



Economic Development Commission Agenda

May 25, 2021 | 7:30 a.m.

Ash Conference Rooms and Microsoft Teams Platform

Please note: The May 25, 2021 Economic Development Commission meeting is taking place virtually due to COVID-19 and at City Hall. Members of the public may join the meeting using a PC, Mac, iPad, iPhone, or Android device. Members of the public can access the meeting online at woodburymn.gov/virtualmeetings.

Public comments will be accepted during the meeting by using the link to the virtual meeting to join the meeting and then submitting a question or comment via the online Q&A feature within the meeting. Questions regarding this meeting will be taken between the hours of 8:00 a.m. to 4:30 p.m. via karl.batalden@woodburymn.gov or by calling 651-714-3533 and leaving a voicemail message.

1. Call to order
2. Approval of meeting minutes – February 23, 2021 EDC Meeting
3. Updates to Tax Increment Finance (TIF) Policy
4. Overview of proposed 2021 Economic Development Strategic Plan process
5. Project updates
6. Adjourn

Attachments:

1. February 23, 2021 EDC Meeting Minutes
2. EDC Memo 21-02
3. Existing TIF Policy
4. Proposed TIF Policy, strikethrough version
5. Proposed TIF Policy, clean version
6. Business Subsidy Policy

The City of Woodbury is subject to Title II of the Americans with Disabilities Act, which prohibits discrimination on the basis of disability by public entities. The City is committed to full implementation of the Act to our services, programs and activities. Information regarding the provisions of the Americans with Disabilities Act is available from the City Administrator's office at 651-714-3523. Auxiliary aids for disabled persons are available upon request at least 72 hours in advance of an event. Please call the ADA Coordinator at 651-714-3523 (TDD 651-714-3568) to make arrangements.

CITY OF WOODBURY
DRAFT ECONOMIC DEVELOPMENT COMMISSION MEETING MINUTES

February 23, 2021

Pursuant to due call and notice thereof, a meeting of the Economic Development Commission was held at Woodbury City Hall, 8301 Valley Creek Road, on the 23rd day of February, 2021.

ITEM 1. CALL TO ORDER

Chair Craig Johnson called the meeting to order at 7:30 a.m.

ITEM 2. ROLL CALL AND INTRODUCTIONS

Upon roll call the following members of the EDC were present: Craig Johnson; Chair, Kimberly Moore; Vice-Chair, Emanuel Ekstrom, David Hoelzel, Kwadwo Adutwum, Michael Zoladkiewicz, Pamela Morke, Eric Schurr, Katie Westfall, and Joseph Ward.

Absent: Bill Routt

Also present: Anne Burt, Mayor; Janelle Schmitz, Community Development Director; Karl Batalden, Community Development Coordinator; Jamie Thoen, Administrative Assistant; and Rob James, Information and Communications Technology Director.

ITEM 3. OATH OF OFFICE

Mayor Anne Burt administered the Oath of Office to the new and newly reappointed members David Hoelzel, Kwadwo Adutwum, Michael Zoladkiewicz, Katie Westfall and Emanuel Ekstrom.

ITEM 4. APPROVAL OF MINUTES

MOTION: Pam Morke moved to approve the minutes from the December 1, 2020 meeting.

SECOND: David Hoelzel

VOTE:

All in favor: Craig Johnson, Kimberly Moore, Emanuel Ekstrom, Kwadwo Adutwum, Michael Zoladkiewicz, Eric Schurr, Katie Westfall, and Joseph Ward

Against: None

ABSENT: Bill Routt

ITEM 5. OVERVIEW OF THE 2021 EDC WORK PLAN AND MEETING SCHEDULE

Karl Batalden, Community Development Coordinator, discussed the meeting schedule dates and work plan for the 2021 calendar for the Economic Development Commission. The following meeting dates were confirmed: May 25, June 22, July 27, August 31, September 28 and November 30. Mr. Batalden told the Commission that they will spend much of 2021 updating the Economic Development Strategic Plan.

ITEM 6. REVIEW OF THE DRAFT 2020 COMMUNITY DEVELOPMENT ANNUAL REPORT

Janelle Schmitz, Community Development Director, gave background to the theme for the 2020 Annual Report "Powering through the Pandemic" and reviewed the highlights of the annual report. She asked the EDC members for feedback and potential edits to the annual report. EDC members had a variety of questions and comments related to:

