in 1994. The city expects to receive about \$100,000 in annual tax increments begin-

ning in 1996. The city may also use tax increments and other funds to clean up the dump site and construct low- or moderate-income housing in the district.

Lexington Standard TID (economic development, 1992). This district helped a local flagpole and light pole manufacturer with construction of a 20,000 square foot facility in the industrial park. About \$55,000 in tax increments will be provided on a pay-as-you-go basis for a land write-down and site preparation.

Austin Products TID (economic development, 1994). The city provided \$130,000 in tax increments to relocate a local manufacturer of laminated wood products to the industrial park. The company had been located in a residential area on the parcel designated for the parking lot of the Farmington City Center redevelopment project. The city sold the company a lot in the industrial park for \$1.

Performance Industrial Coatings TID (economic development, 1994). This pay-as-you-go project will provide up to \$297,000 in tax increments for site improvements (primarily soil excavation and parking lot construction). A metal painting company constructed a 32,000 square foot facility in the industrial park.

Minnesota Pipe TID (economic development, 1994). This pay-as-you-go district was created to relocate a Lakeville pipe distributor/wholesaler to Farmington's industrial park. The city agreed to pay up to \$189,000 for land acquisition and site preparation for construction of a 12,000 square foot facility. The city sold the company a lot in the industrial park for \$1.

Just-In-Time TID (economic development, 1994). The city created this district to help a Fridley metal coating company construct a 32,000 square foot facility in the industrial park. Up to \$294,000 in tax increments will reimburse the company for land acquisition and site improvements. The city sold the company a lot but deferred payments until 1997.

Soils Condition TID (soils condition, 1994). The city created the district on 173 acres to finance soil corrections of lowlands. A developer approached the city for financial assistance to construct up to 426 single-family homes and 132 multi-family townhouse units. Plans include adding three feet of soil to raise the ground level, upgrading city water and sewer lines, and constructing a waterway to control flooding and provide drainage to the Vermillion River. Approximately \$1.6 million in tax increments will be used to reimburse the developer for land acquisition and soil correction costs.

Controlled Air TID (economic development, 1994). The city established this district to help a local heating and air conditioning wholesaler located next to residences in downtown Farmington with construction of a 10,000 square foot facility in the industrial park. Up to \$38,000 in tax increments will be used to finance land acquisition and site improvements.

FRIDLEY

All of Fridley's eleven districts are in a single noncontiguous project area. Tax increments from all districts are pooled and the city's financial reporting of revenues and expenditures for all districts is combined. In 1995 the city will receive about \$3 million in increments from all districts, however, Districts 1, 2, and 3 account for over 90 percent of the city's tax increment revenues. The city has used pooled tax increments to provide \$275,000 in revolving loans to two industrial businesses that decided to locate in Fridley. At the end of 1994, Fridley had \$15.465 million in outstanding tax increment bonded indebtedness.

Center City TID 1 (pre-79, 1979). The city created this district to reduce traffic congestion on University Avenue, alleviate blight, improve access to three existing shopping centers, and develop vacant land. Between 1980 and 1982, the city issued \$3.425 million in TIF bonds to acquire property, make street and traffic improvements, and develop public space and parking facilities. The Target Northern Operations Center, a two-story office building, and a medical clinic all received tax increment assistance in the form of land write-downs and site preparation. The city plans to spend an additional \$3 million in this district to develop housing and commercial space and make road improvements. The city will collect about \$700,000 in tax increments from this district in 1995.

Moore Lake TID 2 (redevelopment, 1981). The city created this noncontiguous district to correct traffic problems and improve frontage roads, alleviate blight, correct poor soils, and develop underutilized land. The city provided a health club and a shopping center with land write-downs of \$400,000 each, and it also spent TIF funds for road improvements. Another existing shopping center was renovated and townhouses were constructed in the district without TIF assistance. The city will collect about \$867,000 in tax increments from this district in 1995.

North Area TID 3 (redevelopment, 1982). The city created this district to correct unstable soil conditions and improve drainage to encourage industrial and commercial development. Among the developments receiving assistance were an agricultural products manufacturer (\$150,000 for soil corrections), Sam's Club (\$100,000 for soil corrections), and a market-rate multi-family rental housing complex (\$850,000 for a second mortgage). Wal-Mart constructed a store in the district without direct public assistance. The city will collect about \$1.28 million in tax increments from this district in 1995.

Lake Pointe TID 6 (redevelopment, 1985). The city created this district to assist with development of a proposed corporate office park with a restaurant, bank, and hotel. The city spent \$2 million to extend water and sewer utilities to the site, make road improvements and prepare the site for development. The proposed development fell through. The city is now negotiating with a different developer. Future plans include improving a freeway intersection. The district is not currently generating any tax increment.

Winfield TID 7 (redevelopment, 1986). The city spent \$30,000 to correct poor soil conditions and help construct a 58,000 square foot warehouse complex. The project also received industrial development bond financing from the city. The tax increment plan indicates that the city will stop collecting increment in 1997. The city will receive about \$78,000 in tax increments from this district in 1995.

Shorewood Inn TID 8 (economic development, 1986). The city provided \$70,000 for a second mortgage to help the Shorewood Inn expand its restaurant and renovate the interior and exterior of the facility. This district will generate about \$8,300 in tax increments in 1995 and will be decertified after taxes are paid in 1996.

Onan/Old Central TID 9 (redevelopment, 1989). The district contains the Onan Corporation facility, along with scattered parcels containing a trailer park and old salvage yards. The city created the district to assist Onan Corporation with construction of a 400,000 square foot office/warehouse expansion, but the company decided not to pursue the project. A 13,000 square foot mobile home repair and construction facility has been constructed in the district. The HRA provided \$32,000 in tax increment revenues to fund soil correction costs related to that project.

Northco Phase III TID 10 (economic development, March 1990). The city established the district to finance soil corrections prior to construction of an office building. The plans fell through and no development has taken place on the site. The district is not generating any tax increments.

University and Osborne TID 11 (redevelopment, 1992). The district consists of a vacant Cub Foods, a substandard Bob's Produce and the Lyndale Garden Center at the intersection of University Avenue and Osborne Road. The city provided a \$65,000 land write-down for the Cub Foods building; the building was refurbished and now has a Pet Food Warehouse and three other tenants. The owners of Bob's Produce received a \$90,900 pay-as-you-go revenue note to renovate their building. As of yet, the Lyndale Garden Center has not completed its renovation. The city expects to receive about \$37,000 in tax increments from this district in 1995.

McGlynn Bakeries TID 12 (redevelopment, 1992). The city created this district to help McGlynn Bakeries convert a Totino's Pizza factory that had been vacant for two years into a 142,000 square foot bakery production facility and corporate headquarters. The city issued a \$701,172 revenue note to finance storm sewer installation, correction of drainage problems, and plant retrofitting. This project also received DTED economic recovery funds. The facility employs over 300 people. The city expects to receive about \$88,000 in tax increments from this district in 1995.

Satellite Lane Apartments TID 13 (redevelopment, 1995). Previously, the four-parcel site contained four substandard apartment buildings. The city used \$2.5 million from tax increment revenues to acquire and assemble the land, demolish the structures, and make street improvements adjacent to the site. A project with 44 market-rate townhouses will be constructed on the site. The city expects to col-

lect \$32,300 in annual tax increments from this district, beginning in 1998. City officials told us this district is not self-supporting and requires support from the tax increment pool.

GLENCOE

The city has ten districts. The city pools increments among several districts. Increments from District 2 were pooled with Industrial Park District 4 until the latter becomes self-supporting and increments from other districts reimburse the city for costs incurred for District 6. The city issued a \$1.2 million TIF bond in 1993 to resurface all downtown streets and replace curbs and gutters, storm and sanitary sewers, and water mains. Increments from districts 1, 2, 3 and 4 are also pledged to support this bond issue.

Downtown TID 1 (pre-1979, 1975). The district includes about six blocks of downtown Glencoe. Tax increments financed a variety of projects. The city acquired and cleared buildings and constructed a parking lot, bought and cleared a lumberyard property, bought a site for development of commercial space, wrote down the cost of a vacant site that is now a professional office building, funded a feasibility study for the lumberyard site, refurbished all downtown street poles and installed more energy-efficient lights, assisted with development of a restaurant, and funded a program to refurbish downtown storefronts. This district generated \$117,000 in tax increments in 1994.

Housing/grocery TID 2 (housing, 1983). The district consists of three noncontiguous parcels. A 16-unit Farmer's Home housing project was constructed in 1983 without TIF assistance. Tax increments generated were used to renovate a grocery store. The city amended the district to include a third site with two new businesses. Tax increments helped finance sewer and water line installation in the project area. The district does not have any outstanding debt; its increments have been pooled with District 4.

TID 3 (redevelopment, 1985). This scattered-site district was which originally created to provide a land write-down for construction of a motel. The district has been modified several times to include additional sites and increased spending. Expenditures have included extension of an access road to serve a discount retail store, a land write-down for construction of a car wash, extension of access roads and utilities to several industrial sites, and financial assistance for a restaurant renovation. The district will generate approximately \$54,000 in tax increments in 1995.

Industrial Park TID 4 (redevelopment 1987). The city created this 25-acre district to develop an industrial park. The district qualifies as a redevelopment district because of soil conditions. The city used \$1.2 million in TIF bonds to acquire land for future development, make street and sewer improvements, and pay for special assessments, soil corrections, and site preparation costs related to future developments. This district has not been self-supporting; increments from District 2

have been used to make debt service payments. Only three lots remain undeveloped in the park and the district will be self-supporting by the end of 1995. The city has relocated existing Glencoe businesses to the park and has attracted other businesses to Glencoe by providing land write-downs and/or assisting with site preparation costs. The district generated \$104,000 in increments in 1994 and had \$880,000 in outstanding debt at the end of 1994.

Housing TID 5 (housing, 1988). A developer proposed to construct 42 units of low- and moderate-income rental housing. The city used internal funding of \$120,000 from District 1 to provide a land write-down and install sanitary sewer, water mains, street improvements, curb and gutter, storm sewer, and site improvements. This district generated \$24,800 in increments in 1994.

TID 6 (economic development, April 1990). The city used \$80,000 to provide utilities to three businesses in downtown Glencoe: a garden center, a machine shop, and a restaurant. This district is not self-supporting. Increments from other districts reimburse the city for the cost of providing utilities. The city collected \$1,147 in increments in 1994.

Wilson Hardware TID 8 (renovation and renewal, 1992). This district consists of two parcels in downtown Glencoe. The city used its own funds to provide an \$80,000 land write-down. The developer demolished the existing substandard building on the site and constructed a hardware store. This district generated \$3,500 in increments in 1994.

Nordic Track TID 9 (redevelopment, 1992). Glencoe created this district to support the expansion of Nordic Track in the city. Seven parcels and a stretch of Highway 22 right-of-way combine to form an unusually shaped district. Six parcels containing an empty 165,000 square foot industrial building were located outside the city limits and were not served by public utilities. Another parcel contained a single-family house located in the city but not near the other parcels. The city annexed the industrial site and issued a \$365,000 tax increment bond to fund the extension of water and sewer to the site. The developer guaranteed a \$46,000 minimum annual property tax payment to the city for 15 years for debt service payments. In 1993, the developer constructed a 120,000 square foot warehouse on the site using \$60,000 in pay-as-you-go tax increments for site improvements. The expansion increased tax increments generated from the district, making the assessment agreement unnecessary. The city will collect \$115,000 in tax increments from this district in 1995.

Housing TID 10 (housing, 1994). Previously, the district consisted of vacant land. The city will use \$95,800 in tax increments to reimburse the developer for land acquisition and site improvements. Two 21-unit apartment buildings were constructed on the site. This project also used Minnesota Housing Finance Agency tax credits.

Seneca TID 11 (economic development, 1994). Seneca Corporation, owner and operator of an old Green Giant facility with 165 full-time jobs and nearly 2,000 seasonal jobs, threatened to build a 45,000 square foot cold storage facility in an-

other city. Glencoe created the district to provide up to \$410,000 in tax increments to reimburse the company for site preparation, parking lot construction, signage, footings and foundation, and utility extensions.

HIBBING

All of Hibbing's districts are located in two project areas whose boundaries are the same as the city limits. The Hibbing Economic Development Authority (HEDA) is the city's development authority. Increments from Districts 1 and 3 are pledged to support bonds issued for a community college housing project. District 2, a decertified district, is the only district requiring general tax levy support to make debt service payments.

Downtown TID 1 (redevelopment, 1979). This district contains noncontiguous parcels in Hibbing's downtown. Some parcels have been removed from this district to be certified as separate tax increment districts; the Androy Hotel and the Family Resource Center were originally in this district. The city issued two bonds for a total of \$540,000 to acquire and write-down the cost of a building for the city's Elks Club and demolish the old Elks Club and construct a parking lot on the site; convert a vacant gas station into a restaurant, using TIF for acquisition and site improvements; convert a vacant store into a restaurant, using TIF for utilities and a sidewalk; and purchase new downtown lighting and traffic signals. About \$200,000 in bonded indebtedness remained outstanding at the end of 1994.

In 1993, HEDA issued a \$2.705 million housing and development revenue bond to construct and own student housing. The 32 units are located on the Hibbing Community College campus. This bond is not a general obligation of the city, but the city and HEDA pledged up to \$80,000 of tax increment revenue per year from Districts 1 and 3 for operating costs and debt service if a deficiency exists. This pledge is subordinate to the prior bond issues for the Downtown district. The actual occupancy rate in the college housing project for the first year was below original estimates. Based on current projections, the pledge of \$80,000 in tax increments will be needed in 1996 to support the campus housing bond.

Chopsticks TID 2 (economic development, 1984). This district consisted of two noncontiguous industrial sites: the 270-acre Wood Industrial Park and the 40-acre Mitchell Red Ore Industrial Park. The city sold \$900,000 in TIF bonds for development of the Wood site. The project also received funding from the state and federal governments and the Iron Range Resources and Rehabilitation Board. Tax increment funds financed a \$275,000 land write-down, road improvements, and installation of utilities for construction of a chopsticks manufacturing facility, the only development that occurred in the district. The chopsticks facility subsequently closed and the district was decertified on December 21, 1992. The district's outstanding debt totaled approximately \$550,000 at the end of 1994 with annual debt service payments of approximately \$130,000. General tax levy revenue is being used to cover debt service on the bonds. Development of Mitchell Red Ore Industrial Park never occurred.

Multiple Projects TID 3 (redevelopment, 1985). The district includes 12 vacant or partially-vacant buildings throughout Hibbing that were targeted by the city for more intensive use. A \$230,000 bond and a \$121,000 tax increment note financed (1) land write-downs for a car dealer who moved his business to a site along I-169, (2) an industrial firm that constructed a facility along I-169, and (3) service road construction. The bond has been repaid; \$98,200 remains outstanding on the note. Tax increments from this district have been pledged to the bonds issued for the Hibbing Community College student housing project.

Family Resource Center TID 4 (redevelopment, 1991). The city issued a \$515,000 TIF bond to finance a land write-down and site improvements for a proposed hotel development project. This project never occurred. Instead, the city used the bond proceeds to acquire and renovate a 28,000 square foot former grocery store. The city's original intent was to have a computer company occupy the building. When this option did not materialize the city pursued government agencies as tenants in the Family Resource Center. Current tenants include a day care center, Independent School District 701's Head Start program, and the St. Louis County Health Department. Future tenants might include five agencies from the state. The district does not generate a tax increment. Currently, rental revenues are sufficient to cover debt service on the TIF bonds.

Kahler Park Hotel TID 6 (redevelopment, 1992). This district was created to assist with rehabilitation of a 58,000 square foot 125-room hotel that the city found to be structurally substandard. Tax increments are also captured from an adjacent gas station that was included in the district. A \$465,000 tax increment bond financed a \$325,000 land write-down. Other public funds included a first mortgage from IRRRB, a revolving loan from the city, a loan from the county, and DTED economic recovery funds.

North Hibbing Industrial Park/Luigino's TID 7 (redevelopment, 1993). This district consists of eight parcels; it includes an expanded site of the Wood Industrial Park (since renamed North Hibbing Industrial Park) and the chopsticks plant that once constituted District 2. This district used property bordering an abandoned railroad line to qualify as a redevelopment district. City plans for the site include rehabilitation of the 28,000 square foot former chopsticks facility and new construction of approximately 1.3 million square feet over the next 20 years. The city plans to issue \$16.8 million in bonds to acquire land and provide assistance with development. No bonds have been issued; no increments are being collected from this district. There has been private investment in site preparation and footings for potential construction of a pasta company. The city is negotiating with a sausage manufacturer and wholesale food distributor for construction of a facility on the site.

Androy Hotel TID 8 (qualified housing, 1993). This district consists of a vacant historical hotel and adjacent parking lot. A developer renovated the hotel into 48 units of rental housing for senior citizens. No tax increment bonds have been issued for this district; there have been no TIF expenditures. In addition to private equity, project funding included a variety of public loans and grants from the state,

IRRRB, the county, and the city. The district generated a partial increment of \$1,400 in 1995.

HOPKINS

North Sector TID 1-1 (six pre-1979 districts, 1970-1978). The Hopkins HRA created its first tax increment district in 1970 to construct an apartment building on one square block south of Mainstreet in downtown. In 1971, the city created a downtown redevelopment project area as part of a federal urban renewal project. As the city expanded the project area during the 1970s, the county auditor designated the additions as separate tax increment districts. In 1989, the city redesignated the six pre-1979 districts as the "North Sector" District, but the county auditor maintains them as separate districts.