- Who is the audience of the annual report and what is the intended purpose of it? The City Council is the primary audience, as ordinance requires the EDC to prepare an annual report for their consideration. However, staff uses this in some of its marketing efforts, whether by sharing the entire report or by using the data that is within the report to respond to specific requests.
- What is the order of the content, why was it chosen and does that relate to the message we are trying to convey? Historically this has been a printed document in a booklet format, so the order is sometimes done with the perspective of what pages are across from each other (two-page side-by-side). Also, there was consideration given to putting the most used information toward the front of the document, such as the demographics and the charts with the residential and commercial growth.
- Recognizing that most people would view this report electronically, is there is a way to use hotlinks for some of the data or guide readers to various pages of the city's website (i.e. Valley Creek Road redevelopment)? This would really make the report come alive.
- The table of contents could also have hot links.
- The report should incorporate graphic design tools minimize the amount of text.
- How are the education attainment levels calculated?
- On the employment page, it talks about some employers having lower numbers than in prior years sentence but we don't say by how much. We should either delete this or build upon it, as it leaves a natural question of 'how much'.
- The page titled employment trends should really just be 'Employment' as it is more of a snapshot than a trend in terms of how it is presented.
- Is there value in listing the major employers in the chart, since the data source is a phone survey? The Commission thought we should keep the chart.
- Consider adding the days on the market for housing, to provide more context to the incredibly hot housing market. Page 15 has a lot of information regarding the robust housing market.
- Growth page is one of the stronger pages showing the 10 year taxable market value chart.
- In terms of the new commercial construction chart, the commission did not feel it was important to separate the retail and non-retail.
- What story do we want to tell? Each year, we do a deep dive on certain topics, and this year, the Northeast Area was one of those stories.
- Consider adding bold text to specific points or data that we want to call out on each page as a way to call attention to the key messages.
- Prioritize the main impressions on each page by using additional visual tools.
- It would be helpful for a first meeting with the EDC on the annual report to be earlier in the schedule to discuss key messages and big picture items with a second meeting to review the draft report for details.

Janelle Schmitz thanked the commissioners for their input and noted that the Planning Commission will also be reviewing the report. She said that staff would incorporate changes into the final document which will likely be presented to the Council on March 28. She said that staff will review their work plan at the end of the year and determine the feasibility of a two-step process with the EDC to obtain input on the theme and the messaging, prior to the report being drafted.

ITEM 7. ADJOURN

MOTION: David Hoelzel moved to adjourn the meeting.

SECOND: Kimberly Moore

VOTE:

All in favor: Craig Johnson, Pamela Morke, Emanuel Ekstrom, Kwadwo Adutwum, Michael Zoladkiewicz, Eric Schurr, Katie Westfall, and Joseph Ward

Against: None

ABSENT: Bill Routt

The meeting of the EDC adjourned at 9:03 a.m.

Respectfully submitted,

Karl Batalden, Community Development Coordinator

Approved by the Woodbury Economic Development Commission on May 25, 2021



Economic Development Commission Memorandum 21-02

To: EDC Members
From: Karl Batalden, Community Development Coordinator
Date: May 14, 2021
Re: May 25, 2021 EDC Meeting

The Economic Development Commission (EDC) is scheduled to hold a meeting on May 25, 2021, at 7:30 a.m. both in the Ash Conference Rooms of City Hall and via the Microsoft Teams platform.

1. **Call to order**
2. **Approval of February 23, 2021 EDC meeting minutes**
3. **Updates to Tax Increment Finance (TIF) Policy**

One of the roles of the EDC is to review requests for tax increment financing (TIF). Specifically, Section 2-370(c)(6) of the City Code states that the EDC shall “evaluate and make recommendations on city financing of economic development activities. This would include tax increment financing, loans, grants or other incentives which may be used.” Additionally, Technical Consideration #4 of the current TIF Policy states that “The Economic Development Commission shall review each TIF proposal to determine that a Project is consistent with the City’s Economic Development Strategic Plan and is in conformance with this Policy as well as the umbrella Business Subsidy Policy.”

Staff has drafted an updated TIF Policy for the review of the EDC which has been reviewed and approved by both the City’s Financial Adviser (Jason Aarsvold with Ehlers, Inc.) as well as the City’s TIF Counsel (Julie Eddington with Kennedy and Graven, Chartered). The update has been drafted through three primary policy lenses:

1. Undertake updates and improvements to the Policy based on lessons learned from the 2019 creation of TIF District #15—a redevelopment district designed to help finance the Valley Creek and Woodlane redevelopment;
2. Incorporate TIF-related implementation steps from the recently adopted 2021 Housing Action Plan. These steps can be reviewed in Section 5 of the 2021 Housing Action Plan as accessed via <https://woodburymn.gov/2021%20Housing%20Action%20Plan--ADOPTED%20041421.pdf>; and
3. Bring the language and content current from a 2021 policy perspective.

To aid with review of the proposed updates to the TIF Policy, this agenda packet includes:

1. The current TIF Policy in its adopted form as CD-COMDEV-3.5;
2. Proposed TIF Policy, strikethrough version;
3. Proposed TIF Policy, clean version; and
4. The City’s Business Subsidy Policy in its adopted form as CD-COMDEV-3.4.

For the purpose of reviewing this agenda packet, the following bullet points provide context and background to the changes recommended to the TIF Policy:

1. The Purpose section was updated to underscore that TIF may be utilized to accomplish both economic development and housing strategies of the City;
2. The Purpose section was also updated to memorialize the City's commitment and approach to using TIF sparingly and that TIF is only available at the sole discretion of the City Council. Under no circumstance is TIF available to a developer by right;
3. The Policy Considerations section was re-structured to offer distinct and separate policy guidance for the use of TIF connected to jobs vs. the use of TIF connected to affordable housing;
4. A variety of language that had previously been called out in specific policy considerations was condensed into a new introduction paragraph of the Policy Considerations section which applies to all uses of TIF, whether connected to jobs or affordable housing;
5. A new section regarding affordable housing was created in the Policy Considerations section that requires housing projects requesting TIF to meet additional public policy goals beyond only affordable housing. This language is based on the direction provided to staff by the City Council during the 2021 Housing Action Plan process;
6. The Technical Considerations section includes a range of updates emphasizing that TIF shall be used sparingly, clarifying the role of the Planning Commission and Economic Development Commission, and removing certain language that is defined in the TIF Act so as to avoid unnecessary duplication;
7. The Technical Considerations section also added language regarding the role of the City's Financial Advisor to ensure that a developer requesting TIF is not being unduly enriched. The opinion of staff is that the City's Financial Advisor is the appropriate third-party arbiter of this topic as opposed to asking staff to determine the definition of undue enrichment or attempting to require a certain percentage of cash equity. No two development concepts are the same and no two requests for TIF will have the same financial structure; and
8. The new Technical Consideration #7 includes language that had previously been included in the Policy Considerations section.
9. The new Technical Consideration #9 condenses and amends the previous language from the former Technical Consideration #11 regarding the specific lengths (in terms of maximum number of years varying by type of TIF District) of potential TIF Districts. The proposed new language identifies the City's intention to limit the maximum term of a TIF District to the minimum amount of time necessary to meet the need for assistance to the project. The opinion of staff is that because the TIF Act is amended on occasion, the City is better positioned to have a TIF Policy that focuses on identifying the actual need for the project rather than pre-supposing the length of a potential TIF District.

The City's Business Subsidy Policy is included with the agenda packet because it is referenced in the TIF Policy. The State's Business Subsidy Act specifically exempts housing investments from the provisions and compliance components of the Business Subsidy Act. As such, while the proposed changes to the TIF Policy now allow for a broader application of

TIF for housing purposes. Such changes, by definition, do not require an update to the City's Business Subsidy Policy.

Lastly, while the 2021 Housing Action Plan does refer to the potential for the use of the Tax Abatement tool for housing projects, the nature of the tool and the language of the existing Tax Abatement Policy in its adopted form as CD-COMDEV-3.6 do not require updates.

4. Overview of proposed 2021 Economic Development Strategic Plan process

The EDC will concentrate its efforts in the second half of 2021 on the update to the City's economic development strategic plan (EDSP). Staff is in the process of procuring a consulting team and finalizing a scope of work. Currently, staff envisions a two-phase process to the EDSP.

Phase One would likely occur in June and July and include typical exploration activities such as, but not limited to:

- SWOT analysis;
- Environmental scan;
- Defining economic development in Woodbury and identifying who plays what role; and
- Identification of three industry sectors for subsequent data exploration and deep dives.

Phase Two would likely occur in August, September and October and would build off of Phase One. It would likely focus on deep dives connected to data and benchmarks of the three industry sectors identified in the first phase, such as but not limited to:

- Office (Class A, Class B, Class C and Medical);
- Retail (Big Box, Junior Box, and small footprint); or
- Hospitality (both restaurant/coffee shop and hotel)

The second phase will likely identify benchmarks connected to occupancy rates, lease rates and other key indicators both of Woodbury businesses but also of similar communities as well as the metro as a whole. This second phase will likely identify current data and also provide recommendations for how the City can maintain and update the data moving forward. An objective of this phase is to help the City identify what rates indicate strong, or weak, market performance. This is critical to help the City understand when the remedy to a particular challenge in the community is a matter of time and patience vs. when said remedy is land use or financial in nature.

Lastly, this second phase shall identify specific goals as well as resource needs.

The intention of staff is to have the EDC take action to recommend the adoption of a 2021 EDSP for consideration by the City Council at their December 8, 2021 City Council Meeting.

5. Project updates

If time allows, staff will provide a verbal project update. Additionally, the final version of the 2020 Community Development Annual Report was presented at the March 24, 2021 City Council

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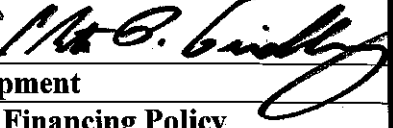
Meeting. The Annual Report can be accessed digitally via
<https://woodburymn.gov/2020%20Community%20Development%20Annual%20Report.pdf>.

6. Adjourn

Respectfully submitted,

Karl Batalden
Community Development Coordinator

cc: Mayor and Councilmembers
Clint Gridley, City Administrator
Angela Gorall, Assistant City Administrator
Janelle Schmitz, Community Development Director

 COUNCIL DIRECTIVE	Adopted: 5-24-84 Revised: 5-24-89 12-19-95 11-29-00 8-27-08 2-24-16	Number: CD-COMDEV-3.5
	Mayor: 	City Administrator: 
	For: Community Development	
	Subject: Tax Increment Financing Policy	

PURPOSE

The purpose of this Policy is to ensure that development activity receiving tax increment financing (TIF) shall be consistent with the economic development strategies of the city. This Policy shall be used as a guide in the processing and review of applications requesting TIF. The fundamental purpose of TIF in Woodbury is to encourage desirable development or redevelopment that would not otherwise occur but for the assistance provided through TIF.