Between 1971 and 1976, the city used federal funds to acquire property and it issued TIF bonds for street improvements, utilities, and other site improvements. Since 1977, the city has issued several bonds and used tax increments for a variety of public improvement and development projects, including construction of a parking deck and a public parking ramp, renovation of Mainstreet (including burying utilities, alley and sidewalk improvements, streetlighting, and landscaping), demolition and site preparation for an 11-story low- and moderate-income apartment building, land write-down and site preparation for a grocery store, and acquisition and site preparation for a townhome condominium project. Bond proceeds also financed the city's commercial loan fund and program costs for two non-profit organizations that promote downtown business. Current projects include renovation of a vacant restaurant into a retail development. Over the years, the city has issued \$9.2 million in tax increment bonds for this district and \$6.9 million in bonds were outstanding at the end of 1994. This district generated \$1.15 million in tax increments in 1994.

Suburban Chevrolet TID 1-2 (redevelopment, 1995). The city decertified nine parcels of the North Sector District in 1995 and created this district to help redevelop a vacant auto dealership into a retail development with a 30,000 square foot movie theater complex and a 5,000 square foot restaurant. The city may issue up to \$5.5 million in TIF bonds to finance land acquisition, remediation of pollution, demolition of the auto dealership, and site preparation. The city expects to receive about \$70,000 in annual tax increments from the district, beginning in 1997.

South Sector TID 2-1 (redevelopment, 1985). This district includes areas to the east and south of downtown to redevelop a vacant machine manufacturing facility. The city issued \$5.33 million in bonds but redeemed them in 1988 when the redevelopment plans fell through. Private development in the district has included 114,000 square feet of office space. Tax increments from the district are about \$180,000 annually, which the city has been using for public and street improvements.

TIDs 2-3, 2-4, and 2-5 (redevelopment, April 1990). The city created these districts within the South Sector project area to assist with specific redevelopment projects. District 2-3 designated \$2.5 million for acquisition, demolition, and site improvements for a grocery/retail development and a multi-family housing project. District 2-4 earmarked \$1.8 million to acquire and demolish a mobile home park and construct streets for a 60-unit townhouse development. District 2-5 budgeted \$2.8 million to renovate an old industrial building. None of these projects have come to fruition so far. City officials said that the city has made some street improvements in the districts to avoid knock-down provisions of the TIF Act, but no tax increments had been received through 1995.

Sonoma Apartments TID 2-6 (housing, 1992). The city created this district to assist the National Handicapped Housing Institute develop a 24-unit apartment building for mobility-impaired persons. Tenants will be eligible for federal rent subsidies. The city used \$566,500 of District 2-1 tax increments to provide a land write-down and to finance demolition and relocation. The district collects about \$20,000 in annual tax increments.

Thermotec TID 2-7 (economic development, 1993). The city will provide up to \$1.54 million in tax increments to finance flood constril and site preparation costs for a 50,000 square foot expansion of an industrial facility. The city expects to receive \$124,300 in annual tax increments, beginning in 1995.

INTERNATIONAL FALLS

A single project area contains all of International Falls' tax increment districts. The city has not pooled increments from districts.

International Bilrite TID 1-1 (redevelopment, 1986). Prior to the district's creation, this site contained a vacant paper production plant. A \$1.1 million TIF bond primarily funded a land write-down. A manufacturer of fiberboard sheathing renovated the plant. The project also received a small business development loan from the Minnesota Department of Trade and Economic Development. The district generates approximately \$84,000 in tax increments annually.

Boise Cascade TID 1-2 (economic development, 1988). Boise Cascade had provided water to the city, but with expansion of its paper mill the company needed to use the full capacity of the water system for its own operations. International Falls created this district, encompassing Boise Cascade's expansion, to construct a water plant for the city. A \$7.4 million bond financed the project. Plan amendments in 1992 increased tax increment spending. Approximately \$5 million in tax increment revenues were used to pay for a water tower, water main looping, a settling basin, water main replacement, highway improvements, and other public improvements.

TID 1-3 (redevelopment, 1993). The site contained an old high school building. The school district wanted to sell the site for private development and asked the

city for tax increment assistance to pay for the building's demolition. The city used \$280,000 in tax increments to pay for demolition and site cleanup. The resulting development is a credit union. An agreement between the city and the Boise Employees Credit Union guarantees payment of \$35,000 a year in property taxes for eight years. The city plans to decertify the district after eight years.

LITTLE FALLS

Little Falls has 13 tax increment districts, 7 of which are post-1990 districts. In 1993, the city made the project area the same as the city boundaries.

United Mailing TID (economic development, 1985). The city issued \$260,000 in bonds to extend city sewer and water utilities to assist with construction of a direct mail processing facility. Those bonds have been repaid. The city amended the plan in 1988 and issued \$2.8 million in bonds to improve West River Road and construct a wastewater pretreatment facility. Bond proceeds also financed improvements in the Larson Boats and Maple Island districts. This district will be decertified at the end of 1995.

Larson Boats TID (economic development, 1987). The city created this district to reconstruct a road that was located on the site of a proposed expansion by a local boat manufacturer. The city issued \$610,000 in bonds for street construction, a lift station, and other site improvements. This district generated \$150,000 in tax increments in 1994. \$265,000 of the debt remained outstanding at the end of 1994.

Maple Island Apartments TID (economic development, 1988). This project paid for soil corrections and site improvements prior to construction of a 15-unit market-rate apartment building. The city issued \$125,000 in bonds for the improvements. The apartments have since been converted to condominiums. This district generated \$45,000 in tax increments in 1994 and \$70,000 remained outstanding on the debt at the end of 1994.

Mississippi Flats TID (redevelopment, 1989). The city issued \$393,000 in revenue bonds to acquire property, make street improvements, and bury power lines for construction of 36 market-rate apartments. The bonds were purchased by the developer and are backed only by the tax increments. \$379,000 remained outstanding at the end of 1994.

Industrial Park TID (economic development, 1989). This district includes four parcels in the city's industrial park and was initially created to extend city utilities and construct parking and foundations in the park. Three companies (Central Minnesota Tool and Stamp, Northern Cap, and Designer Wood) built facilities in the district between 1989 and 1991. The city loaned the first two projects \$10,800 and \$66,700, respectively, from its economic development fund. The third, Designer Wood, was assisted with \$1.3 million in tax increment bonds. The city received \$39,500 in tax increments from the three facilities in 1994. Designer Wood's parent company went out of business in 1995 and the city retained owner-

ship of the building. The city is currently leasing the building to United Mailing Automated Mailing Center. Lease payments from United Mailing are being used to repay the bonds. At the end of 1994, \$61,000 remained outstanding on the loans and \$1,295,000 on the bonds.

Brooks Ford TID (economic development, 1989). The city created this district to assist a local car dealership that was destroyed by fire. The city agreed to provide up to \$238,650 of tax increments on a pay-as-you-go basis for site improvements at a new location. \$179,000 remained outstanding at the end of 1994.

Designer Wood Warehouse TID (economic development, 1992). This one-parcel district adjoins the industrial park and was created to help Designer Wood Products expand by constructing a warehouse. The city agreed to provide \$140,000 in tax increments on a pay-as-you-go basis to construct a loading dock and parking lot and make storm sewer improvements. The district received about \$12,300 in tax increments in 1994 and paid two-thirds of that to Designer Woods as provided in the developer agreement. As noted above, the city acquired the facility in 1995 and is leasing it to United Mailing.

Roach Courtyard TID (redevelopment, 1992). The city created this district on the site of the old Morrison County Fairgrounds to help construct 36 market-rate apartments for seniors and possible future development of single-family homesites. The city issued \$355,000 in bonds for site acquisition and improvements, and utilities. \$290,000 was paid to the developer for improvements in 1994. The homesites have not been sold yet, but the city expects to receive about \$52,000 in annual tax increments under the terms of an assessment agreement with the developer.

Central Minnesota Tool and Stamp II TID (economic development, 1993). This district in the Industrial Park was created to assist Central Minnesota Tool and Stamp, a manufacturer of specialty metal products, which constructed a 10,000 square foot facility. The city provided \$79,400 from its economic development fund for site improvements and utilities. The city purchased the company's original site in the Industrial Park TID and is leasing it to a manufacturer of eyewear equipment. The city expects to receive about \$6,000 per year in tax increments from this district.

Buckman Hotel TID (redevelopment, 1993). This district was created to renovate a vacant historic hotel and former police and fire station and convert them into 23 one-bedroom units of congregate senior housing. The city sold the police and fire station to the developer and received a \$53,000 state small cities grant to assist with the renovation costs. The city will use tax increments to reimburse itself for construction of a city-owned parking lot next to the housing project. The tax increment financing plan projects about \$8,000 in annual tax increments for this district.

Anda Housing TID (housing, 1994). The city created this district to assist with construction of a 30-unit low- and moderate-income apartment complex. The TIF plan provides for \$500,000 in tax increments on a pay-as-you-go basis to assist

with land acquisition, demolition, and site improvements. Construction has been delayed by unanticipated soil problems, but city officials expect the project to go forward. The financing plan anticipates about \$40,000 in annual tax increments beginning in 1997. The plan includes future construction of four additional 24-unit buildings with \$338,000 in tax increment assistance for each building, but the city has not approved the use of tax increments for the additional buildings.

Central Minnesota Tool and Stamp Expansion TID (economic development, 1994). This district helped Central Minnesota Tool and Stamp construct a 12,000 square foot addition to its facility in the industrial park. The city provided about \$91,000 from its economic development fund for site improvements and utilities. The first increment of about \$13,000 is expected in 1997.

Monarch Plastics TID (economic development, 1995). The district consists of two parcels in the city's industrial park. It was created to assist a new company with construction of a 10,000 square foot facility for the reprocessing of plastic waste into usable products. The city has budgeted \$70,000 on a pay-as-you-go basis for land acquisition, site improvements, and parking, and an additional \$50,000 for future expansion. Construction of the facility is underway and the first increment of about \$11,000 is expected in 1997.

MANKATO

Mankato has 21 districts, including 7 post-1990 districts. Many of Mankato's tax increment projects are financed by loans from the city's economic development fund and repaid with tax increments.¹⁰

Downtown Development TID (pre-79, 1973). This district, which contains most of Mankato's downtown, was originally created to clear a site for a bank office building. Additional downtown improvements include a parking ramp for a Holiday Inn, a municipal parking ramp for a downtown shopping mall, and conversion of an old motel to apartment housing. In 1993, the city issued \$7.5 million in bonds and used tax increments for a number of downtown projects related to the Mankato Civic Center arena, which was completed in 1995.¹¹ Through 1994, the city spent \$9.5 million on acquisition, site preparation, and public improvements in this district. Future plans call for expansion of the Civic Center arena to include a convention center. The district generated \$438,000 in tax increments in 1994. \$9.735 million in bonds remained outstanding at the end of 1994 and the district had a fund balance of \$7.5 million.

Valley Park - Lower Campus TID (pre-79, 1977). Mankato created this district to encourage re-use of vacant buildings on Mankato State University's former campus. Projects included converting an old administration building into offices,

¹⁰ The city transferred \$2.18 million in tax increments to the economic development fund in 1994. The fund's main sources of revenues are lease payments on city-owned buildings and interest on business loans.

¹¹ The city obtained special legislation to allow these post-1990 bonds to be repaid beyond 2001. *Minn. Laws* (1994) Ch. 375, Art. 14, Sec. 23.

converting three dormitories into apartments, and constructing two parking lots. The city amended the district in 1983 to replace storm sewers and streets in residential areas near the old campus and in 1989 to convert another campus building into an 83-unit apartment building for elderly residents. \$3.35 million in bonds have been issued for this district, and \$1.425 million remained outstanding at the end of 1994. The district generated \$434,000 in tax increments in 1994.

Riverside North TID (redevelopment, 1981). The city created this district on two noncontiguous vacant lots totaling 24 acres. The city borrowed \$433,000 from its economic development fund to construct a dike and a pump station to control flooding on Highways 14 and 169. Developments in this district have included construction of a trailer manufacturing facility, a boat dock manufacturing facility, a dance studio, a gymnastics school, two motels, and a McDonalds restaurant. The district received \$41,000 in tax increments in 1994 and \$226,000 was outstanding on the loan.

Lime Valley City County Joint TID 1 (redevelopment, 1981). The city and county jointly created this district to assist with construction of a corn wet-milling plant. The project fell through but in 1986 the city issued \$625,000 in tax increment bonds for sewer and water extensions to develop an industrial park. In 1990, the city used \$93,000 from its economic development fund to acquire land and correct soil problems for construction of three facilities: an 18,000 square foot wholesale distribution facility for an electrical supply company and two new manufacturing facilities. In 1995, the city provided \$156,000 from the economic development fund for soil correction and site improvements for an expansion of All American Foods and construction of a new facility for M & M Signs. The district generated \$149,000 in tax increments in 1994 and \$190,000 in bonds remained outstanding.

Minnesota Alcohol Producers/Summit Avenue TID 6a (redevelopment, 1986). This district includes 175 acres in the Summit Avenue Industrial Park. The city originally created District 6 in 1983 to assist with construction of a corn alcohol production plant. Those plans fell through and in 1986 the city decertified District 6 and created District 6a. This district provided \$4.85 million in internal funds to finance land acquisition and site improvements for an expansion of Northern States Power's Wilmarth Power Plant. In 1990, the city expanded the district and used \$2.35 million from its economic development fund to acquire land and construct streets for the industrial park. Winland Electronics constructed a 52,000 square foot facility. The district generated \$498,000 in tax increments in 1994 and had \$1.1 million in outstanding debt.

Old Towne TID 10 (economic development, 1985). This district used \$53,500 of internal city funds for parking lot construction at a restored historic preservation district. The loan has been repaid and the district will be decertified in 1996.

Eagle Apartments TID 11 (redevelopment, 1985). The city issued \$575,000 in tax increment bonds to renovate 562 rental housing units near the Mankato State University campus. In 1994, the city amended the financing plan to use \$215,000 in tax increments to demolish blighted rental housing outside the district but

within the project area to assist with construction of additional student housing. The city plans to retire the remaining bonds (\$95,000 outstanding at the end of 1994) and decertify the district in 1996.

REM Housing TID 12 (housing, 1987). The city created this district to finance an interest rate reduction program for a 70-unit low- and moderate-income apartment building for "physically challenged" individuals. Up to \$847,000 in tax increments will be used to reduce interest payments over 12 years. The district generates about \$64,000 in annual tax increments.

Mankato Mortuaries TID 13 (economic development, 1987). The city borrowed \$60,000 from its general fund for site preparation and parking lot construction to help renovate an old church into a mortuary. The district received about \$14,400 in tax increments in 1994 and about \$34,000 was outstanding on the loan at the end of 1994.

NHHI Housing TID 14 (housing and redevelopment, 1988). The city borrowed \$171,000 from its general fund to help the National Handicapped Housing Institute construct a six-story 40-unit barrier free housing facility for low-income, mobility-impaired individuals. Public funds financed demolition of two vacant buildings, site preparation, and construction of a parking lot. City officials told us that the district qualifies as both a housing and redevelopment district. The district generated about \$28,000 in 1994 tax increments and \$155,000 was outstanding on the loan.

Atlas-Alchem TID 15 (economic development, 1988). The city borrowed \$118,000 from its economic development fund to acquire property, extend city sewer lines, and pave streets and a parking area for construction of a 14,400 square foot addition to a plastics manufacturing plant. About \$64,500 remained outstanding on the loan at the end of 1994.

E I Microcircuits TID 17 (economic development, 1989). The city borrowed \$198,000 from its economic development fund to construct a road and extend public utility service for construction of a 17,000 square foot facility for a manufacturer of small electrical equipment. The 1994 tax increment was \$21,000, and \$182,000 was outstanding on the loan.

Schwickert TID 18 (economic development, 1989). The district provided assistance for demolition of two old warehouses and construction of a 32,000 square foot shop/warehouse facility. The city borrowed \$122,000 from its economic development fund to acquire property, pave streets, and extend utility services. About \$85,000 was outstanding on the loan at the end of 1994.

CWC TID 19 (economic development, April 1990). The city created this 90-acre district to develop the Eastwood Industrial Park. The city borrowed \$377,000 from its economic development fund to acquire property, pave streets, and extend city services. CWC constructed a 60,000 square foot office/production facility in the park.

TIDs 19-2 and 19-3 (economic development, 1994 and 1995). Originally part of District 19, the city decertified these parcels and recertified them when specific development plans materialized. The city created these districts to acquire property in the Eastwood Industrial Park. District 19-2 consists of two parcels. The city plans to use \$1.8 million of economic development funds to acquire property and make infrastructure improvements to help Winland Electronics construct a 52,000 square foot manufacturing facility. The city anticipates annual tax increments of about \$76,000, beginning in 1996.

District 19-3 contains the remaining 14 parcels of the industrial park. The city plans to use \$2.3 million of economic development funds for property acquisition and infrastructure improvements. Construction of two industrial facilities totaling 175,000 square feet is anticipated. The city estimates annual tax increments of about \$254,000, but development plans have not been finalized.

National Poly Products TID 6b and Liberty Paper TID 6c (redevelopment, 1993). These districts are in the Summit Avenue Industrial Park (see TID 6a above). The site contained abandoned railroad rights-of-way. Neither of the planned projects were developed. Originally, the city planned to use TIF to help construct a 70,000 square foot industrial facility in District 6b. The company decided to build in another Mankato location, and the city is soliciting other proposals for the site. The city created District 6c to construct a wastewater treatment facility for Liberty Paper's cardboard recycling plant, but the company decided to build in Becker. (See discussion in the Becker section of this document.)

Pier Pleasure TID 21-1 (economic development, 1994). The city created this district to assist with a proposed expansion by an industrial facility and construction of a truck stop. The city earmarked \$262,000 in internal city funding to install a traffic signal and extend city sewer and water utilities. City officials are considering decertifying this district and using tax increments from the adjoining Riverside North district to fund this project.

Patterson TID 1-1 (redevelopment, 1995). The district includes retail stores along Riverfront Drive and industrial development to the north. According to the TIF plan, small parcels, inadequate street layout, railroad rights-of-way, and sub-standard buildings are factors impeding redevelopment of the area. The city plans to use \$709,000 in tax increments to reimburse a developer for land acquisition, demolition of blighted property, and site preparation, including street and utility improvements. Anticipated private developments include construction of a 45,000 square foot office/warehouse. The city expects to receive about \$78,400 annually in tax increments from this district, beginning in 1997.

Linder TID 22-1 (economic development, 1995). The city recently created this district to provide assistance to a local electrical distributor for an 18,000 square foot plant expansion. The city will use \$95,000 of economic development funds to finance site acquisition, utility, and sidewalk improvements. The city anticipates annual tax increments of about \$26,500 beginning in 1997.

MAPLE GROVE

The city has six districts located in five different project areas. Maple Grove has not pooled tax increments.

Eagle Ridge Apartments HRA District 1 (housing, 1981). The original housing project area consisted of 322 acres; in 1993, the project area was expanded by 175 acres to include the Eagle Lake Regional Park. The apartment project consists of 12 acres on which 240 units of multi-family housing have been constructed. The city issued two tax increment bonds totaling \$3.29 million to finance property acquisition, installation of public utilities on and adjacent to the site, improvement of residential and collector roads, and site improvements. Since 1990, the city has used \$3.1 million in tax increments to acquire rights-of-way and improve utilities along a freeway frontage road that goes through the district, improve trails and the community center in the regional park, and upgrade the parking lot and install new playground equipment at a community building. In 1994, the city refunded one of the original bonds and called the remaining bonds; the district has \$595,000 in outstanding debt. This district will generate \$914,000 in tax increments in 1995.

In June 1995, the city expanded the project area to include a six-acre noncontiguous parcel. The city issued \$1.96 million in TIF bonds and \$4.79 million in HRA bonds to finance development of an 88-unit senior housing project owned by the HRA. The tax increment bonds will be repaid with a combination of rental revenue and tax increments. Approximately \$120,000 in annual tax increments will be used for 10 years to ensure that 20 percent of the units will be made available to low- and moderate-income seniors. Construction is expected to be completed in 1996.

Wedgewood Commerce Center TID 1 (redevelopment, 1988). The site consists of approximately 130 acres of vacant land along I-494 and was considered by city officials to be a prime location for development. The site qualified as a redevelopment district on the basis of poor soils, and the need for extensive grading. The city issued two bonds totaling \$3.18 million to finance construction of Wedgewood Lane and other road improvements, construction of storm and sanitary sewers and a water main, site grading, utility connections, landscaping, and park and trail improvements.¹² As a result, nine buildings with 538,000 square feet of office and office/showroom space were constructed.

Modifications in 1992 and 1995 expanded the project area for this district to include 3,100 acres of undeveloped property zoned for commercial, industrial and residential development. The city authorized \$19.4 million in increased spending for the following: improvements to Weaver Lake Road which have been completed (\$1.2 million); pedestrian trail and bridge improvement, including a freeway underpass slated for 1996-97 (\$1.5 million); future reconstruction of a freeway interchange at I-94 and Weaver Lake Road (\$1.5 million); site and infra-

¹² One bond for \$2 million was backed by a combination of tax increments and special assessments, while the other bond for \$1.18 million was backed by tax increments. The first bond will be refunded at its February 1996 call date by a \$745,000 refunding bond issued in 1993.

structure improvements related to development of old gravel mines in the district (\$10 million); and site improvements and landscaping for Northwest Racquet Club in 1996 (\$1 million), two office/manufacturing facilities (\$600,000 each), and undeveloped parcels in the district (\$3 million).¹³ The district will generate \$873,000 in increments in 1995 and the city estimates that the district will generate \$1 million in tax increments annually beginning in 1997.

Venstar TID 2 (economic development, 1989). The district consists of five acres of under-utilized property located within a much larger project area. The city used \$175,000 in tax increments to finance construction of a rail spur. Two light industrial manufacturing entities constructed facilities in the district. In addition, the city used pay-as-you-go financing arrangements to provide site improvements and landscaping for six different projects that are located in the project area but not the tax increment district. These projects, which generate increased property taxes that are not captured by the district, include: a 72,000 square foot manufacturing facility for Dimension Industries (\$163,000); a 32,000 square foot office/warehouse facility for H&F Manufacturing (\$245,000); the 15,000 square foot Uhl Manufacturing facility (\$166,000); a 62,000 square foot building for Adams Nut & Bolt (\$225,000); a 27,000 square foot building for Pallet Services (\$30,000); and a 41,000 square foot addition for a packaging business (\$42,000). Finally, the city used approximately \$215,000 in tax increments to acquire property and clear and prepare sites in the district. The district, which generated \$212,000 in tax increments in 1995, will be decertified in 1998.

OPUS Northgate Plaza TID 3 (economic development, 1989). The district consists of 24 acres adjacent to I-494. The city has financed \$1.8 million in public improvements using a combination of special assessments and tax increments. Originally, the city anticipated construction of 300,000 square feet of office and related facilities, but only one 79,900 square foot office/warehouse building has been developed. Under the development agreement, Opus will receive \$700,000 in tax increments as reimbursement for special assessments paid and the city will receive \$500,000 in tax increments to reimburse it for a portion of the public improvement costs. Public improvements included construction of sanitary sewer, water lines, storm water ponds, and road improvements. The district will generate \$156,000 in increments in 1995 and will be decertified in 1998.

Metropolitan Industrial Park TID 4 (economic development, 1991). The district includes 90 acres of vacant land zoned for light industrial use. The site contains a former landfill and gravel mines that need to be restored. The developer constructed an 84,000 square foot distribution center on a five-acre parcel. The city will use \$315,000 in tax increments to reimburse the developer for special assessments paid for public improvements. The TIF plan budgets more than \$4.5 million in tax increments to finance landfill cleanup and public improvements (utilities and roads) for further developments within the district. Additional development of 170,000 square feet of office/warehouse space is planned, but no other

¹³ The racquet club and the office/manufacturing facilities are in the project area but not the tax increment district, so increased property taxes generated from these developments will go to all taxing jurisdictions.

development activity has occurred. The district will generate \$130,000 in tax increments in 1995.

SciMed Phases I and II TIDs 5 and 6 (economic development, 1993 and 1994). These districts consist of 70 acres of vacant land. The city used tax increments to reimburse the developer for \$1.238 million in land acquisition costs and site improvements for Phase I construction of a 150,000 square foot research and development facility. The tax increment plan for Phase II budgets \$2.184 million to finance site acquisition and improvements for construction of a 265,000 square foot facility. No Phase II construction activity has occurred yet. Phase I will generate nearly \$605,000 in increments in 1995.

MARSHALL

Marshall has 11 active districts, including 1 post-1990 housing district. In 1992 the city authorized the use of \$2.79 million in tax increments from three districts to repay bonds for expansion of the city's wastewater treatment plant: Minnesota Corn Processors District 1-1 for \$2.2 million; Schwan's District 2-1 for \$814,000; and Heartland Foods District 1-10, \$50,000. Total costs of the plant expansion were \$7.6 million. Revenue bonds backed by increased sewer fees financed the rest of the project costs. The city pledged \$69,000 from various TIF districts to the Marshall Community Reinvestment Fund in 1989.

Minnesota Corn Processors TID 1-1 (redevelopment, 1982). Much of this 90-acre site previously was a sewage lagoon. A southwest Minnesota farmers' coop considered several Minnesota sites for a wet-milling processing plan. They selected the Marshall site primarily because of the size of the parcel, the promise of future rail access and utilities, and the existence of an adjacent wastewater treatment facility. Marshall issued a \$3.2 million bond to provide a land write-down, soil improvements, and utilities, and to construct streets and a railroad line to the site. \$1.85 million remains outstanding on the original bonds. This district generated \$543,000 in tax increments in 1994.

Downtown TID 1-2 (redevelopment, 1983). Marshall issued \$385,000 in bonds to acquire and demolish five blighted homes, reconstruct and widen two streets with curb and gutter, and install utilities, which allowed for development of two 30-unit, market-rate apartment buildings and a law office near the central business district. This district has \$290,000 in outstanding debt and generated \$88,000 in increments in 1994.

Independence Park TID 1-3 (housing, 1984). The district consists of two non-contiguous parcels: a 30-unit housing project and park land about a mile from the housing project which originally was a cornfield. TIF was used to provide for recreational facilities for the housing project. The city issued \$65,000 in bonds to finance development of the park including ball fields, shelters, playground equipment, tennis courts, and parking lots. Tax increments of about \$16,000 annu-

ally from the housing project are used to made debt service payments. The district had \$41,000 in outstanding debt at the end of 1994.

Marshall Labs TID 1-4 (redevelopment, 1984). At the time of the district's creation, the site contained several vacant buildings that had once housed an egg-processing plant. Marshall issued an \$80,000 tax increment bond to acquire and demolish the vacant buildings. An industrial products/research firm from the Twin Cities constructed a building on the site. The city collected \$33,700 from this district in 1994.

Channal Parkway/Multiple Projects TID 1-5 (redevelopment, 1986). The district consists of 200 acres of scattered parcels along the airport right-of-way some of the parcels contained substandard buildings. The city created the district to develop an industrial park along Channal Parkway. Many parcels in this district have been subject to the knock-down provisions of the TIF statute. The city has brought knocked-down parcels back into the district as development occurs. To date, approximately \$380,000 in tax increments have been committed to reimburse six companies for soil corrections, off-site storm sewer and street improvements, wetlands restoration, and site preparation costs. The companies receiving TIF support include a sanitary service, a document handling company, an air vent manufacturer, a wind power company, a materials distributor, and a pipe manufacturer. The city has also agreed to provide an unspecified amount of tax increment assistance for construction of 15 units of multi-family housing and 40 single-family houses for low- and moderate-income tenants and homeowners. The district had \$397,700 in outstanding debt and generated approximately \$84,000 in tax increments in 1994.

Super Value TID 1-7 (redevelopment, 1986). Previously the district was the site of a vacant commercial garage. The city issued a \$260,000 TIF bond to provide a \$100,000 land write-down and finance road improvements. A grocery store was constructed on the site. The district had \$185,000 in outstanding debt. The city collected \$60,700 in tax increments from the district in 1994.

Congregate Housing TID 1-8 (housing, 1987). The district is adjacent to a community hospital. The project consists of an interest rate reduction program to assist a developer with construction of 61 units of congregate housing attached to the hospital. Tax increments of up to \$69,000 are provided to the developer annually for 12 years. The district generated \$70,600 in tax increments in 1994.

Reinhart/Lake Beverage TID 1-9 (economic development, 1989). The district was created to provide pay-as-you-go TIF assistance to two existing Marshall businesses. According to city officials, Reinhart Institutional Foods was considering relocating to the Dakotas or Montana. The city used \$165,000 in tax increments to reimburse Reinhart for site preparation, drainage, and street improvement costs related to construction of a 25,000 square foot warehouse and freezer addition. Lake Beverage was also looking for another location, the city provided \$33,000 in tax increments for street and sanitary sewer improvements for a 12,000 square foot addition. The city collected \$47,300 in tax increments in 1994.

Heartland Foods TID 1-10 (redevelopment, 1989). A turkey processor located in downtown Marshall wanted to expand its operations. Previously, the district contained a grain elevator. Tax increments will reimburse the company \$185,000 for the costs of land acquisition, demolition, utilities, and soil corrections. Tax increments of \$115,000 will also finance the extension of a street to serve the project. This project received \$500,000 in DTED economic recovery funds and provided 40 to 50 new jobs. Tax increments from this district totaled \$68,300 in 1994.

Schwan's TID 2-1 (redevelopment, 1984). The district includes two noncontiguous sites: the headquarters of Schwan's Sales Enterprises and an industrial park site containing several of Schwan's buildings. Schwan's was planning to vacate its ice cream production plant, and South Dakota sites were under consideration. The city created the district to keep Schwan's ice cream production plant in Marshall. The original project involved Schwan's expansion of a cold storage facility and construction of a pail-making plant on sites in the industrial park. A \$550,000 bond covered the TIF costs.

The tax increment plan for this district has been modified three times to increase costs. In March 1992, the city used \$843,000 in tax increments to pay for soil correction costs related to Schwan's expansion on an adjacent parcel within the industrial park. In September 1992, an amendment authorized the use of \$814,000 in tax increments to finance the wastewater treatment plant expansion. In February 1994, an amendment authorized \$2.1 million in additional spending for on-site and off-site public improvements (soil corrections, demolition, utilities relocation, and safety fencing) to be undertaken from 1994 through 1998. The district had \$1.345 million in outstanding debt and generated \$389,200 in tax increments in 1994.

Lincoln St. Partnership TID 3-1 (soils condition, 1993). The district was created to assist with development of two 12-unit market-rate apartment buildings with garage stalls. The site is in a flood plain. A \$72,200 tax increment revenue note financed soil corrections and site preparation, hydrologist fees, development of a holding pond, storm sewers and other public improvements.

MINNEAPOLIS

The Minneapolis Community Development Agency (MCDA) is the city's tax increment development authority. At the end of 1995, Minneapolis had 52 tax increment districts, including 24 pre-1979 districts, 21 districts created in the 1980s, and 7 districts created after April 30, 1990.¹⁴ We focused on Minneapolis' Common Project and post-1990 districts.

¹⁴ The MCDA also certified a two hazardous substance subdistricts in 1994. Both subdistricts are in pre-1979 tax increment districts. The MCDA is also in the process of establishing a redevelopment district for South East Minneapolis Industrial Park.

In 1984, Minneapolis refinanced \$173 million in general obligation bonds issued for 20 tax increment districts. The city issued a single \$141 million revenue bond in their place. In this manner Minneapolis was able to pool increments for payment of debt service. Tax increment from one district could, in effect, pay for the debt service of another district, even though the districts may be in different project areas.

In December 1989, Minneapolis established the Common Development and Redevelopment Project to link the financial success of the downtown tax increment districts with the redevelopment needs of the city's neighborhoods. The Common Project combines 24 of the city's redevelopment project areas and development districts; each project's boundary was expanded to include all of the other participating projects.¹⁵ The city could add land area to the Common Project, without certifying the project as a tax increment district. Using tax increments to redevelop parcels that are not certified as tax increment districts provides an immediate benefit to the tax base and it allows revenues to be used for spot renewal activities.

Tax increment revenues generated by districts in the Common Project are available to pay for activities occurring within individual districts or they can be pooled to meet the debt service, redevelopment needs or financial obligations anywhere in the Common Project area within certain limitations. Non-tax increment revenues generated in the city's districts (such as land sale proceeds, rental and parking income) are transferred to a Development Account and provide loan capital for a wide variety of MCDA and city projects.

In January 1990, Minneapolis issued a \$112.8 million TIF revenue bond to refinance portions of the 1984 bond of \$141 million, a \$12 million general obligation TIF bond for new TIF projects, and a \$73.7 million bond for facilities related to the convention center, including a hotel and parking ramp. The refinancing was structured to maximize the use of tax increment revenues by: extending the life of pre-1979 districts to 2009, restructuring a portion of the 1984 debt to flatten out the debt service schedule thereby making a consistent stream of funds available for NRP from 1990 to 2009; using tax increment revenues from pre-1979 districts to fund already committed but unfunded redevelopment activity, thereby freeing maximum revenue from other sources for NRP activities; and lessening reliance on bonding to minimize the cost of issuing bonds and capitalizing interest.

In 1990, the Neighborhood Revitalization Program was codified as part of the Minnesota Tax Increment Financing Act.¹⁶ The Legislature required Minneapolis to reserve \$20 million annually from 1991 to 2009 for NRP. It also required the city to spend the debt service savings realized from the refunding of pre-1979 bonds on the NRP. These debt service savings were called Program Money and consisted of over \$15 million in 1990 and will be approximately \$1.2 million from 1995 to 1999. Legislation also specified the distribution and uses of the NRP Program Money.

¹⁵ Most new tax increment districts, but not every one, are included in the Common Project. The city has the discretion to decide whether a new district will be included in the Common Project.

¹⁶ *Minn. Stat.* §469.1781 and §469.1831.

According to MCDA, Minneapolis collected \$50.088 million in tax increments in 1994. Financial obligations include \$19.7 million in debt service on \$427.47 million in outstanding bonded indebtedness, \$10.64 million in contractual obligations related to redevelopment activities, \$12.2 million for capitalization of the Neighborhood Revitalization Program, \$8.31 million transferred to reserves, and \$5.232 million for administration of tax increment-funded projects and programs, including program management, planning, and implementation activities of the NRP.

Of the post-1990 districts, Block E, MILES I, Central Avenue Supermarket, Housing for Chronic Alcoholics, and Kimm Company are part of the Common Project, while the Bureau of Engraving, Ninth Street and Hennepin Avenue TIDs are not part of the Common Project.

Block E TID #45 (redevelopment, July 1990). Block E is a 2.5-acre parcel in downtown Minneapolis. The City Council originally approved the Block E tax increment financing plan in 1988 but did not certify it until a development project was ready to proceed in July 1990. The agency has spent \$12 million to acquire and clear two-thirds of the block which has been a parking lot since 1988. An earlier development proposal in 1991 did not materialize for lack of private financing. The city is considering other development proposals and in October 1995 asked two competing development companies to work together and present a joint development package for Block E before the end of 1995. The developers were unsuccessful in preparing a joint proposal and the city will reissue a request for proposals on February 1, 1996. Future negotiations between the city and developer(s) will include discussions about the amount and nature of tax increment subsidies.

MILES I TID #46 (redevelopment, 1991). Minneapolis Industrial Land and Employment Strategy (MILES) program is designed to address the redevelopment of blighted industrial land, assist with the creation and retention of jobs, and increase the city's tax base. The noncontiguous district consists of two sites in northeast Minneapolis. Bond proceeds of \$935,000 financed acquisition of property owned by Grace-Lee Products and relocation costs. The company constructed a new 55,000 square foot industrial facility. The original Grace-Lee site has been developed into a sound stage and studio using \$90,000 in TIF assistance to remove contaminated soils and a \$260,000 loan from tax increment and the Development Account sources for soil correction costs. In addition, a fire-damaged lumber yard was included in the district for future light industrial developments. This district will generate about \$62,000 in tax increments in 1995.