The City of Woodbury is granted the power to utilize TIF by Minnesota Statutes, Section 469.174 through 469.1799 (the "TIF Act") as amended. It is the intent of the City to provide the minimum amount of TIF at the shortest term required for the project to proceed. The City reserves the right to approve or reject projects on a case-by-case-basis, taking into consideration established policies, project criteria, and demand on city services in relation to the potential benefits from the project. Meeting policy criteria does not guarantee the award of TIF to the project. Approval or denial of one project is not intended to set precedent for approval or denial of another project.

The City Council may, at its sole discretion, deviate from this Policy for projects that supersede the objectives identified herein. Projects receiving TIF should comply with the policy considerations and criteria defined in the City's umbrella Business Subsidy Policy (CD-COMDEV-3.4).

Authority

The TIF Act governs the use of TIF and supersedes any conflicts with this Policy.

POLICY CONSIDERATIONS

The City of Woodbury will consider providing TIF for projects that achieve the following:

1. Demonstrate long-term benefits to the community.

2. Retain local jobs and/or increase the number and diversity of jobs that offer stable employment and/or attractive wages and benefits through:
 - Diversification of the local economy;
 - Providing full time permanent jobs with wages at or higher than the amount defined within the City's umbrella Business Subsidy Policy (most recently defined in 2015 at 200 percent of the federal minimum wage); and
 - Providing jobs to persons who are currently unemployed or underemployed.
3. Encourage additional unsubsidized private development in the community, either directly or indirectly through "spin off" development.
4. Facilitate the development process and achieve development on challenging sites which would not otherwise be developed but for the use of TIF.
5. Remove blight and/or encourage redevelopment of commercial and industrial areas in the city that result in high quality redevelopment and reinvestment.
6. Offset costs of redevelopment not typically incurred in greenfield development.

Based on the extent to which a potential project complies with the policy considerations (1-6 above), the City will consider providing TIF to projects falling in categories including but not limited to the following:

- Manufacturing;
- Office;
- Research and development;
- Other commercial projects which encourage substantial redevelopment of substandard properties; or
- Affordable housing that serves senior or special needs households as defined within the TIF Act.


TECHNICAL CONSIDERATIONS

1. The City intends to use TIF primarily to provide direct funding for public improvements or secondarily to provide developer assistance.
2. The use of TIF shall be in accordance with state law. Given that changes are frequently made to the state law regarding the use of TIF, conflicts in the regulations may occur from time to time. If a conflict arises between this policy and the state law, the more restrictive language shall apply.
3. TIF-financed projects must be consistent with the City's Comprehensive Plan.

- Housing District 15 Years
- Soils Condition District 15 Years
- Renewal and Renovation District 10 Years
- Economic Development District 8 Years

12. Any developer receiving TIF assistance shall provide a minimum of twenty percent (20%) cash equity investment in the project. TIF shall not be used to supplant cash equity.
13. TIF will not be used in circumstances where land and/or property price is in excess of fair market value. An appraisal by a third party, agreed upon by the City and Developer, will determine the fair market value of the land.
14. A development must demonstrate a market demand for a proposed project. TIF shall not be used to support purely speculative projects.
15. The developer shall adequately demonstrate, to the City's sole satisfaction, an ability to complete the proposed project based on past development experience, general reputation, and credit history, among other factors, including the size and scope of the proposed project.
16. For the purposes of underwriting the proposal, the developer shall provide any requested market, financial, environmental, or other data requested by the City or its consultants.
17. The City of Woodbury shall only use TIF to encourage economic growth and development within the Metropolitan Urban Service Area (MUSA).

Adopted by the Woodbury City Council on February 24, 2016, Resolution No. 16-20

 COUNCIL DIRECTIVE	Adopted: 5-24-84 Revised: 5-24-89 12-19-95 11-29-00 8-27-08 2-24-16	Number: CD-COMDEV-3.5
	Mayor:	City Administrator:
	For: Community Development	
	Subject: Tax Increment Financing Policy	

Purpose

The purpose of this Policy is to ensure that development activity receiving tax increment financing (“TIF”) shall be consistent with the economic development and housing strategies of the cityCity. This Policy shall be used as a guide in the processing and review of applications requesting TIF. This Policy memorializes the City’s commitment and approach to using TIF sparingly and shall only be authorized following a thorough analysis as identified herein. The fundamental purpose of TIF in Woodbury is to encourage desirable development or redevelopment that would not otherwise occur but for the assistance provided through TIF.

The City of Woodbury is granted the power to utilize TIF by Minnesota Statutes, Section 469.174 through 469.~~1799-1794~~ (the “TIF Act”) as amended. It is the intent of the City to provide the minimum amount of TIF at the shortest term required for the project to proceed. The City reserves the right to approve or reject projects on a case-by-case-basis, taking into consideration established policies, project criteria, and demand on city services in relation to the potential benefits from the project. Meeting policy criteria does not guarantee the award of TIF to the project; the creation or modification of a TIF District is undertaken at the sole discretion of the City Council. Approval or denial of one project is not intended to set precedent for approval or denial of another project.

The City Council may, at its sole discretion, deviate from this Policy for projects that supersede the objectives identified herein. Projects receiving TIF should comply with the policy considerations and criteria defined in the City’s ~~umbrella~~ Business Subsidy Policy (CD-COMDEV-3.4).

Authority

The TIF Act governs the use of TIF and supersedes any conflicts with this Policy. If a conflict arises between this Policy and the TIF Act, the more restrictive language shall apply.