Central Avenue Supermarket TID #47 (redevelopment, 1992). The district includes the current site of a boat company, a manufacturing facility, and adjacent railroad property leased to the manufacturing facility. MCDA had planned to use \$4.95 million to finance land assembly, relocation, demolition and public improvements necessary to develop 71,000 square feet of grocery and retail facilities. Project financing would have included Neighborhood Revitalization Program transition funds, bond proceeds and a pay-as-you-go note from the developer. No activity has occurred in this district; the parcels have been "knocked down." The

development proposal was transferred to one of the city's hazardous substance sub-districts.

36th Avenue and Marshall St. N.E./Bureau of Engraving (soils condition, 1994). In May 1994, the Hennepin County Board of Commissioners voted to acquire a block for a new jail site. The block was occupied by the Bureau of Engraving, a high-technology printing company. The district was created to help relocate the company within Minneapolis. The district consists of 20 acres that historically had been used as a clay pit for the manufacture of bricks. More recently, it was used as a disposal for lime sludge. The MCDA acquired the site, completed excavation, soil correction and site preparation prior to selling the parcel to the Bureau of Engraving (purchased for \$650,000 and sold for \$750,000). Approximately \$2.6 million in tax increments will finance soil corrections. The Bureau of Engraving constructed a 130,000 square foot printing facility that will employ approximately 200 workers. The MCDA estimates that the district will generate \$290,000 in tax increment annually.

Housing for Chronic Alcoholics TID #65 (housing, 1994). The district contained a vacant 43,000 square foot warehouse and office building requiring renovation and major mechanical work. MCDA used \$425,000 in tax increment revenues to help rehabilitate the warehouse into an 80-unit single-room occupancy project providing permanent and affordable housing for chronic alcoholics. An adjacent, dilapidated building was razed and an outdoor patio and recreational facilities were developed. A limited partnership acquired, developed, and owns the project. Other sources of public funding included Hennepin County, Minnesota Housing Finance Agency, and the Family Housing Fund.

Kimm Company Expansion TID #67 (redevelopment, 1995). A printing company proposed building a 30,000 square foot expansion to its current facility located in the Warehouse District in downtown Minneapolis. The district consists of one city block containing the current printing facility and an adjacent surface parking lot that formerly contained railroad tracks. MCDA anticipates the need to use eminent domain powers to acquire the property and evaluate environmental problems on the site. A capital advance of \$396,000 from the North Loop District will finance land acquisition, soil testing and, if necessary, pollution remediation. This will be a pay-as-you-go project. This project was put on hold as of late December 1995. If the project goes forward it will create between 15 and 30 new jobs, as well as retain the existing 75 jobs.

Ninth Street and Hennepin Avenue TID #68 (redevelopment, 1995). The district consists of three parcels in two noncontiguous sites and involves two development projects. First, MCDA acquired the old Hirschfelds building for \$500,000, spent \$690,000 to make interior and exterior leasehold improvements to bring the building up to code, and is leasing the building to Hey City Stage, a theater production company. This project was completed in November 1995. Second, MCDA will acquire two existing buildings and renovate them for development of a restaurant. MCDA expects to spend over \$2.1 million for land acquisition, leasehold improvements, relocation and demolition expenses.

MORRISON COUNTY

The Morrison County Rural Development Finance Authority has established tax increment districts in Pierz and Belle Prairie townships and the city of Motley. The county established the Motley district because the amount of debt needed for that project would have exceeded the city's debt limit. Proceedings are underway to annex the Pierz Township district into the city of Pierz and the Belle Prairie Township district into the city of Little Falls.

Redwood Industries TID 2-1 (economic development, 1992). This Pierz Township district was created to assist a small custom wood processing company with a 20,000 square foot expansion. The county issued \$156,000 in bonds to finance utility extensions and site improvements. The company expanded again in 1995 without public assistance. As a result, the annual tax increments will exceed projections of \$26,600. The county will use some of the extra increment to improve a county road and may decertify the district earlier than required.

Morey Fish/Motley TID 1-2 (redevelopment, 1993). A local fish processing company, the city's largest employer, recently was sold and the new owner wanted to upgrade the facility and improve the layout of the plant. The county issued \$400,000 in tax increment bonds to finance renovation of the existing structure, utility improvements, parking, and landscaping. Actual construction has not yet begun. The district will generate about \$50,000 annually in tax increments, beginning in 1998.

Ethanol Plant TID 1-2 (economic development, 1995). The county established this district to assist a locally-owned cooperative with construction of an ethanol plant. The county will issue \$2.4 million in bonds, although the specific use of the bond proceeds have not been determined. Construction has not yet begun and the first increment is expected in 1998.

NISSWA

Nisswa's citywide project area, created in January 1990, contains all of the city's eight tax increment districts. All districts are pay-as-you-go arrangements. The city has not issued any tax increment bonds or notes.

Nisswa Lakes Plaza TID 1 (redevelopment, February 1990). The city created this district on the site of a former amusement park and zoo. The original plan called for \$3.2 million in tax increments to help develop a major retail complex including restaurants, retail stores, and recreational facilities, but the only development so far has been a motel. The city will reimburse the developer \$304,000 for public utilities and improvements related to the motel development. The city collected \$23,000 in tax increments from this district in 1994.

Grandview Clubhouse TID 2 (economic development, April 1990). The city created this district in conjunction with Grand View Lodge's construction of a new golf course. The city agreed to use up to \$708,000 in tax increment to reimburse the developer for utilities, foundations, parking, and other site improvements related to construction of a golf clubhouse and for utility extensions and road improvements for 36 market-rate townhouses. The clubhouse has been built and the townhouses are partially complete. The city expects annual tax increments of about \$107,000 when the project is completed.

Grandview Rentals TID 3 (redevelopment, April 1990). Previously, the site contained Grandview Lodge's employee housing units, which the city had determined to be substandard. The city budgeted \$100,000 in tax increments to reimburse the developer for land clearance, landscaping, parking lots, and driveways for ten multi-family rental units. Construction has recently been completed. The city expects annual tax increments to be about \$7,200.

ICO TID 4 (redevelopment, 1991). The city budgeted \$172,000 in tax increments for site improvements and utilities to replace an old gas station with a new building containing a restaurant and a service station/convenience store. The city collected \$14,000 in tax increments from this district in 1994.

D & H Docks TID 5 (economic development, 1993). In this district, a local manufacturer of boat docks constructed a new 12,000 square foot manufacturing facility. The city will use \$120,000 in tax increments to reimburse the developer for land acquisition and site improvements. The city received \$3,700 in tax increments from this district in 1994.

Lazy Brook Townhomes TID 6 (redevelopment, 1993). The owners of an old resort asked the city to help them convert the resort into 10 townhouses. The city agreed to use \$300,000 in tax increments to reimburse the resort owners for demolition of existing structures, extension of utilities, grading and blacktopping of roads, foundations, construction of a bridge over a creek, and other improvements. The city projects an annual tax increment of about \$16,400.

Pine Shadows TID 7 (housing, 1993). The city created this district to help construct an eight-unit apartment building for low- and moderate-income senior citizens. Up to \$105,000 in tax increments will be used to reimburse the developer for land acquisition, utilities, and site improvements. The city projects annual tax increments of about \$4,900, beginning in 1995.

Schaefer's Market TID 8 (economic development, 1993). This one-parcel district will assist with construction of a 13,000 square foot addition to a grocery store. Up to \$166,000 in tax increments will be used to reimburse the developer for 38.5 percent of the estimated construction costs.¹⁷ The city projects annual tax increments of about \$20,000, beginning in 1996.

¹⁷ The use of tax increment revenues were limited to 5,000 square feet of commercial and retail facilities in economic development districts if the city's population is under 5,000. *Minn. Stat.* §469.176, Subd. 4c(b).

OAKDALE

Oakdale has a single project area that contains all of the city's 13 tax increment districts, 5 of which are post-1990 districts. The city pools tax increments for four small districts: increments from District 1 (decertified in 1995) and District 3 (Texaco) have been used to support Districts 4 and 5 (JCS Properties). The city is considering pooling increments from its housing districts for other housing projects.

Oak Terrace TID 1-5 (qualified housing, 1994). The city will use tax increments to reimburse the developer for costs related to street, parking, and infrastructure improvements (\$453,650), trails on site and to a nearby retail shopping area (\$45,100), land acquisition (\$5,000), and construction of a senior recreation facility (\$500,000). The developer constructed a five-story building containing 50 rental units for low- and moderate-income seniors.

Eastwoode Village TID 1-4 (qualified housing, 1994). The developer proposed to construct 91 units of rental housing for low- and moderate-income seniors. Tax increments will reimburse the developer for land acquisition and site improvements (\$1.32 million), and storm sewers, sanitary sewers, and water systems (\$770,000). The original tax increment plan provided for park development but the land intended for this use was purchased by another developer. The district will collect its first increment in 1997.

Gateway Business Park TID 1-3 (soils condition, 1993). The district contains 90 acres of recently annexed vacant land near I-694 and I-494. Portions of the site required substantial grading, filling, and other soil corrections. The developer asked the city for financial assistance to construct a mixed-use business park with office/warehouse and industrial developments. Oakdale will use up to \$8.5 million in tax increments to reimburse the developer for soil corrections, wetlands restoration, and public improvement costs (sewer, water, and streets). The city may provide an internal loan of \$750,000 for preliminary engineering work. Infrastructure installation is nearing completion. Country Hearth Bread has constructed a 60,000 square foot office/warehouse facility in the district.

Oakdale Crossing Business Park TID 1-2 (economic development, 1993). The district consists of 82 acres of vacant land near I-694 and I-494. The developer will construct an office/warehouse park in four phases. Up to \$3.7 million in tax increments will reimburse the developer for land acquisition and installation of streets, storm and sanitary sewers, and water services. Installation of infrastructure is nearing completion. The park's first tenant, Spartan Promotional Group, Inc., constructed a 25,000 square foot office/warehouse complex. A special exemption allowed the city to extend the duration of this district to December 31, 2011.¹⁸

Aspen South TID 10 (qualified housing, 1994). The developer proposed to construct 114 units of senior rental housing. Tax increments of up to \$1.64 million

¹⁸ Minn. Laws (1995), Ch. 264, Art. 5, Section 41.

will reimburse the developer for project expenses including soil corrections and street improvement costs.

Fleet Farm TID 9 (soils condition, 1989). The district consists of 129 acres of vacant land; wetlands comprise a total of 39 acres. Tax increments of \$1.153 million are pledged to pay off a portion of two general obligation improvement bonds issued to finance completion of Hadley Avenue north of Highway 36. Tax increments paid for the portion of infrastructure improvements. Special assessments were also used to finance the road improvements. The source of tax increments for the district is a new Mills Fleet Farm store. A 1995 amendment increased public costs \$4 million to finance wetland restoration costs and additional soil correction costs in the project area. The city issued a \$2.2 million tax increment bond in 1995 to finance acquisition of the land to be corrected and retained as open spaces. City officials told us that \$30,000 to \$40,000 in lease payments from a golf course being developed may also be used for debt service on the latter bond. The district generated \$454,000 in tax increments in 1995. A special exemption allowed Oakdale to extend the duration of this district to December 31, 2004.¹⁹

Granada Business Park TID 8 (economic development, 1989). The district consists of nearly 40 acres of vacant land. The landowner/developer, 3M, proposed to develop the site as a business park. Up to \$1.9 million in tax increments will be used to reimburse the developer for the costs of streets, grading, curb and gutter, water, sanitary and storm sewers, clearing, and platting. Recently, the developer recruited H.B. Fuller's Industrial Coatings Division (which constructed an 8,000 square foot complex that employs nearly 100 people), U.S. Satellite Broadcasting (which constructed a 20,500 square foot building that is projected to employ 100 people), and three other firms to the business park. This district generated \$75,000 in increments in 1995.

Bergen Plaza TID 6 (redevelopment, 1989). Prior to the district's creation, the site contained an existing Kmart and substandard adjoining retail shops. A developer proposed to expand the Kmart and construct a grocery store, strip retail connected to the Kmart, and free-standing retail facilities. The city issued a \$3.2 million TIF bond to finance a land write-down. The district captures nearly \$600,000 in tax increments annually; it had outstanding debt of \$2.76 million and a fund balance of \$753,000 at the end of 1994.

JCS Properties Phases 1 to IV TIDs 4, 5, 7 (economic development, 1987, 1988, 1989). These districts are adjacent to each other and are developed with four similar one-story 14,612 square foot office/warehouse buildings and related parking. The city provided \$42,200 in tax increment assistance per building for land acquisition and site improvements. Districts 5 and 7 are pay-as-you-go districts; the city issued a \$56,000 TIF bond for District 4. City officials told us that the economic adjustment (inflation) factor has hindered the ability of these districts to generate sufficient tax increments to meet debt service and developer

¹⁹ Minn. Laws (1995), Ch. 264, Art. 5, Section 41.

payments.²⁰ Tax increments from District 3 (Texaco) are pooled with District 4; tax increments from District 1 (decertified in 1995) were pooled with District 5.

Texaco TID 3 (redevelopment, 1987). This district qualified as a redevelopment district based on poor soils. The city issued a bond to fund \$125,000 for land acquisition and site improvements. A 6,000 square foot convenience store and gas station was constructed. This district generated about \$33,000 in tax increments in 1995.

North Country Office and Warehouse TID 2 (redevelopment, 1986). The district includes two noncontiguous sites and qualified as a redevelopment district based on soil conditions for one parcel and the presence of an existing building on the other parcel. Bond proceeds of \$175,000 financed construction of a sanitary sewer main and water main serving the parcel with soil conditions as well as the entire surrounding area, while bond proceeds of \$118,800 financed land acquisition and site improvement costs related to the other parcel. An 11,800 square foot office/showroom was constructed on the first parcel and an 18,000 square foot warehouse was constructed on the second parcel. The city will collect nearly \$59,000 in tax increments from this district in 1995.

PLYMOUTH

Plymouth has 16 tax increment districts including 13 economic development districts created between 1984 and 1990 and 3 post-1990 districts. All of the pre-1990 districts were created to finance major road construction and interstate highway interchanges. City officials told us that the lack of adequate freeway access hampered economic development, but sufficient county and state road construction funds were not available. Most of the improvements were made without specific developments in hand. In some cases, the hoped for developments did not occur so the city had to create additional districts to generate sufficient tax increments. The road and interchange construction and improvements were financed by general obligation tax increment bonds. In some cases, county funding and special assessments helped repay the bonds. Plymouth had \$3.2 million in outstanding TIF bonds for all districts at the end of 1994.

In 1988, the city created a project area that encompassed about the southeastern two-thirds of the city and included all of the cities districts, allowing the city to pool all of its tax increments.

TIDs 1-3, 1-4, and 1-5 (economic development, 1986-1988). The city created these districts to finance the construction of a freeway interchange and to improve or construct a number of local roads.²¹ The city issued \$4 million in TIF bonds in 1986 and 1988 to pay for the improvements. Seventeen office/warehouse and of-

²⁰ To prevent general inflation in property values from being captured in economic development districts, the original tax capacity is adjusted upward by the rate of increase in property values in the district for the five years prior to district certification. *Minn. Stat.* §469.177, subd. 1.

²¹ Tax increments from three earlier economic development districts, Districts 1-1, 1-2, and 1-2A, also supported these road improvements. They expired in 1993.

office/showroom facilities and one retail strip mall are now located in these districts. The districts generated \$687,274 in tax increments in 1994. District 1-3 expired at the end of 1995.

TID 2-1 (economic development, 1987). The city issued \$2.4 million in tax increment bonds to finance the construction of local roads and to improve access to the existing Northwest Business Campus industrial park. The district includes a shopping center featuring a bank, an auto dealership, and a gas station and car wash. This district received \$187,000 in tax increments in 1994.

TIDs 3-1, 3-2, and 3-3 (economic development, 1986-1988). The city issued \$960,000 in tax increment bonds to improve local roads and highways. Other funding included \$308,000 in special assessment and interest revenues. The districts include 15 office and office/warehouse facilities, a truck garage, a day care center, and a shopping center. The districts received \$834,000 in tax increments in 1994. TID 3-1 expired at the end of 1995.

TIDs 4-1, 4-2, and 4-3 (economic development, 1988). The city issued \$1.3 million in bonds to finance local road improvements. Tax increments have been generated from 12 office and office/warehouse buildings, two medical office buildings, a manufacturing facility, a day care center, a fast food restaurant, a gas station/convenience store, and a car wash. The city collected \$568,000 in tax increments from these districts in 1994.

TID 5-1 (economic development, 1988). A \$576,000 bond issue financed road improvements. The district includes four office/warehouse buildings, two gas station/convenience stores, an automotive service center, and a retail strip mall. The city collected \$605,000 in tax increments from this district in 1994.

TID 6-1 (economic development, 1988). The city issued \$861,000 in bonds to finance intersection and traffic signal improvements and road extensions. The district includes an office building, a movie theater, a strip retail mall, a vegetable market, a car wash, and a service station. The city collected \$263,000 in tax increments from this district in 1994.

TID 7-1 (economic development, March 1990). A \$1.35 million bond issue financed soil corrections and to assist with construction of Rockford Road Plaza, a 167-acre commercial and industrial development. So far, only commercial facilities have been constructed, including a Target store, two restaurants, a gas station and convenience store, a grocery store, and other retail establishments. The district generated \$644,000 in tax increments in 1994.

TID 7-2 (economic development, 1994). Olympic Steel wanted to expand its Plymouth operations. City officials told us that the company was considering expanding at its Illinois facility. Up to \$420,000 in tax increments will reimburse the company for site improvements, including soil correction, removal of excess soils, and construction of a retaining wall. A 112,600 square foot manufacturing and warehouse facility was constructed. The city expects to receive the first tax increment of \$114,000 in 1996.

TID 7-3 (soils condition, 1994). The city created this one-parcel district to assist P.O.S. Building Systems Inc., a computer software peripherals and training company, with construction of a 24,900 square foot office building. Up to \$243,000 in tax increments will be used to reimburse the company for soil correction costs and installation of a storm sewer and drain tiling system. The city anticipates receiving \$68,000 in annual tax increments, beginning in 1997.

TID 7-4 (redevelopment, 1995). The 40-acre district contains an abandoned railway line and an old plant used to produce "aglite," a light-weight aggregate product. Tax increments of \$634,500 will reimburse the developer for soil correction costs, including cleanup of a petroleum spill. Development of an industrial park consisting of four proposed buildings is anticipated.

RED WING

The Port Authority administers eight tax increment districts in Red Wing: two pre-1979 and six post-1990 districts. The project areas for the two downtown pre-1979 districts were combined in 1993 to allow the pooling of increments. At the same time, up to \$5 million in increased spending was authorized to help construct a discount retail store in downtown Red Wing, but this project did not occur.

Downtown TID 1 (pre-1979, 1975). The district covers four blocks of downtown Red Wing. Until early 1992, redevelopment activity focused on one block. A \$430,000 bond financed the acquisition and demolition of 14 homes and one church. A 22,280 square foot Super Value grocery store was developed on the site. The original bonds have been retired. Tax increments of about \$140,900 are collected from this district annually.

Downtown TID 2 (pre-1979, 1978). The district includes approximately 13 blocks of downtown Red Wing, and was originally created to provide parking at Riverfront Center in conjunction with renovation of the St. James Hotel. Bonds totaling \$4.75 million were issued in 1985 and 1987 to finance construction of parking ramps. Proceeds from \$3.78 million of refunding bonds issued in 1991 and 1993 will be used to retire the original bonds at their February 1996 call date. Tax increments of about \$753,000 have been used for debt service payments.

Modifications to the two downtown districts in 1992 increased tax increment spending by \$1.6 million to allow the city to purchase substandard and nonconforming property (primarily single-family homes), relocate residents, and clear sites for future development; \$400,000 was designated for a storefront revolving loan program; and nearly \$200,000 was used for new sidewalks.

Advertising Unlimited Inc. TID 1-1 (economic development, 1992). A manufacturer of executive gifts was previously located in Maplewood. The district is a 9-acre site in the city's business park. Internal funding provided a \$192,000 land write-down, \$250,000 for site improvements, and abatements of \$48,000 for street assessments and utility connection fees. A 50,000 square foot manufacturing

building with 5,000 square feet of office space was constructed. Advertising Unlimited recently acquired a Connecticut company and plans to consolidate operations in Red Wing in 1996. This district generates about \$86,000 in tax increments annually.

Industrial Hardwood Products TID 2-1 (redevelopment, 1992). A Canadian company that manufactures wood flooring for truck trailers was considering locations in Wisconsin and Iowa. The district contained a vacant 58,000 square foot industrial building. The Port Authority acquired the site, made substantial improvements to the building, and rented 25,000 square feet to Industrial Hardwood Products. A \$300,000 bond issue and internal funds financed site acquisition (\$200,000) and building improvements (\$259,000). Tax increments will repay these obligations; lease revenues will be paid to a building maintenance account. The Port Authority has leased space to two other start-up companies.

Durkee Atwood TID 2-2 (redevelopment, 1992). Previously the district contained an old factory in substandard condition. The property owner gave the site to the Port Authority. A \$132,000 loan from the city financed removal of asbestos and building demolition. A developer bought the site for \$25,000 and constructed a 7,500 square foot office building.

AmericInn TID 2-3 (redevelopment, 1993). The district consists of the former site of a substandard building and the right-of-way along Old Main Street. A \$350,000 loan from the city financed street improvements, utilities, and a parking lot. A developer constructed a motel on the site. The Port Authority might borrow \$560,000 from the city to finance future street improvements and beautification projects (lighting, landscaping, and street furniture). The Port Authority also acquired property adjacent to the motel to retain for sale or for future commercial development. This district will generate its first increment in 1996.

Hygenic Service Systems TID 3-1 (economic development, 1994). The district, a vacant 5.6 acre parcel, was created to relocate a health care laundering company from its existing site with contaminated soil in downtown Red Wing. Internal funds of \$432,500 helped fund land acquisition, site preparation, public improvements, and utility costs. This project also received DTED economic recovery funds. A 30,000 square foot manufacturing facility was constructed. The company, which employs developmentally disabled and chronically unemployed people, increased its labor force from 25 in 1990 to 75 in 1995. This district will generate its first increment in 1996.

Red Wing Business Systems TID 4-1 (economic development, 1995). A growing local computer software business needed to expand and wanted to create a technology park. The district consists a seven-acre parcel containing an old 22,000 square foot elementary school. The Port Authority will provide up to \$200,000 in tax increments to reimburse the company for land acquisition and site improvements costs. The city plans to make a qualifying local contribution to avoid the local government aid reduction.

RENVILLE

Renville has seven post-1990 districts. Five of the seven districts used pay-as-you-go financing and two used tax increment bonds.

Renville Co-op Country Farmers Elevator TID 1 (economic development, 1991). The cooperative asked the city for assistance to construct a 14,500 square foot fertilizer/chemical blending and storage facility, a feed mill, a grain storage facility, and office space. The city agreed to reimburse the cooperative up to \$265,000 for land acquisition, write-down, and site improvements.

N & D Partners TID 2 (redevelopment, 1991). This project involved renovation of an existing building into a laundromat, with apartments on the second floor. The city committed just under \$40,000 in the form of a short-term loan to assist with renovation.

K & M Manufacturing TIDs 3 and 4 (redevelopment, 1992 and 1994). A manufacturer of tractor seats, retractable steps, and other agricultural-related equipment in downtown Renville planned to expand its warehouse space and requested assistance from the city. Previously, District 3 contained two vacant buildings and a house. The city planned to use \$104,000 in tax increments to reimburse the company for demolition, grading and excavation, parking and sidewalk improvement, and utility extension costs. No construction has occurred, but K & M uses the site for open storage. The city has not collected any increment or made any payments for this district.

District 4, adjacent to K & M's main building, contained an old house. Tax increments of \$105,000 will reimburse the company for land acquisition, demolition, site and public improvements. The company acquired and prepared the site and constructed an addition to its existing manufacturing facility.

Feed Mill TID 5 (economic development, 1993). A joint venture of three regionally owned and operated farmer cooperatives asked the city for assistance with construction of a feed mill and a new office building for Co-op Country Farmers Elevator, United Mills, and Midwest Investors Cooperative. An \$895,000 tax increment bond financed land acquisition and write-down, grading and site improvements, and public improvements. The first increment from this district will be collected in 1996.

Egg Production Facility TIDs 6 and 7 (economic development, 1994 and 1995). The district is situated on 80 acres of vacant farm land in the industrial park. District 6 involved construction of eight large laying barns, one processing building to wash, pack and prepare egg products for shipment, and a conveyor and related equipment. A \$1.06 million bond financed land acquisition and write-down, extension of water and sewer lines, and site improvements including grading, excavation, foundation work, landscaping and parking. The developer shared the costs of extending utilities to the site. Construction of a sewer interceptor serving other developments in the industrial park will be financed with city revenue.

bonds, not tax increments. A development contract provides for the farmer cooperatives to pay the city approximately \$62,500 in 1994 and \$125,000 from 1995 through 2004 in addition to property taxes. The first increment from this district will be collected in 1996. This project has created 40 jobs and is projected to create 20 more jobs when the second phase is completed. District 7 involves construction of eight more barns. \$400,000 in tax increments will be used to reimburse the developer for land acquisition costs.

RICHFIELD

Richfield has seven tax increment districts. Since 1990, Richfield has created the Richfield Rediscovered Housing Program using four scattered-site redevelopment districts. In 1993, the city created an umbrella project area that covers most of Richfield and it established a development fund to use tax increments to fund its housing program.

Lyndale-Hub-Nicollet (Pre-79, 1975). The city created this district to assist with renovation of "downtown" Richfield including the Hub Shopping Center and many other commercial properties. The city has amended the plans for this district many times. TIF was used to replace an old building with a medical clinic and construct two market-rate condominium buildings and one moderate-income apartment building for seniors. Since its creation, the city has issued \$36.1 million in bonds for projects in this district and \$16.1 million in bonds were outstanding at the end of 1994. The district generated about \$2.5 million in tax increments in 1994. The city plans to transfer up to \$500,000 in interest earnings from this district to its housing development fund.

Interstate-Lyndale-Nicollet (redevelopment, 1985). The city created this district to renovate an area containing many vacant buildings and deteriorating stores. The original plan for this district included development of a 25-story office tower, a parking ramp, a 400-room first class hotel, and a 135-room motel. Only the motel was constructed. The city issued \$20.6 million in bonds for this project but redeemed all but \$900,000 when the initial plans fell through.

The city amended the plan in 1994 for construction of three retail developments with a total of about 242,000 square feet of space. The plan also called for upgrading a service road north of I-494, widening the Lyndale Avenue bridge, and related public improvements.²² The modified budget called for \$4.9 million in tax increment spending. A two phase retail development is currently under construction. Phase I includes 127,000 square feet with three tenants (Best Buy, SportMart, PetsMart); Phase II will include 130,000 square feet and several national tenants. The city will reimburse the retail developer an estimated \$3.6 million plus interest for site assembly and site improvement costs. The city collected \$355,000 in tax increments from this district in 1994 but expects about \$613,000 in 1997 when the

²² The TIF plan proposes to finance reconstruction of the Lyndale Avenue bridge with a combination of federal, state and local funds. The bridge has not been widened yet. Tax increments probably will not fund the bridge work when it is finally undertaken.

ongoing developments are completed. Other sources of funding were used to upgrade the service road.

Cedar Avenue Business Area (economic development, 1988). This pay-as-you-go district was created to help reuse an oversized site that contained an old municipal liquor store. A multi-story office building and parking ramp were constructed following removal of the liquor store. The financing plan calls for eight annual payments of \$106,250 to the developer from tax increments for site acquisition and improvements. The city received about \$250,000 from tax increments from this district in 1994. The city has been voluntarily repaying about \$87,000 per year in captured taxes from this district to other taxing jurisdictions.

TIDs A-1, B-1 (redevelopment, 1991) ***A-2, and B-2*** (redevelopment, 1993). These scattered-site districts all pertain to the Richfield Rediscovered Housing Program in which the city purchases substandard single-family homes at their appraised value, demolishes them, and sells the parcels to developers at market value for construction of market-rate homes. City officials hope that by replacing the most blighted homes, new families will be encouraged to move into the city and existing homeowners will be encouraged to keep up their homes. The city also established a Residential Remodeling Program to encourage home improvements and an Apartment Program to encourage owners of multi-family housing to improve their properties. Total program costs for all districts are estimated at \$3.39 million for property acquisition and demolition, assuming 59 properties are redeveloped. To date the city has spent \$517,000 in internal funds and plans to use tax increments from other districts to continue the program in the future. The city will receive about \$23,000 in tax increments from these districts in 1995.

ROSEVILLE

Roseville has 15 tax increment districts, including 3 post-1990 districts. In 1991, the city made the project areas of all districts coterminous with the city boundaries. Most of the tax increment districts are noncontiguous and are concentrated in the northwest commercial part of Roseville.

Roseville pools tax increments and combines its financial reporting for all of its pre-1990 districts. The city issued \$23.9 million in general obligation bonds in 1985 to fund tax increment projects. It refunded those bonds with a \$20.0 million bond issue in 1992. Pooled increments from Districts 1 through 12 service the debt. Roseville collected \$5.6 million in tax increments in 1994.

In addition to spending tax increments in specific districts, through 1994 the city has used pooled tax increments for the following projects: \$660,000 to acquire land at County Road B and Lexington Avenue for future use; \$600,000 for an outdoor ice oval; \$450,000 for an indoor ice arena; \$256,000 for a gymnasium at an elementary school; \$300,000 in siting and parking improvements for the Ramsey County Library; and \$193,000 in assistance to a developer to reconstruct a building and lease it to the U.S. Postal Service for a post-office.

In 1993, Roseville adopted a policy to transfer pooled tax increment revenues remaining after annual debt service payments are made into four reserve funds. The policy calls for transferring 75 percent of the tax increments to an economic housing development fund to rehabilitate neighborhoods, promote long-range development, create an affordable housing mix reflective of population, abate pollution, and improve infrastructure. This fund received \$2.4 million in tax increments in 1994. Fifteen percent of the tax increments will be placed in an infrastructure improvement fund to be used for improvement of public facilities including parks and recreation. This fund received \$478,000 in tax increments in 1994. Five percent (\$159,000 in 1994) will be placed in an infrastructure maintenance fund to replace depreciating infrastructure and 5 percent will be transferred to a special permanent reserve fund to protect against future property devaluation.

Centre Pointe TID 1 (redevelopment, 1982). The city used \$7.4 million of pooled bond proceeds in this scattered-site district to finance a land write-down, demolition costs, and site improvements for construction of an office building and two multi-tenant office showrooms on the site of some substandard homes and an old truck terminal. Bond proceeds of \$233,000 were used to rehabilitate an existing 42-unit building and acquire land and improve drainage for the 148-unit Rose Pointe market-rate senior housing development. The city also used tax increments to construct a pond to improve drainage for an office building and for public improvements to assist the Rosedale Commons Shopping Center and nearby developments, including parking redesign and installation of a traffic signal. This district generated \$916,000 in tax increments in 1994.

Pavillion Place/Crossroads TID 2 (redevelopment, 1982). This scattered-site district used \$700,000 in pooled bond proceeds to acquire and improve a site for a 105,600 square foot facility for Berger Transfer, an office moving company that consolidated its offices and corporate headquarters in Roseville; \$200,000 in pooled bond proceeds for road right-of-way and site improvements for the Lido Cafe (relocated from Falcon Heights); and \$3 million in bond proceeds for acquisition and site improvements for Rosedale Corporate Plaza, a 200,000 square foot office building and 120-room Comfort Inn motel. The office building currently houses a computer company and the State Lottery offices. The district also includes part of the Crossroads Shopping Center (originally called Pavillion Place) and the northern half of the Rosedale Commons shopping center. Neither shopping center received direct public assistance but the city provided improvements to County Road B2 and constructed a fence to separate the shopping centers from nearby residences. The city received \$1.4 million in tax increments from this district in 1994.

Villa Park TID 3 (redevelopment, 1984). The city created this district to help construct a 100-unit condominium development for low- and moderate-income senior citizens. The city used 1985 pooled bond proceeds to provide \$225,000 for land acquisition and soil corrections. The developer dedicated some of the land to the city for use as a park. The city received \$81,000 in tax increments from this district in 1994.

I-35W/Highway 36 Corridor TID 4 (redevelopment, 1985). The city originally created this district to assist with construction of an office development. The district's biggest expenditure, however, has been \$5.9 million for construction of the County Road B2 bridge over I-35 W. The city has also spent \$1.8 million to acquire commercial property and \$104,000 to acquire options to purchase homes in the area for a future office development. Some development has occurred and the district currently generates about \$62,000 annually in tax increments. The city has spent over \$9 million in the district but the district has only contributed \$165,000 towards retirement of the city's pooled tax increment debt.

Rose of Sharon TID 5 (redevelopment, 1986). The city planned to put a senior housing development and day care center on one part of this scattered-site district. The original housing plan fell through but the day care facility is currently providing a tax increment. Fifty-two market-rate townhouses were constructed in 1994 without TIF assistance. In the other part of the district, the city provided \$1.1 million in assistance on a pay-as-you-go basis for removal of contaminated soil for construction of a multi-tenant office/showroom facility. The district generated \$172,000 in tax increments in 1994.

Brutgers TID 6 (housing, 1987). The city provided about \$43,000 for storm sewer improvements to expand a senior housing development at Victoria Street south of Highway 36. This one-parcel district generated about \$15,000 in tax increments in 1994.

Rosedale Square North TID 7 (redevelopment, 1987). This district includes four separate sites. The city spent \$311,000 to acquire right-of-way and correct contaminated soil for construction of Twin Lakes Parkway and extension of Lincoln Drive. A 43,000 square foot Byerly's grocery store and a 22,000 square foot office building for Edina Realty were constructed on the site of the former Glendenning truck terminal. The city is currently negotiating with a developer to provide about \$2.4 million in TIF assistance (land write-down and demolition and soil cleanup costs) to help construct an office/showroom facility on the site of the Indianhead truck terminal. The city collected \$470,000 in tax increments from this district in 1994.

Shelard/Rice TID 8 (economic development, 1987). The city reimbursed a developer for about \$14,000 in street and sidewalk improvements for construction of a small strip mall and day care center. This three-parcel district generated \$30,000 in tax increments in 1994. The district expired at the end of 1995.

Snelling and C TID 9 (redevelopment, 1987). This district consists of four scattered sites, none of which received TIF assistance. The sites include: the northeast corner of Snelling Avenue and County Road C, which previously contained an old drive-in theater and is currently developed with commercial and retail uses; the Fruehauff trucking facility north of County Road C; an old Control Data office building at the southwest corner of Fairview Avenue and County Road B2 which was demolished to allow for construction of the Rosedale Market Place shopping center; and an engineering company building north of County Road C. City funds (not TIF) were used to provide road and drainage improvements at the latter site.

Rosedale Market Place benefited from road improvements on Fairview Avenue (see District 10). This district collected \$258,000 in tax increments in 1994.

The Lexington/Rosedale TID 10 (redevelopment, 1988). The city created this noncontiguous district for several purposes. The city agreed to provide up to \$3 million in tax increments on a pay-as-you-go basis to acquire land and clean-up contaminated soil for construction of 320 units of market-rate multi-family rental housing on Lexington Avenue. The city also proposes to acquire and demolish an old truck wash and prepare the site for future industrial development. The district includes the Rosedale expansion (the Dayton's building and two parking ramps) which captured tax increments to pay for a \$600,000 upgrading of Fairview Avenue, including new traffic signals. City officials said the upgrade was necessary to handle increased traffic flow from the shopping center expansion. The city received \$2.1 million in tax increments in 1994 from the district. The city used \$1.14 million from the special permanent reserve fund to pay the Rosedale Shopping Mall developer to refund prior property taxes resulting from a tax court decision lowering the property's 1991 and 1992 assessed value. The developer is also appealing 1993 through 1995 valuations which could result in another \$1.2 million in refunds.