Policy Considerations

The City of Woodbury will consider providing TIF for projects that demonstrate long-term benefits to the community, retain or create a significant number of well-paid jobs, encourage additional unsubsidized private development, and/or achieve development on challenging sites which would not otherwise be developed but for the use of TIF.

Specific to TIF projects that would result in creation or retention of jobs in the community, the following Policy Considerations apply:
achieve the following:

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~~Demonstrate long-term benefits to the community.~~

1. Retain local jobs and/or increase the number and diversity of jobs that offer stable employment and/or attractive wages and benefits through:
 - ~~Expansion and D~~iversification of the local economy and tax base;
 - Providing full-full-time permanent jobs with wages at or higher than the amount defined within the City’s ~~umbrella~~-Business Subsidy Policy (most recently defined in ~~2015-2016~~ at as 200 percent of the federal minimum wage); and
 - Providing jobs to persons who are currently unemployed or underemployed.
- ~~2. Encourage additional unsubsidized private development in the community, either directly or indirectly through “spin-off” development.~~
- ~~3. Facilitate the development process and achieve development on challenging sites which would not otherwise be developed but for the use of TIF.~~
- ~~4.2.~~ Remove blight and/or encourage redevelopment of commercial and industrial areas in the city-City that result in high quality redevelopment and reinvestment.
- ~~3.~~ Offset costs of redevelopment not typically incurred in greenfield development such as, but not limited to, removal of existing buildings, correction of poor soil conditions or remediation of site contamination.
- ~~5.4.~~ Meet other public policy goals, as adopted by the City Council from time to time.

Specific to TIF projects that would **facilitate housing affordable to households earning less than 60 percent of the area median income (“AMI”)**, the following Policy Consideration applies:

1. The City will consider providing TIF to housing projects which offer multiple public policy benefits. Specifically, more than one public policy benefit in the table below must be demonstrated as part of a proposed housing TIF project:

_____	Addition to/enhancement of public park system
_____	Assembly of multiple parcels
_____	Cleanup of site contamination
_____	Correction of poor soil conditions
_____	Development of affordable housing that is more restrictive than 60 percent of AMI.
_____	Provision of or significant upgrade to public infrastructure
_____	Removal of obsolete buildings or curing of blight

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~~Based on the extent to which a potential project complies with the policy considerations (1-6 above), the City will consider providing TIF to projects falling in categories including but not limited to the following:~~

- ~~• Manufacturing;~~
- ~~• Office;~~
- ~~• Research and development; _____~~
- ~~• Other commercial projects which encourage substantial redevelopment of substandard properties; or~~
- ~~• Affordable housing that serves senior or special needs households as defined within the TIF Act.~~

Technical Considerations

The following technical considerations will be used by the City Council and appropriate supportive advisory commissions to evaluate the merits of a TIF application.

- ~~1. The City intends to use TIF sparingly and, in the case of housing TIF, only when two or more of the public policy benefits in the table above will be achieved as part of the project that is requesting TIF primarily to provide direct funding for public improvements or secondarily to provide developer assistance.~~
- ~~2. The use of TIF shall be in accordance with state law. Given that changes are frequently made to the state law regarding the use of TIF, conflicts in the regulations may occur from time to time. If a conflict arises between this policy and the state law, the more restrictive language shall apply.~~
- ~~3.2. TIF-financed projects must be consistent with the City's Comprehensive Plan, with review and consideration from the Planning Commission.~~
- ~~4.3. Requests for TIF that promote or retain jobs must be consistent with the City's Economic Development Strategic Plan, with review and consideration from the Economic Development Commission. Similarly, requests for TIF that develop affordable housing must be consistent with the City's Housing Action Plan, with review and consideration from the Economic Development Commission. The Economic Development Commission shall review each TIF proposal to determine that a Project is consistent with the City's Economic Development Strategic Plan and is in conformance with this Policy as well as the umbrella Business Subsidy Policy.~~
- ~~5. Projects that promote the completion of major public improvement projects within the City of Woodbury such as the installation of trunk sewer and water lines, and major transportation projects, are preferred.~~
- ~~6.4. The level of assistance provided to developers will be determined on a "case-by-case" basis. When determining the level of assistance, the City will judge the quality of employment opportunities by considering the level of full-time employment, salary/wage levels, and the need for other assistance in attracting workers. If the project is a housing-related TIF project, the City will evaluate the extent to which other funding sources have~~

been leveraged to minimize the amount of TIF needed for the project and ensure that TIF should be the funding of last resort.

~~7.—TIF assistance may only be granted to a development for uses as defined by the TIF Act, including but not limited to the following:~~

~~8.—~~

~~9.—Public improvements;~~

~~10.—Land acquisition and/or land sale write down;~~

~~11.—Site preparation and improvement;~~

~~12.—Demolition; and/or~~

~~13.5. Legal, administration and engineering.~~

~~14.6. TIF assistance will be provided to a development upon receipt of the incrementTIF by the City over the life of the development, otherwise referred to as the pay-as-you-go method.~~

~~15.7. TIF assistance shall only be provided to projects which demonstrate long-term benefits to the community, retain or create a significant number of well-paid jobs, encourage additional unsubsidized private development, and/or achieve development on challenging sites which would not otherwise be developed but for the use of TIFA maximum of ten percent (10%) of any tax increment received from the district shall be retained by the City to reimburse administrative costs.~~

~~16.8. The approval of TIF assistance by the City Council must be accompanied by a signed development agreement with the developer, which may include a minimum assessed value agreement, if needed, setting forth a minimum market value for the project during the term of the TIF assistance. ~~The developer will agree that the City's TIF assistance will not be available paid to the developer unless all property taxes are paid, otherwise any future assistance shall be nullified. The developer must provide additional financing guarantees to ensure completion of the project, including, but not limited to: letters of credit, personal guarantees, etc.~~~~

~~17.—It is the City's intention to limit the maximum term of a TIF District to the minimum amount of time necessary to meet the need for assistance to the project. Only for projects that supersede the objectives identified in this Policy, will the term of the TIF assistance be allowed to exceed the following general thresholds identified below:~~

~~18.—~~

~~19.—Redevelopment District ————— 15 Years~~

~~20.—Housing District ————— 15 Years~~

~~21.—Soils Condition District ————— 15 Years~~

~~22.—Renewal and Renovation District 10 Years~~

~~23.—Economic Development District 8 Years~~


~~24.9. _____~~

~~25.10. AnyThe developer receiving TIF assistance shall demonstrate to the satisfaction of the City's Financial Advisor that they are not being unduly enriched~~provide a minimum of twenty percent (20%) cash equity investment in the project. TIF shall not be used to supplant cash equity.~~~~

~~26.—TIF will not be used in circumstances where land and/or property price is in excess of fair market value. An appraisal by a third party, agreed upon by the City and Developer, will determine the fair market value of the land.~~

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- ~~27.11.~~ Any TIF-funded development must demonstrate a market demand for a proposed project. TIF shall not be used to support purely speculative projects.
- ~~28.12.~~ The developer shall adequately demonstrate, to the City's sole satisfaction, an ability to complete the proposed project based on past development experience, general reputation, and credit history, among other factors, including the size and scope of the proposed project.
- ~~29.13.~~ For the purposes of underwriting the proposal, the developer shall provide any requested market, financial, environmental, or other data requested by the City or its consultants.
- ~~30.14.~~ In order to receive TIF assistance, projects receiving TIF must be located ~~The City of Woodbury shall only use TIF to encourage economic growth and development~~ within the Metropolitan Urban Service Area (MUSA).

 COUNCIL DIRECTIVE	Adopted: 5-24-84 Revised: 5-24-89 12-19-95 11-29-00 8-27-08 2-24-16	Number: CD-COMDEV-3.5
	Mayor:	City Administrator:
	For: Community Development	
	Subject: Tax Increment Financing Policy	

Purpose

The purpose of this Policy is to ensure that development activity receiving tax increment financing (“TIF”) shall be consistent with the economic development and housing strategies of the City. This Policy shall be used as a guide in the processing and review of applications requesting TIF. This Policy memorializes the City’s commitment and approach to using TIF sparingly and shall only be authorized following a thorough analysis as identified herein. The fundamental purpose of TIF in Woodbury is to encourage desirable development or redevelopment that would not otherwise occur but for the assistance provided through TIF.

The City of Woodbury is granted the power to utilize TIF by Minnesota Statutes, Section 469.174 through 469.1794 (the “TIF Act”) as amended. It is the intent of the City to provide the minimum amount of TIF at the shortest term required for the project to proceed. The City reserves the right to approve or reject projects on a case-by-case-basis, taking into consideration established policies, project criteria, and demand on city services in relation to the potential benefits from the project. Meeting policy criteria does not guarantee the award of TIF to the project; the creation or modification of a TIF District is undertaken at the sole discretion of the City Council. Approval or denial of one project is not intended to set precedent for approval or denial of another project.

The City Council may, at its sole discretion, deviate from this Policy for projects that supersede the objectives identified herein. Projects receiving TIF should comply with the policy considerations and criteria defined in the City’s Business Subsidy Policy (CD-COMDEV-3.4).

Authority

The TIF Act governs the use of TIF and supersedes any conflicts with this Policy. If a conflict arises between this Policy and the TIF Act, the more restrictive language shall apply.

Policy Considerations

The City of Woodbury will consider providing TIF for projects that demonstrate long-term benefits to the community, retain or create a significant number of well-paid jobs, encourage additional unsubsidized private development, and/or achieve development on challenging sites which would not otherwise be developed but for the use of TIF.

Specific to TIF projects that would **result in creation or retention of jobs** in the community, the following Policy Considerations apply:

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1. Retain local jobs and/or increase the number and diversity of jobs that offer stable employment and/or attractive wages and benefits through:
 - Expansion and diversification of the local economy and tax base;
 - Providing full-time permanent jobs with wages at or higher than the amount defined within the City’s Business Subsidy Policy (most recently defined in 2016 as 200 percent of the federal minimum wage); and
 - Providing jobs to persons who are currently unemployed or underemployed.
2. Remove blight and/or encourage redevelopment of commercial and industrial areas in the City that result in high quality redevelopment and reinvestment.
3. Offset costs of redevelopment not typically incurred in greenfield development such as, but not limited to, removal of existing buildings, correction of poor soil conditions or remediation of site contamination.
4. Meet other public policy goals, as adopted by the City Council from time to time.