Twin Lakes TID 11 (redevelopment, March 1990). This district includes all or parts of 44 parcels containing several defunct trucking companies and substandard warehouses. The tax increment plan calls for issuing up to \$50 million in TIF bonds, including up to \$20 million to acquire and demolish substandard structures for replacement with light industrial development and \$25 million for public and infrastructure improvements, including extending Twin Lakes Parkway. The district includes a hazardous substance subdistrict which identifies up to \$4 million in clean-up costs. So far, the city has used \$3.7 million in pooled tax increments to assist with replacing an old hotel with a medical office building, demolition and site improvements for a 75,000 square foot office/showroom, and site clean-up, road construction, and a holding pond for a 48,000 square foot office building. The city will receive its first tax increment from this district in 1996.

NCR TID 12 (redevelopment, February 1990). This one-parcel district was a former elementary school that NCR-Compton was using as a training facility. The city used \$1.3 million in tax increments to acquire the building from NCR which then consolidated its Twin City offices at another Roseville location. The city is using the site as a recreation center and for Park and Recreation Department offices, but it eventually hopes to demolish the building and construct a housing development. The district does not generate a tax increment.

College Properties TID 13 (redevelopment, 1993). This district contained a run down hotel and bar. The city will provide up to \$3.7 million in tax increments on a pay-as-you-go basis to write down land for a multi-use housing project, including a 57-unit motel, 90 assisted-living units, and 140 independent-living units for seniors. Future development includes a 36-bed residential facility for Alzheimer's patients. The city estimates future tax increments to exceed \$500,000 annually.

CSM TID 14 (redevelopment, 1994). The city will use up to \$700,000 in tax increments on a pay-as-you-go basis to assist a developer with a land write-down, demolition, and asbestos removal for renovation of a 60,000 square foot warehouse and construction of two warehouse/showrooms with 155,000 square feet of space. The site was formerly used as a truck terminal and is contaminated with solvents and other pollutants. The tax increment financing plan sets a maximum of \$1.5 million in assistance and estimates future annual tax increments of \$138,000.

Roseville School District TID 16 (soils condition, 1995). The city recently created this district on a vacant 33-acre former dump site owned by the Roseville school district. The school district had acquired the site for an additional high school but decided it was no longer needed and wants to sell it to a developer for construction of 45 single-family market-rate homes and 30 townhouses. The school district asked the city to create a tax increment district to pay for site clean-up. The city estimates clean-up costs to be \$1.3 million and future annual tax increments to be \$334,000.

ST. CLOUD

St. Cloud has 17 tax increment districts, 8 of which are post-1990 districts.²³

Central Area Urban Renewal TID 2 (pre-79, 1976). This district includes about 12 square blocks of the city's downtown. In 1976, the city issued a \$400,000 TIF bond and borrowed \$50,000 from the HRA to help develop a 100-unit motel (Sunwood Inn) with meeting rooms and restaurant facilities. The city expanded the district in 1982 to acquire and demolish seven vacant buildings for the development of a five-story, 80,500 square foot office building. The HRA also helped develop the 250-stall parking ramp. The city issued \$2.6 million in TIF bonds, \$7.35 million in commercial development revenue bonds, and a \$300,000 revenue bond for the parking facility.

In 1985, the city amended the TIF plan to relocate a former grocery warehouse to the city's industrial park and assist with renovation of the historic warehouse building into a 50-unit senior congregate housing facility. The city financed the project with a \$350,000 HRA loan (using federal funds), \$2.45 million in housing revenue bonds, and private contributions. The city also provided assistance for construction of a 99,000 square foot civic center adjacent to the Sunwood Inn, a 120-unit motel (now called the Kelly Inn), and 350 stalls of underground parking. The city financed the civic center with \$6.4 million in TIF bonds, \$2.5 million of internal city funds to be repaid from tax increments, a local option food and beverage tax authorized by the Legislature, and a \$140,000 annual appropriation from the city's parking fund.

²³ St. Cloud's HRA uses a fiscal year ending June 30 for its financial reporting. References in this section to 1995 tax increments collected and 1995 outstanding debt are for the year ended June 30, 1995.

In 1989, the city modified the TIF plan to replace a vacant wood-frame hotel with a 104-unit Radisson Suites Hotel. The city issued \$1.3 million in TIF bonds to construct a 120-stall expansion of a parking ramp, construct a skyway connecting the hotel, civic center, and parking ramp, and provide public improvements for the adjacent shopping mall. The city collected \$812,000 in tax increments from this district in 1995 and had \$6.06 million in bonds outstanding on June 30, 1995.

Centre Square and Herbergers TID 12 (redevelopment, 1985). This district is on two downtown blocks bordering District 2. The city issued \$765,000 in TIF bonds to acquire and demolish three vacant stores and expand a parking lot to assist with construction of a 68,000 square foot retail store and corporate headquarters for Herbergers. In 1989, the city used \$1.1 million in tax increments to acquire and demolish five more vacant and deteriorating buildings to assist with expansion of Herbergers and construction of additional retail stores, a Ciatti's restaurant, and a food court. In 1995, the city issued \$350,000 in TIF bonds and plans to use \$1.5 million of HRA funds to construct a 60-unit, market-rate apartment building with underground parking and 19,000 square feet of retail space. Construction has not yet begun on the housing project. Through 1995, the city had issued \$1.86 million in bonds and \$1.6 million remained outstanding. The city received \$332,000 in tax increments from this district in 1995 and expects to receive an additional \$45,000 per year when the housing project is completed.

Security Financial TID 18 (redevelopment, 1986). The city created this district to remove blighted buildings, relocate existing residents, and assist with construction of a 42,900 square foot bank and office building and parking lot. The city issued \$1.1 million in tax increment bonds. In 1995, \$950,000 in bonds were outstanding and the city received \$208,000 in tax increments.

Purity Dairy I and II TIDs 19 and 21 (redevelopment, 1986). The city created these two districts to remove a vacated dairy operation from the middle of a residential neighborhood. The city issued \$555,000 in bonds to acquire and write down the land. In TID 19, a developer constructed a 42-unit market-rate apartment building. In TID 21, a developer constructed two 24-unit market-rate apartment buildings. The city received about \$79,000 in tax increments from the two districts in 1995, and \$415,000 in bonds were outstanding at the end of 1995.

Paramount Ramp TID 20 (redevelopment, 1986). The city issued \$2 million in TIF bonds to construct a 400-stall public parking ramp on the site of a vacant downtown theater and department store. A developer constructed a 70,000 square foot bank with private financing. \$1.575 million in bonds remained outstanding at the end of 1995. The city received \$253,000 in tax increments from this district in 1995.

Fingerhut TID 24 (economic development, 1988 and 1994). The city created this district in 1988 to help Fingerhut Corporation expand in Minnesota. According to city officials, the company was considering moving its operations to South Carolina. The city issued \$2.1 million in TIF bonds to acquire two farmsteads, provide infrastructure, and build a retention pond to improve drainage. \$1.2 million of those bonds were outstanding on June 30, 1995.

In 1994, the company again wanted to expand and, according to St. Cloud officials, threatened to move to Kansas City. To assist the company, a special law allowed St. Cloud to establish a 25-year economic development district on the same site as the original district, allowed tax increments to pay for the costs of constructing, equipping, and financing the facility, and exempted the district from the state aid reduction and other provisions of the tax increment financing law.²⁴

The city agreed to pay up to \$6.7 million from tax increments on a pay-as-you-go basis to assist with construction. In addition, the company received \$970,000 in DTED economic recovery funds and \$500,000 each from Stearns County and the St. Cloud Housing and Redevelopment Authority. The company constructed a 500,000 square foot facility in 1995. The city received about \$380,000 in tax increments in fiscal 1995 and expects additional tax increments on the new facility beginning at about \$527,000 in 1996 and rising to about \$1 million in the year 2020 when the district is scheduled to terminate.

SCSU TID 25 (housing, 1988). Originally, the city created this district to construct a residence hall for St. Cloud State University, which would lease and manage the facility. That project fell through when the university decided to construct the residence hall itself. The city used \$5.7 million in bonds to provide infrastructure (sidewalks, curb and gutter, streets and alleys) and park improvements. Privately financed low- and moderate-income housing provided the district with \$472,000 in tax increments in 1995. About \$4.9 million remained outstanding on the bonds at the end of that year.

Corporate Woods TID 27 (economic development, 1988). The city issued \$1.45 million in TIF bonds and \$750,000 in public improvement bonds (repaid through special assessments) to extend streets and utilities for a commercial and industrial development. Spee Dee Delivery Service constructed a 60,000 square foot warehouse and distribution facility at that location. A McDonalds restaurant and a gas station/convenience store built facilities in the district without TIF assistance. In 1992, the city amended the plan and provided \$250,000 in tax increments on a pay-as-you-go basis for a 100,000 square foot expansion of the Spee Dee Delivery Service facility. The district provides \$287,000 in annual tax increments, and \$700,000 in TIF bonds remained outstanding on June 30, 1995.

Nahan Printing TID 38 (economic development, July 1990). The city created this district to assist with construction of a 145,000 square foot facility for a family-owned printer of mail inserts and advertisements. The HRA agreed to provide a \$468,000 loan for land acquisition, soil correction, and utility improvements. In May 1995, the city used \$200,000 from tax increments and provided another \$300,000 on a pay-as-you-go basis to help the company with soil correction costs related to a second expansion of the facility. The city collected \$143,000 in tax increments from this district in 1995.

Woodcraft TID 32 (economic development, 1991). A wooden cabinet door company was considering relocating in Kentucky. The city used \$130,000 in city funds and a \$200,000 HRA loan to assist the company with land acquisition for a

²⁴ *Minn. Laws* (1994), Ch. 376.

53,000 square foot expansion of its manufacturing facility. The company also received \$500,000 in DTED economic recovery funds. The city amended the TIF plan in 1994 to use \$252,000 in tax increments to reimburse the company for site preparation (including tree removal, excavation, landscaping, and paving) for a two-phase 50,000 square foot expansion. The city received about \$50,000 in tax increments in 1995 and projects additional annual increments of about \$45,000 on the expanded parcels for the remaining five years of the district's life. The city loan had \$104,444 and the HRA loan had \$248,000 outstanding at the end of 1995.

Lincoln/Target TID 34 (redevelopment, 1993). This district previously contained a printing company that moved to the industrial park, an abandoned city maintenance garage, and abandoned railroad property. The site was contaminated by leaks from underground fuel tanks. The city issued \$1 million in bonds to pay for site acquisition, demolition, and cleanup and leased the site to Target for construction of an 89,000 square foot store. Target contributed an additional \$1.38 million towards the cleanup.

Webway TID 53 (economic development, 1994). This district assisted a photo album manufacturer with a 38,000 square foot expansion on a vacant parcel adjacent to its existing facility. The HRA used \$215,000 in internal funds to finance land acquisition and site improvements. Webway also received \$500,000 in DTED economic recovery funds. In 1995, Webway announced another 60,000 square foot expansion to its manufacturing facility and construction of a world headquarters building for Creative Memories, the company's marketing division.

FSI TID 54 (economic development, 1994). The city created this district to assist a Minnesota processor of rebates and sweepstakes (with plants in St. Cloud, Big Lake, and Monticello) that wanted to consolidate and expand in St. Cloud. The city issued \$485,000 in bonds to finance land acquisition and site preparation for construction of a 110,000 square foot distribution facility. FSI also received \$500,000 in DTED economic recovery funds. The first tax increments will be collected in 1997.

Central Hydraulics TID 55 (economic development, 1994). The HRA used internal funds of \$220,000 to assist a local manufacturer of hydraulic lift machines with acquisition and site improvements for the construction of a 30,000 square foot facility.

G & K Services TID 59 (economic development, 1995). This district assisted a company with construction of a 45,000 square foot laundry facility. The company had been leasing space in Waite Park. Tax increments of \$344,800 will reimburse the company for land acquisition, site improvements, and extension of utilities. The development agreement for this project requires the company to create at least 70 new jobs. The district will generate its first tax increment in 1998.

ST. PAUL

Downtown and Seventh Place TID 24 (Pre-79, 1978). St. Paul created this district in 1978 to replace two earlier pre-1979 districts. Those districts were also federal urban renewal projects and were included in a 37-block downtown project area. The city had issued \$500,000 in bonds for downtown planning in 1974 and \$4.6 million in bonds in 1976 to acquire land and construct a parking ramp for the Science Museum and Gallery Building. In 1978, the city refunded the earlier bonds with a \$6.5 million bond issue and created a new 22-block downtown tax increment district. The 1978 bond issue included funds for the Town Square development, including skyways, street improvements, and four levels of indoor public space including an indoor park.

In 1981, the city approved using \$2.3 million in tax increments along with \$5.5 million in federal block grant funds to develop and install the downtown district heating system. In 1982, the city expanded the tax increment district to include Galtier Plaza, a commercial, office, retail, and residential development including a YMCA and parking ramp. A \$3.15 million revenue note financed foundation work, skyway construction, and public areas in the retail portion of the development.

Over the years, St. Paul has added many projects to the downtown district's development plan. In 1983, the city spent \$10 million to renovate the St. Paul Civic Center and improve its parking ramp.²⁵ In 1985, the city sold \$10.1 million in TIF bonds to assist with construction of the World Trade Center, a 38-story building including 450,000 square feet of office space, 100 retail shops, and a 550-space parking ramp. In 1989, the city issued \$18.6 million in TIF bonds for several public and private improvements in the downtown district. These included \$1.6 million for the Seventh Place pedestrian mall, \$1.4 million for a skyway to the Union Depot, \$9 million for district cooling, and public improvements for the Science Museum, Ordway Music Hall, World Theatre, and the new Children's Museum.

In addition to the developments directly supported by tax increment financing, the downtown district has benefited from other downtown private investments. Since its creation, the city has collected \$104.4 million in tax increments from the downtown district, including \$7.8 million in 1994.²⁶ The city had \$3.45 million in general obligation TIF bonds and \$55.2 million in TIF revenue bonds outstanding for this district at the end of 1994.

²⁵ The renovation was part of a larger deal in 1983 to sell the St. Paul Civic Center to private interests and lease it back. The lease payments were funded from a variety of sources including Civic Center revenues, a lodging tax, interest earnings, and tax increments. In 1993, the city issued \$58.1 million in tax increment revenue bonds to repurchase the Civic Center and \$65 million in sales tax revenue bonds to expand the facility (additional exhibit hall space, meeting rooms, and a banquet facility).

²⁶ The city collected \$11.8 million in 1990, but a decline in downtown property values since then has resulted in lower annual tax increments.

Energy Park TID 11 (redevelopment, 1981). The city established this 218-acre district to encourage the reuse of old railroad buildings and right-of-way and to create a mix of energy-efficient residential, commercial, and industrial uses. The Port Authority has issued a total of \$30.25 million in TIF revenue bonds and provided \$18.3 million in other funds derived from interest earnings, land sale proceeds, and property rental. The district has also received over \$17.6 million in federal grants. Since creating the district, the city has spent bond and grant proceeds to acquire land (\$12.2 million), relocate existing businesses (\$3.6 million), install streets, utilities, and other public improvements (\$25.1 million), and prepare sites for development (\$3.7 million). Developments in the district include 871 units of high-density energy-efficient housing, three office buildings, four multi-tenant office/showroom facilities, several single-occupant buildings. Old railroad buildings have been renovated into a motel, a medical clinic, and the Bandana Square retail complex. In 1991, the HRA issued \$4.9 million in revenue bonds to assist First Bank Systems expand and convert an existing building into a 360,000 square foot data processing center. The city received \$4.8 million in tax increments from this district in 1994 and \$29.425 million in revenue bonds were outstanding at the end of the year.

New Housing and Blighted Lands TID 12 (redevelopment and housing, 1981). The city created this noncontiguous district in 1981 and expanded it in 1984 and 1986. The district currently consists of 19 scattered sites. The city determined that those sites were undeveloped, blighted, or substandard, and designated them for redevelopment with low- and moderate-income housing. Since the district's creation, the city has spent \$14.3 million to acquire land, relocate occupants, prepare sites, construct sewer lines and other public improvements, rehabilitate existing homes, and provide interest rate subsidies. This has resulted in 885 new or renovated housing units, of which 45 percent are owner-occupied and 55 percent are rental. The project has been supported with \$6.2 million in TIF bonds, \$3.9 million in federal funds, and \$3.1 million in HRA loans. \$4.77 million in TIF bonds were outstanding at the end of 1994. The city received \$1.1 million in tax increments from this district in 1994.

Spruce Tree/Metz Bakery TID 83 (redevelopment, 1987). This district consists of two noncontiguous sites. For one site, the city issued \$3,975,000 in tax increment revenue bonds to construct a loop road around Snelling and University Avenues, improve traffic signals, streetlights and landscaping, and construct a 354-space public parking ramp for Spruce Tree Center, a 145,000 square foot mixed-use retail and office building. For the other site, the city used tax increments generated from the Hammond Building District (now decertified) to demolish an old bakery building on the northwest corner of Park and Sherburne Streets to help with construction of an office building and parking lot. The city received about \$696,000 in tax increments from this district in 1994. \$3.8 million in revenue bonds were outstanding at the end of 1994.