Specific to TIF projects that would **facilitate housing affordable to households earning less than 60 percent of the area median income (“AMI”)**, the following Policy Consideration applies:

1. The City will consider providing TIF to housing projects which offer multiple public policy benefits. Specifically, more than one public policy benefit in the table below must be demonstrated as part of a proposed housing TIF project:

	Addition to/enhancement of public park system
	Assembly of multiple parcels
	Cleanup of site contamination
	Correction of poor soil conditions
	Development of affordable housing that is more restrictive than 60 percent of AMI.
	Provision of or significant upgrade to public infrastructure
	Removal of obsolete buildings or curing of blight


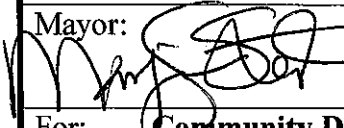

Technical Considerations

The following technical considerations will be used by the City Council and appropriate supportive advisory commissions to evaluate the merits of a TIF application.

1. The City intends to use TIF sparingly and, in the case of housing TIF, only when two or more of the public policy benefits in the table above will be achieved as part of the project that is requesting TIF.

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2. TIF-financed projects must be consistent with the City's Comprehensive Plan, with review and consideration from the Planning Commission.
3. Requests for TIF that promote or retain jobs must be consistent with the City's Economic Development Strategic Plan, with review and consideration from the Economic Development Commission. Similarly, requests for TIF that develop affordable housing must be consistent with the City's Housing Action Plan, with review and consideration from the Economic Development Commission.
4. The level of assistance provided to developers will be determined on a case-by-case basis. When determining the level of assistance, the City will judge the quality of employment opportunities by considering the level of full-time employment, salary/wage levels, and the need for other assistance in attracting workers. If the project is a housing-related TIF project, the City will evaluate the extent to which other funding sources have been leveraged to minimize the amount of TIF needed for the project and ensure that TIF should be the funding of last resort.
5. TIF assistance may only be granted to a development for uses as defined by the TIF Act.
6. TIF assistance will be provided to a development upon receipt of TIF by the City over the life of the development, otherwise referred to as the pay-as-you-go method.
7. TIF assistance shall only be provided to projects which demonstrate long-term benefits to the community, retain or create a significant number of well-paid jobs, encourage additional unsubsidized private development, and/or achieve development on challenging sites which would not otherwise be developed but for the use of TIF.
8. The approval of TIF assistance by the City Council may include a minimum assessed value agreement, if needed, setting forth a minimum market value for the project during the term of the TIF assistance. The City's TIF assistance will not be paid to the developer unless all property taxes are paid, otherwise any future assistance shall be nullified.
9. It is the City's intention to limit the maximum term of a TIF District to the minimum amount of time necessary to meet the need for assistance to the project.
10. The developer receiving TIF assistance shall demonstrate to the satisfaction of the City's Financial Advisor that they are not being unduly enriched.
11. Any TIF-funded development must demonstrate a market demand for a proposed project. TIF shall not be used to support purely speculative projects.
12. The developer shall adequately demonstrate, to the City's sole satisfaction, an ability to complete the proposed project based on past development experience, general reputation, and credit history, among other factors, including the size and scope of the proposed project.
13. For the purposes of underwriting the proposal, the developer shall provide any requested market, financial, environmental, or other data requested by the City or its consultants.
14. In order to receive TIF assistance, projects receiving TIF must be located within the Metropolitan Urban Service Area (MUSA).

 COUNCIL DIRECTIVE	Adopted: EDA: 12-16-99 Council: 1-12-00 Revised: EDA: 3-11-04 Council: 4-28-04 Council: 8-27-08 EDA: 9-11-08 Council: 2-24-16	Number: CD-COMDEV-3.4
	Mayor: 	City Administrator: 
	For: Community Development	
	Subject: Business Subsidy Policy	

PURPOSE

This umbrella policy is intended to govern the use of municipal economic development financing tools within the City of Woodbury. The intent of this umbrella policy is to ensure that any municipal investment structured in the shape of a business subsidy (“Business Subsidy”) shall meet a two-part test:

1. But For Test. A business requesting financial assistance must demonstrate a substantial likelihood that the project would not otherwise proceed without a Business Subsidy and that the requested amount is the minimum amount needed to ensure a successful project.
2. Feasibility. A business requesting financial assistance must demonstrate to the satisfaction of the City Council that the project will be adequately capitalized and will be able to be completed in a timely fashion if financial assistance is provided.

This policy shall be adopted by both the City of Woodbury and the Economic Development Authority in and for the City of Woodbury (EDA). References hereinafter to the City or to the City Council shall be assumed to also reference the EDA and its Board of Commissioners.

The legal grounding of this policy is two-fold:

1. To comply with the Business Subsidies Act (the "Act"), which is Minnesota Statutes, Sections 116J.993 through 116J.995, as amended, and;
2. To establish minimum performance parameters for assistance provided through economic development financing tools including but not limited to Tax Increment Financing (TIF), Tax Abatement and/or the Woodbury Growth Fund.

DEFINITIONS

Terms used in this policy are intended to have the same meanings as used in the Act, however, this policy shall apply both to subsidies granted under the Act and to financial assistance not governed under the Act.

For the purpose of this policy, a Business Subsidy is defined as in Section 116J.993, Subdivision 3 of the Act, in an amount of \$25,000 or greater.

Many forms of financial assistance are not legally considered a Business Subsidy and are therefore not regulated by the Act. Although these forms of financial assistance are not legally considered a Business Subsidy, the City Council may require at its sole discretion that the recipient of said financial assistance must comply with this Policy. Forms of financial assistance not considered to be a Business Subsidy are listed in Section 116J.993, Subdivision 3 of the Act, including but not limited to:

1. Public improvements to buildings or lands owned by the state or local government that serve a public purpose and do not principally benefit a single business or defined group of businesses at the time the improvements are made;
2. Assistance for housing; and
3. Funds from bonds allocated under Minnesota Statutes chapter 474A, bonds issued to refund outstanding bonds, and bonds issued for the benefit of an organization described in section 501(c)(3) of the Internal Revenue Code of 1986, as amended through December 31, 1999.

POLICY

A. A Business Subsidy in the City of Woodbury must meet a public purpose, which includes, but is not limited to, increasing the tax base. Additional public purposes may include the following:

- Enhancing economic diversity so as to improve the mix of businesses in the area;
- Creating high quality job growth;
- Providing for job retention, where job loss is imminent and demonstrable;
- Community stabilization; or
- Other public purposes as determined by the City Council

B. To receive a Business Subsidy, a business must enter into a Business Subsidy Agreement ("Agreement") with the City of Woodbury. This Agreement, except as provided by state law, must include project descriptions and definitions, wage and job goals, enforcement mechanisms, reporting requirements, and other related contract documentation including but not limited to the requirements of Section 116J.994 of the Act.

CRITERIA

All projects receiving a Business Subsidy must comply with the But For and Feasibility tests as identified above. Additionally, the following criteria apply to recipients of economic development financing regardless of whether or not the proposed project meets the definition of a Business Subsidy as defined by the Act.

The City shall be guided by the following principles and criteria for establishing job creation and wage level goals, regardless of whether or not the proposed project meets the definition of a Business Subsidy as defined by the Act:

- If the City determines that the objective for providing the Business Subsidy involves the creation of jobs, the benefiting business must define in its Agreement with the City the number of jobs to be created. The number of jobs may include separate goals for the number of part-time or full-time jobs, or, in cases where job loss is specific and demonstrable, goals for the number of jobs retained. These goals must be attained within two years of the Benefit Date as defined by Section 116J.993, Subdivision 2 of the Act ("Benefit Date"). The benefiting business must also agree to pay 100 percent of the number of newly hired employees as required in the Agreement at a rate equal to or greater than 200 percent of the federal minimum wage in order to receive the Business Subsidy. Only jobs meeting this requirement will be credited toward the wage and job goals agreed to between the City and the benefiting business.
- A provision within the Agreement regarding the creation of jobs may not be required for projects for which the City determines that the creation of jobs is not the primary goal.
- In cases where the objective is the retention of existing jobs, the recipient of the Business Subsidy shall be required to provide demonstrable evidence that the loss of those jobs is imminent without the Business Subsidy.
- Because it is not possible to anticipate every type of project which may be desirable to the community, the City Council may, at its sole discretion and in accordance with applicable law, approve projects and economic development financing assistance which may vary from the principles and criteria outlined in this Policy. The City will document any deviations and include the same with its next annual report to the Department of Employment and Economic Development.

Public Notice Requirements

Before granting a Business Subsidy that exceeds \$25,000, the City must provide public notice and a public hearing on the proposed Business Subsidy consistent with the requirements of Section 116J.994, Subdivision 5 of the Act. Public notice of a proposed Business Subsidy must be published in the City's official newspaper not less than ten days prior to the public hearing.

Monitoring and Reporting

The City must monitor the progress by the recipient of a Business Subsidy toward achieving Agreement goals. The recipient must provide information regarding goals and results for two years after the Benefit Date or until the goals are met, whichever is later. If the goals are not met, the recipient must continue to provide information on the subsidy until the subsidy is repaid. The information must be filed on forms developed by the Commissioner of Employment and Economic Development in cooperation with representatives of the City. Subsidy recipients must submit a report meeting the requirements of Section 116J.994, Subdivision 7(b) of the Act to the City not later than March 1 of each year for the previous year. The City must forward copies of the reports filed by recipients to the Commissioner of Employment and Economic Development by the subsequent April 1. If the recipient does not submit its

report to the City, the City must mail the recipient a warning within one week of the required filing date. If, after 14 days of the postmarked date of the warning, the recipient fails to provide a report to the City, the recipient must pay the City a penalty of \$100 for each subsequent day until the report is filed. The maximum penalty shall not exceed \$1,000.

The City, regardless of whether or not they have awarded any business subsidies, must file a report by April 1 of each year with the Commissioner of Employment and Economic Development. The report must include a list of recipients that did not complete the recipient report required and a list of recipients that have not met their job and wage goals within two years and steps being taken to bring them into compliance or to recoup the subsidy.

Adopted by the Woodbury City Council on February 24, 2016, Resolution No. 16-20