Riverfront TID 87 (redevelopment, 1987). This district covers 200 acres on both sides of the Mississippi River, including some parcels southwest of the Civic Center. The HRA issued \$23.1 million in TIF bonds for public improvement projects. Between 1988 and 1990, the city used \$7.2 million to acquire and demolish old

buildings on the former Amhoist manufacturing plant site, demolish grain elevators and a scrap yard, and extend a street to assist construction of the Department of Revenue Building. From 1991 through 1994, the city spent \$8.8 million in city funds and \$11.7 million in federal funds to raise the flood wall, improve streets, and construct a parking ramp on the south side of the river. The city currently is exploring the possible expansion and relocation of the Science Museum to the downtown portion of the district southwest of Kellogg Boulevard. The city received \$964,000 in tax increments from this district in 1994, and \$14.7 million in bonds were outstanding at the end of the year.

Neighborhood Business Development Scattered Site TID 1A (redevelopment, 1988). This multi-site district is slated for several retail and industrial projects. In 1991, the city used pooled tax increments from the Spruce Tree and Hammond Building (now decertified) Districts to assist with construction of a 20,000 square foot facility for Cargo Printing and a 15,000 square foot office and production facility for Sitma USA. In 1992, the HRA provided \$300,000 in internal funds to renovate commercial facades and improve parking for the Hillcrest Shopping Center area and \$357,000 for improvements to the Ramsey Family Physicians Building. Other sites in the district include Rice Street north of University Avenue, Texaco and Unisys sites along West Seventh Street, and the University Avenue corridor from downtown to Lexington Parkway. The district collected \$57,000 in tax increments in 1994 and has no outstanding debt.

University Ave and Highway 280 TID 89 (redevelopment, 1988). This Port Authority district consists of 62 acres. The city's plans include retail development along the University Avenue corridor and light industry development north of Territorial Road. Along University Avenue, a 12-acre parcel was developed into a 75,000 square foot office building. For the industrial part of the district, the Port Authority issued \$23.5 million in revenue bonds and spent over \$20 million to acquire property, demolish substandard buildings, improve streets and utilities, and provide other public improvements. The area now contains 230,000 square feet of industrial space and 205,000 square feet of office/showroom space. The city collected \$713,000 in tax increments from the district in 1994 and \$16 million in bonds were outstanding at the end of the year.

Twin City Testing TID 8C (redevelopment, 1989). The city created this district to assist the expansion of Twin City Testing, an independent laboratory specializing in chemical analysis and materials testing. The Port Authority, which manages this district, issued a \$3.5 million revenue note to acquire property, relocate existing businesses and demolish structures, and construct parking for a 56,000 square foot facility. The note was repaid in 1992. The city collected \$124,000 in tax increments from this district in 1994.

Snelling and University/Wards TID 9D (redevelopment, February 1990). This district, the site of the old Motgomery Ward's warehouse, contains a hazardous substance subdistrict to remove asbestos.²⁷ In 1995, the city issued \$7.66 million in

²⁷ Designating a district or part of a district as a hazardous substance subdistrict allows a city to reduce the original tax capacity by the cost of the environmental clean-up, thereby enabling the city to immediately capture taxes. *Minn. Stat.* §469.174, Subd. 7(b).

tax increment bonds to clean up pollution, clear the site, and improve streets and traffic signals. The old warehouse is being demolished and the new Midway Marketplace, a 484,000 square foot retail complex including a new Montgomery Wards, a Kmart, a Cub Foods, and other retail stores, recently opened in the district. The city received \$762,000 in tax increments for this district in 1994.

SHAKOPEE

All of Shakopee's six tax increment districts are in a single project area. All districts are pooled with tax increments supporting several bond issues. At the end of 1994, \$10.54 million in tax increment bonds were outstanding. Combined Shakopee's districts generate approximately \$2.6 million in tax increments annually and had a fund balance of over \$12 million at the end of 1994.

Projects funded with pooled tax increments have included: downtown street and streetscape improvements (\$3.28 million); South Highway Bypass (\$1 million); I-169 bridge and junction with the mini-bypass (\$1.9 million); and storm drainage (\$5.47 million). In August 1995, the city approved a plan for additional tax increment spending for construction of a Shakopee Community Center (\$5.5 million); park improvements (\$630,000); Shakopee's contribution to the Chaska sanitary sewer interceptor (\$950,000); construction of the Rahr Malting water main (\$304,765); and downtown alley reconstruction (\$500,000).

Kmart Distribution Center TID 1 (pre-1979, 1979). Previously this 29-acre site was primarily vacant industrial land with soil problems. Currently, it houses Kmart's regional distribution center. A \$5.2 million tax increment bond financed land acquisition, site development (grading and drainage improvements), widening County Road 83, and building a water well, main, and tower. Shakopee refinanced its bonds in 1984 and issued an additional \$2.4 million in bonds to make off-site roadway improvements near the Canterbury Downs racetrack site and the distribution center. The district generated \$1.9 million in tax increments in 1995. These increments support existing debt service payments and the increased spending authorized in 1995.

Elderly Hi-Rise TID 2 (pre-1979, 1979). The city issued a \$370,000 TIF bond to subsidize 66 units of Section 8 housing for seniors on land that previously had one home and two vacant parcels. TIF assistance was used to provide a land write-down (purchased for \$126,550 and sold for \$20,000) and to install a water main and looping through a limestone bed and a road. Shakopee collected \$49,300 in tax increments from the district in 1995.

Downtown TID 3 (redevelopment, 1982). The district consists of four properties containing a bank, grocery store, realty firm, and an abstract company. The businesses all expanded without TIF assistance. Prior to pooling, tax increments were used to construct a parking lot next to two of the businesses. Pooled increments have been used to improve downtown streets, lighting, curbs, and gutters. The district generates \$40,000 in tax increments annually.

Shakopee Valley Motel TID 6 (redevelopment, 1986). The district was created to assist with expansion of a motel and construction of a restaurant and campground. The city issued a \$500,000 tax increment bond. Only the campground was developed. The city used part of the bond proceeds to finance District 7.

Mebco Industries TID 7 (economic development, 1989). A manufacturer of plastic hair combs was looking for a site to expand and consolidate its operations from its leased site in Eagan. The district is a five-acre site in the city's industrial park. Bond proceeds from District 6 were used to provide a \$157,000 land write-down. A 60,200 square foot manufacturing and distribution facility was constructed on the site. Tax increments from District 7 are used to make debt service payments on the bonds issued for District 6 and other bonds and public improvement costs.

Tsumura International, Inc. TID 9 (economic development, March 1990). This 30-acre site in the industrial park was formerly used for gravel mining and required excavation before it could be developed. Tax increments will reimburse the developer for land acquisition (\$1.064 million), grading and soil compacting (\$220,700), and public improvements and utility extensions (\$408,400). A 298,000 square foot complex with offices, a warehouse, an outlet store, and a manufacturing facility for the production of fragrance products was constructed. The company has 215 full-time employees. The district generated tax increments of \$389,000 in 1995.

VADNAIS HEIGHTS

All of Vadnais Heights' 24 districts are within a single, noncontiguous project area: districts 1 through 17 are pre-1990 districts and 18 through 25 are post-1990 districts. The city pools increments from all districts to pay debt service on all tax increment bonds and to pay for project costs anywhere in the project area, although the city says that pooling for Districts 18 through 25 is limited. The city had \$10.24 million in outstanding bonded indebtedness at the end of 1994.

In 1988 the city constructed a \$1.4 million water tower and related public improvements; \$650,000 in tax increments from Districts 1, 5, 6, 7, and 8 are pledged to that project. In 1992 and 1993, the city issued bonds totaling \$6 million to finance construction of a six-lane bridge over I-35E at County Road E, related street and public utility improvements, and improvements along Highway 61. Tax increments from Districts 1 through 17 are pledged to back these bonds.

In December 1995 the city council approved an amendment expanding its project area and increasing its TIF budget by \$16 million from Districts 1 through 17. Projects under consideration include a community center, park land acquisition, park improvements, and playground renovation and gym expansion at the Vadnais Elementary School (\$9.5 million), road and other public improvements (\$4.6 million), and direct business assistance and development (\$2 million).

Medical Graphics TID 1 (redevelopment, 1985). This district was created to assist with construction of a facility that is leased to Medical Graphics, a manufacturer and distributor of medical equipment. The company has expanded the building twice to its current size of 57,000 square feet. The developer will receive a maximum of \$135,500 in tax increment assistance on a pay-as-you basis for land acquisition costs. Medical Graphics employs 141 people at the site. The district will generate \$83,400 in tax increments in 1995.

Hoffman Corners Industrial Park TID 2 (economic development, 1985). This is a noncontiguous district. Eleven different facilities have constructed over 153,000 square feet of office/manufacturing/warehouse space within the district. The district also includes a 4,800 square foot convenience store. Combined, these projects received \$1 million in public assistance for land acquisition and site improvements. The district will generate \$246,000 in tax increment in 1995 and will be decertified at the end of 1995.

Westin-Nielsen/Parkway Place TID 3 (redevelopment, 1985). The city budgeted \$430,000 in tax increments to assist with land acquisition and site improvements for construction of a 35,200 square foot facility for Westin-Nielsen, a wood chair manufacturer, and the 63,000 square foot Parkway Place development, a two-building, multi-tenant office/warehouse complex. District 14, discussed below, is an expansion of this district. The city will collect \$175,000 in tax increments from Districts 3 and 14 in 1995.

Ridgeview Partners TID 4 (economic development, 1985). The district was created to assist with construction of a building for a computer refurbishing and service business and a multi-tenant office/warehouse facility. Tax increments of \$590,000 will reimburse the developer for land acquisition costs. The district will generate about \$116,000 in tax increments in 1995 and will be decertified at the end of 1995.

TID 5 (redevelopment, 1986). The district contains five office/manufacturing facilities, all of which received direct tax increment assistance. GML, a plastic fabricating and screen printing business, constructed a 41,000 square foot building and recently purchased an adjacent 30,000 square foot office-manufacturing building with assistance from a \$585,000 tax increment bond issue and loan payments. GML leases out a portion of the latter building to five tenants, none of which received direct TIF assistance. Electronic Industries, a printed circuit board manufacturer, received TIF assistance for its 31,292 square foot facility and is planning a building expansion in 1996. An industrial coating processor constructed a 24,644 square foot facility with TIF assistance in the form of a land write-down; later the building was sold to an environmental engineering and testing company which has not received any TIF assistance. A manufacturer of plastic components constructed a 33,680 square foot facility with TIF assistance in form of a land write-down. The city also used some of the tax increment revenues from this district for the water tower, a storm water holding pond in the immediate area, and street improvements. The district will generate \$274,000 in tax increment in 1995.

Volp Development TID 6 (redevelopment, 1987). A 49,900 square foot retail center generates tax increment revenue for this district, but it was built without any direct tax increment assistance. Tax increments of about \$77,000 annually are used to finance construction of the water tower, storm and surface water holding ponds, plus road improvements in the residential subdivision adjacent to the retail center. A portion of the road repaving costs was shared with property owners.

White Bear Acura TID 7 (economic development, 1988). The city created this district to help finance water main looping and road intersection realignments and safety improvements on Highway 61, adjacent to the district. A 13,000 square foot facility owned by White Bear Acura, along with a 7,560 square foot addition two years later, generates tax increments for the district, but neither project received any direct tax increment assistance. About \$48,700 in tax increments are generated from this district annually.

TID 8 (redevelopment, 1988). This scattered-site district contained old houses that did not conform to current zoning. Tax increments of \$171,800 financed demolition and site improvements. Construction of three office/warehouse facilities resulted: an office equipment sales and service business; a sign manufacturer; and a multi-tenant facility. Increments from this district also support bonds used to finance construction of a water tower. Tax increment revenues will be about \$129,900 in 1995.

Vadnais Business Park TID 10 (economic development, 1988). The city provided \$290,000 in tax increments for land acquisition and public improvements to assist with development of a business park that contains an appliance distributor, a manufacturing facility for bicycle tools and parts, a distributor of two-way radios and cellular phones, and an office/warehouse building with seven tenants. The district will generate \$171,900 in tax increments in 1995.

Shadowlawn Apartments TID 11 (economic development, 1989). A developer approached the city for assistance with construction of a 113-unit market-rate apartment building. The city provided \$215,000 in TIF assistance to finance a sprinkler system and exterior brick upgrades. The city also used \$120,000 to purchase land and construct a park about one mile from the apartment complex. The city will collect \$146,000 in tax increments from the district in 1995.

SEH/Super America TID 12 (redevelopment, 1989). This scattered-site district consists of parcels on the southeast and northwest quadrants of I-35E and County Road E. The sites qualified as a redevelopment district because of old houses on the parcels in the northwest quadrant, adjacent to District 16. The developer received \$402,700 in tax increment assistance for construction of a street, installation of public utilities and a surface water holding pond, and construction of a 47,000 square foot office building on the southeast quadrant. The Super America gas station did not receive any direct tax increment assistance. Tax increment revenues (\$236,000 in 1995) also support bonds for adjacent road and bridge improvements.

G&J Partnership TID 13 (economic development, 1989). The site contained a landfill with 9 to 12 feet of demolition materials. The city provided \$75,000 in tax increments to assist with soil corrections for construction of a 9,875 square foot child care center.

Parkway Partnership TID 14 (economic development, 1989). The district was created as an expansion of District 3. The city will use \$50,000 in tax increments to assist with the construction of a surface water holding pond to improve storm water quality.

Sonward Associates TID 15 (economic development, 1989). The city provided \$125,000 in tax increments to assist the developer with construction of a 20,000 square foot addition to an existing 16,000 square foot building that is leased to a manufacturer of precision spring and electric clutches. The city will collect \$19,600 in tax increments from the district in 1995.

Professional Ventures TID 16 (redevelopment, 1989). Originally, this site contained several old farm homes. The district is located across from Wal-Mart on the northwest quadrant of I-35E and County Road E. The city created this district to help pay for adjacent road/bridge improvements that were financed with tax increment bonds. The city expects construction of a 270,000 square foot retail center including a Target store to begin in 1996. This district has been subject to litigation brought by citizens to prevent the project's development, but the lawsuit was dismissed this fall when the majority of the city council approved the project. City officials told us that the retail development project will not receive any direct tax increment assistance. The district has been subject to "knock-down" provisions; no increments have been collected from the district.

The city plans to use approximately \$60,000 in tax increment revenues to install traffic signals in the area. The \$60,000 balance of this improvement will be paid from an escrow account from the Wal-Mart district and a cash payment from the developer. The city also intends to use tax increments for intersection and road improvements and to install sidewalks in the area.

Saturn TID 17 (redevelopment, April 1990). Prior to creation of the district, the site contained a dilapidated truck center building. The city provided \$130,000 in TIF assistance to finance demolition of the building, removal of blacktop, and extension of water utilities. The Saturn auto dealership constructed a 15,230 square foot service and sales center that employs 57 people on the site. \$41,900 in tax increments will be raised from the district in 1995.

Fairway Collision Center TID 18 (redevelopment, 1991). Vadnais Heights created this district to assist an auto body shop and service center with renovation of an old building and an 8,600 square foot addition. Tax increments of \$165,000 will reimburse the business for installation of a sprinkler system and water main improvements. The district will generate \$10,300 in increments in 1995.

Electrical Mechanical Services TID 19 (economic development, 1992). The city will use \$45,000 in tax increments to reimburse an electrical motor repair

service company for site improvements related to a 10,000 square foot expansion. The city will collect nearly \$13,000 in tax increments from this district in 1995.

Gebhart Electric TID 20 (economic development, 1992). An electrical contractor was leasing space in Vadnais Heights. The city provided \$110,000 on a pay-as-you-go basis to finance a land write-down for construction of a 41,000 square foot building (25,000 square feet are used by the developer and the balance is leased). The district generated \$11,700 in tax increments in 1995.

Wal-Mart Pad Sites TID 21 (redevelopment, 1992). The district consists of three one-acre sites adjacent to I-35 E. Previously the site contained several old houses. The city issued bonds to finance major road/bridge improvements adjacent to the district and the city intends to use increments from future commercial development of the sites to accelerate payment of the bonds. City officials told us that at this time they do not intend to provide public assistance for businesses development in the district. The Wal-Mart store adjacent to the district is not included in the district.

J.D. Products TID 22 (economic development, 1994). The city provided a plastic product fabricating business with \$185,000 in tax increment assistance for soil excavation and storm water ponding improvements to construct a 43,000 square foot facility that employs 40 people.

Cottages of Vadnais Heights TID 23 (housing, 1995). The developer of 100 units of senior housing approached the city for financial assistance. The city will provide up to \$795,000 on a pay-as-you-go basis to reimburse the developer for costs of land acquisition and site improvements. Eighty to eighty-five percent of the units will be leased to low- and moderate-income senior citizens.

Lon Musolf Distributing TID 24 (redevelopment, 1995). The site contained three single-family homes. The city will reimburse the developer \$205,200 for land acquisition, demolition costs and development of a storm water pond. A wood flooring product distribution company will complete construction of a 17,000 square foot facility in January 1996.

Specialty Manufacturing TID 25 (economic development, 1995). The city plans to help a local manufacturer of lawn and garden equipment expand in Vadnais Heights by providing \$126,000 in pay-as-you-go assistance for land acquisition, storm sewer improvements, and landscaping. The developer is constructing a 38,000 square foot facility that is projected to employ 50 to 75 workers.

WHITE BEAR LAKE

White Bear Lake has 25 tax increment districts, including 11 post-1990 districts and 7 soils condition districts. The city pools its debt and deposits bond proceeds and tax increments in an HRA tax increment financing fund for TIF projects. \$6.17 million in pooled tax increment bonds were outstanding at the end of 1994.

The pool had a fund balance of \$1.5 million.²⁸ The city is currently using tax increments not needed for debt service or pay-as-you-go obligations for downtown redevelopment projects in Districts 10 and 11. It has also used the HRA TIF fund to provide \$48,589 in small business loans.

Lake Square TID 1 (housing, 1985). The city issued \$675,000 in bonds to acquire land and improve the site for construction of an 89-unit apartment building for seniors. The city collected \$76,000 in tax increments from this district in 1994 and \$590,000 remained outstanding on the bonds.

Lakewood Hills Development District 2 (redevelopment, 1986). The city spent \$458,000 in tax increments on a pay-as-you-go basis to acquire land, remove blighted buildings, and prepare the site for a 90-unit low- and moderate-income apartment building. The city received \$123,000 in tax increments from this district in 1994. The district has no outstanding debt and current tax increments are being used to complete the city's downtown redevelopment projects.

Majestic Pines Development TID 3 (economic development, 1986). The city spent \$700,000 in tax increments on a pay-as-you-go basis to acquire land and prepare the site for an apartment complex with 108 market-rate and 12 low-income units and a 40 to 60 townhome development with 10 percent of the units reserved for low-income residents. The district will expire in 1996. The city plans to use the district's fund balance (over \$1.2 million by the end of 1995) for the city's downtown redevelopment projects and for downtown flood control.

White Bear Woods and White Bear Meadows TIDs 2 and 6 (economic development, 1987 and 1988). The city used \$134,000 of internal funds and a portion of the proceeds from a special assessment bond to improve a road and extend water and sewer utilities to a 300-unit apartment project (White Bear Woods) and a single-family housing development (White Bear Meadows). The city received \$367,000 in tax increments from these two districts in 1994. There was no debt outstanding and the districts will expire in 1996 and 1997. The city will use the fund balances (\$2 million at the end of 1994) for its downtown redevelopment projects.

Michael Development TID 3 (housing, 1988). The city created this district to provide site improvements and \$298,000 in interest rate reduction payments for a 60-unit low- and moderate-income apartment building. The city also used \$22,000 of internal funds for site improvements. The developer agreed to reduce the rent on 12 of the units by 40 percent through 2001. The city collected \$63,000 in tax increments from this district in 1994. The district has no outstanding debt.

Homecraft Development TID 4 (housing, 1989). The city created this district to provide up to \$652,000 in interest rate reduction payments for a 39-unit low- and moderate-income student apartment building. \$177,000 was spent through 1994,

²⁸ The city used a separate "municipal tax increment financing pool" for its first three districts, established before the city designated the HRA as administrator of TIF districts. One of those districts has since expired. This pool received \$419,238 in tax increments in 1994 and had a fund balance of \$1.2 million.

and the interest reduction payments will continue through 2003. The city collected \$57,500 in tax increments from the district in 1994.

McGowan Office Building TID 5 (redevelopment, 1989). The city created this downtown district to encourage construction of a 10,000 square foot office building on the site of an old gas station. The proposed development fell through because of ground water contamination at the site. No improvements have been made and no tax increments have been collected from this district, but the district has not been formally decertified.

North Star Bank TID 6 (redevelopment, 1989). The city created this district to help a bank demolish an old railroad building and construct a 21,000 square foot bank and office building. The city used \$250,000 of internal funds to improve traffic, including installing traffic signals and railroad crossings. The city collected \$65,000 in tax increments from this district in 1994.

Anderson Office Building TID 7 (soils condition, 1989). The city agreed to reimburse a developer up to \$87,500 plus interest in tax increments to help construct a 16,400 square foot professional office building. The city collected \$39,000 in tax increments from this district in 1994.

Container Graphics TID 8 (economic development, 1989). The city agreed to fund up to \$72,000 in tax increments on a pay-as-you-go basis to assist a printing plate manufacturer with site preparation for construction of a 30,000 square foot facility. The city collected \$56,000 in tax increments from this district in 1994.

White Bear Woods Townhomes TID 9 (economic development, 1989). The city will reimburse a developer up to \$150,000 in tax increments for site preparation, landscaping, and park and recreational improvements for construction of 114 market-rate rental townhouse units. The project includes the purchase of adjacent land to construct a pond for storm water retention. The city collected \$127,000 in tax increments from the district in 1994.

Highway 61 West and Depot TIDs 10 and 11 (redevelopment, April 1990). The city created these downtown districts on 62 parcels along both sides of Highway 61 to remove blighted structures and provide infrastructure improvements for new housing and commercial development. The city issued \$3.8 million in TIF bonds in 1990 and 1993 to demolish older homes, relocate residents, improve streets and streetlights, upgrade water and sewer utilities, remove oil tanks, and construct public parking. The city has spent \$14,000 in District 10 and \$608,000 in District 11 through 1994 for acquisition, demolition, utilities, and site improvements. The hoped for development has not yet occurred and the districts have not yet generated any tax increments. Meanwhile, the city is using pooled tax increments from other TIF districts to pay principal and interest on the outstanding bonds, of which \$3.2 million remained outstanding at the end of 1994.

CPA Parkway TID 12 (soils condition, 1991). The city budgeted \$84,000 in tax increments on a pay-as-you-go basis to correct poor soil conditions for an account-

ing firm's construction of a 14,000 square foot office building. The city collected \$40,500 in tax increments from this district in 1994.

Ben Franklin TID 13 (redevelopment, 1991). The city created this district to acquire and renovate an abandoned, substandard retail store. The city spent \$289,000 to acquire and renovate the building. A downtown business owner purchased the building for \$240,000 for a furniture store. The city expects to receive \$1,800 in 1995 tax increments.

Buerkle Business Park TID 14 (soils condition, 1992). The city created this district to improve streets and utilities, remove excess soils, construct a storm sewer, and construct a parking lot for an 18,000 square foot multi-tenant office/warehouse. The city used \$95,000 of internal funds for the public improvements and agreed to reimburse the developer up to \$87,500 in tax increments for soil correction work. The city collected \$23,000 in tax increments from this district in 1994.

Roberts Development TID 15 (economic development, 1992). The city created this district to assist a developer with construction of a 46,000 square foot office/warehouse. The developer refused to sign an agreement and built the facility without public assistance. The city collected about \$73,500 in tax increments from this district in 1994, and the city's only TIF expenditures were \$5,867 for administration. The city plans to decertify the district in 1996 and distribute the excess tax increments to appropriate taxing jurisdictions.

Taylor Corporation TID 16 (soils condition, 1992). This two-parcel district assisted a local company with construction of a 90,000 square foot addition to a warehouse and manufacturing facility. The city agreed to use up to \$537,105 in tax increments to reimburse the company for soil correction and public improvement expenses. The city collected \$109,000 in tax increments from this district in 1994.

Smith Buerkle II TID 17 (soils condition, 1993). The city created this district on a single parcel to assist with construction of a 13,500 square foot office/warehouse facility. The city will provide up to \$84,108 in tax increments on a pay-as-you-go basis for soil correction and other site preparation costs. The city anticipates annual tax increments of about \$34,000 beginning in 1995.

Smarte Carte TID 18 (soils condition, 1993). A local company that manufactures carts for airports and shopping centers was considering a move to another state. The city agreed to pay up to \$205,829 in tax increments on a pay-as-you-go basis for soil correction and public improvements to assist the company with construction of a 50,000 square foot office/warehouse facility. The city anticipates annual tax increments of about \$73,000 beginning in 1995.

Birch Cove TID 19 (soils condition, 1993). The city created this two-parcel district to assist a developer with construction of a 26,400 square foot office condominium development with eight townhouses. The city agreed to provide up to \$304,800 on a pay-as-you-go basis for soil correction and street and utility im-

provements. The city anticipates annual tax increments of about \$182,000 beginning in 1996.

C & C Packing TID 20 (economic development, 1994). The city created this single-parcel district to assist a developer with construction of a 10,600 square foot office/warehouse facility. The city agreed to provide up to \$85,669 on a pay-as-you-go basis for land acquisition and site improvements. The city anticipates annual tax increments of about \$13,000 beginning in 1995.

Bellaire and County Road E TID 21 (redevelopment, 1993). This four-parcel district along County Road E will assist a developer with construction of a 5,000 square foot funeral home, construction of a car wash, and renovation of a vacant retail facility. The city will provide up to \$53,689 in public assistance for land acquisition, demolition, and public improvements (including sidewalks, lighting, curb, and street landscaping). The city spent \$80,000 of internal city funds through 1994 and anticipates annual tax increments of about \$15,000 beginning in 1996.

Koetz TID 22 (economic development, 1995). Several companies are being displaced as a result of the city's rehabilitation of its central business district. The city created this single-parcel district in the Gateway Business Park to assist a developer with construction of two office/warehouse facilities to relocate those businesses. The city will provide up to \$90,000 in tax increments on a pay-as-you-go basis for site acquisition and improvements. The city anticipates annual tax increments of about \$47,000 beginning in 1997.

WINONA

Downtown TID (pre-1979, 1969). Winona established this district under the federal urban renewal program. In 1979 the city issued a \$500,000 TIF bond to finance acquisition and demolition of land for development of a mini-mall, a bank, 118 apartments for seniors, a professional office building, and a movie theater. TIF also funded new parking spaces and street and utility improvements. The original bond has been retired. Recent TIF expenditures include \$326,000 to acquire and clear land for a parking lot, \$245,000 to remove a pedestrian mall and reconstruct portions of two downtown streets, \$146,000 for alley improvements and parking, and \$25,000 for public docking facilities in Levee Park. The district generates about \$85,000 in tax increments annually and had a fund balance of \$86,900 at the end of 1994. The HRA plans to decertify this district in 2001.

Riverfront TID (redevelopment, 1980). The district contains about 400 acres of primarily industrial land along the Mississippi River. A \$660,000 TIF bond financed land acquisition and public improvements for redevelopment as three industrial parks. The port authority purchased about 60 acres of land with TIF and federal funds. Public improvement projects in the district include demolition of a railroad depot and other buildings, relocation of a rail yard, street construction and reconstruction, and extension of water and sanitary sewers to sections of the dis-

trict. Six commercial/industrial firms have built facilities in the district; one of them received TIF assistance for site improvements (soil replacement), another received a land write-down. Otherwise, the land was sold at market value, without write downs. The district does not have any outstanding debt; it had a fund balance of \$759,700 at the end of 1994 and generates \$388,000 in tax increments annually. The city used \$315,000 in tax increments to reconstruct a street in 1995. The city anticipates using TIF for environmental cleanup costs, when necessary, and to assist a major Winona industry with construction of a wastewater pretreatment facility in 1996.

Kensington Hotel TID (redevelopment, 1983). Originally, the district contained a vacant downtown hotel. The city used TIF for water mains, storm and sanitary sewers, and street repair in the immediate area surrounding the district, and sidewalks, streets, parking, and lighting at the site. In addition, \$122,000 in tax increments paid Winona's parking meter system debt caused by the city's removal of parking meters downtown. A \$330,000 bond issued in 1986 financed acquisition and demolition of the Winona Opera House and development of additional parking for the Kensington. A developer rehabilitated the building into 45 market-rate apartments with ground-floor retail space. The district had \$235,000 in outstanding debt at the end of 1994.

Freighthouse TID (redevelopment, 1983). A developer restored an old depot, converting it into a restaurant. The developer paid for sidewalk, curb and gutter, and utilities. Tax increments of up to \$45,000 over five years reimbursed the developer for the public improvements costs. The district generates an annual increment of \$11,900 and had a fund balance of \$50,000 at the end of 1994. A city official told us this district would probably be decertified in 1996.

Watlow TID (redevelopment, 1983). A Winona electronics firm wanted to expand its business. The firm said it would build a 50,000 square foot addition without TIF or a 100,000 square foot addition with TIF. The city issued a \$1 million TIF bond to finance site costs (parking, landscaping, and fill to elevate the building), water and sewer extensions, and a partial payment on a 40-acre farm for development of an industrial park. The 40-acres is in the project area but not the TID; Watlow is not located in the new industrial park. The district qualified as a redevelopment district on the basis of poor soils. The district had \$865,000 in debt outstanding at the end of 1994.

Winona Knitting Mills TID (redevelopment, 1983). The district is adjacent to the Watlow District. Like Watlow, the site qualified as a redevelopment district on the basis of soil problems. A \$215,000 bond financed construction of a storm sewer and lift station to correct drainage problems. The improvements facilitated the development of this site, the Watlow District, and a 40-acre industrial site nearby. A new distribution center for an existing Winona knitting mill was constructed. The bonds are retired; the district had a fund balance of \$73,700 at the end of 1994.

Choate Building TID (redevelopment, 1985). The city created the district to provide land write-down so a developer could acquire and renovate a vacant down-

town building that is on the National Register of Historic Places. A \$131,700 tax increment revenue note was issued in 1986. This project never materialized and, as part of the settlement with the original developer, the bank forgave the note. The recent increase in downtown activity has made the project more viable. A new developer renovated the ground floor into retail space and is negotiating with a commercial tenant for use of the upper two floors. The only TIF spending has been \$50,000 for a land write-down. This district did not produce an increment in 1995.

111 Riverfront TID (redevelopment, 1985). Previously, the district included a vacant, four-story warehouse near the Mississippi River. The city used proceeds from a \$275,000 bond to acquire and remove a junkyard and blighted building, construct a public parking lot, rebuild two streets, and improve storm sewers in the project area. The developer renovated the original warehouse into office space. Tax increments are paying part of the special assessments for 111 Riverfront and for two neighboring buildings in the project area that are also being restored. The district had \$165,000 in bonds outstanding and a negative fund balance of \$29,600 in 1994.

Midtown Foods TID (economic development, 1987). The one-acre district was created to assist with expansion of a grocery store in downtown Winona. The city sold a portion of an alley to Midtown Foods. Funds from the sale of land (\$47,500) were used to finance reconstruction of a parking lot to replace the parking spaces lost with the grocery's expansion. The district had a fund balance of \$45,500 at the end of 1994 which the city plans to use to acquire and demolish an adjacent property, develop a parking lot, and improve the storm sewer and lighting.

Little Bear Trading TID (redevelopment, 1989). The district contained an old five-story manufacturing building. The port authority provided \$50,000 in pay-as-you-go financing for a land write-down. The original developer partially renovated the building before going out of business and selling the building to Bay State Milling Company, a Winona company with existing operations adjacent to the district. This district did not produce an increment in 1995.

WOODBURY

The city has seven tax increment financing districts. A traffic study conducted in 1986 determined that Woodbury needed two new freeway interchanges and it needed to rebuild Valley Creek Road. MDOT did not plan to construct a new interchange at this location. Woodbury created three districts in April 1990 to help finance construction of a freeway interchange and other road improvements. In 1994, the city issued \$7.215 million in TIF and Municipal State Aid bonds for the interchange project; \$3.325 million in TIF bonds are backed by pooled tax increments from Districts 1, 2, 5, 8, and 9. In addition, \$1.356 million in tax increments from District 9 was transferred to the interchange construction project in 1994 and prior years. The interchange is estimated to cost \$12.3 million; other funding sources include Municipal State Aid, special assessments, and funding

from city bond surplus funds. According to a benefit appraisal conducted for the city by an independent appraiser, special assessments alone would only provide enough revenue to finance the cost of the interchange.

The city is using \$500,000 in tax increments to partially fund the Woodbury Economic Development Authority's revolving business loan program. Transfers are made as the EDA makes business loans. To date, \$335,000 in tax increments from Districts 1 and 2 have been transferred for this purpose.

Woodbury Villa TID 1 (housing, 1984). The district is adjacent to a nursing home. A \$375,000 TIF bond financed a land write-down for construction of 75 units of rental housing for senior citizens. The debt has been retired. The district generates nearly \$115,000 in tax increments annually; it had a fund balance of \$317,000 at the end of 1994.

Woodbury Lanes TID 2 (redevelopment, 1985). Previously this site was vacant but required soils correction. A \$480,000 bond financed a land write-down for the development of a bowling alley and restaurant. The outstanding debt of \$80,000 will be retired in 1995. The district generates tax increments of about \$60,000 annually and had a fund balance of \$145,000 at the end of 1994.

Rolling Creek TID 5 (economic development, 1989). The district consists of one parcel in a business park. The city used \$75,000 of internal funds to finance a land write-down. Up to \$100,000 in tax increments will reimburse the developer for site improvements. A multi-tenant office/warehouse building was constructed on the site. \$48,000 remains outstanding on the loan. According to a city official, the increments generated will not be sufficient to reimburse the developer for the full \$100,000.

Lake Pointe TID 4 (economic development, April 1990). The district consists of vacant land adjacent to I-494. The original proposal to develop 400 rental units did not materialize. The city made storm sewer and drainage improvements on the site. No bonds have been issued. A developer is constructing 222 units of market-rate townhouses on the site without TIF assistance. The first tax increment will be collected in 1996 and will be used to pay costs of the adjacent freeway interchange.

Kindercare TID 7 (economic development, 1989). The district consists of one parcel. Original plans to construct an office building fell through. The city financed storm sewer improvements on the site. A day care center was constructed without TIF assistance. The district generated \$1,000 in tax increments in 1995. Increments will partially fund local road improvements.

City Centre Shoppes TID 8 (economic development, April 1990). The district consists of 15 acres. The original proposal to develop a 120,000 square foot shopping center fell through. Strip retail shops and office and medical buildings have been or are being constructed without TIF assistance. No bonds have been issued. The district generated \$106,000 in tax increments and had a fund balance of

\$142,000 at the end of 1994. The city plans to use \$400,000 in tax increments for local road and freeway interchange improvements.

Scattered Site TID 9 (economic development, April 1990). The district consists of three noncontiguous sites. The first site consists of 55 acres occupied by Woodbury Village, with approximately 450,000 square feet of retail space. One-third of the tax increments generated from the development will reimburse the developer for construction of roads and site improvements. The second site consists of 35 acres adjacent to the new freeway interchange. Development activity has included construction of a medical technology facility (\$100,000 in pay-as-you-go TIF assistance for site improvements) and a business distribution facility (\$118,000 in pay-as-you-go TIF assistance for a land write-down). A veterinary clinic is being constructed without TIF assistance. The third site contains 200 acres south of I-94. Rivertown Trading, a distribution company, constructed a facility in this area and will be reimbursed for \$1.1 million in tax increments for land acquisition and site improvement costs. \$1 million in tax increments from the district will be used to finance the city's share of local road improvements. The district will generate nearly \$1.24 million in tax increments in 1995.