



# Joint Finance Committee

Tuesday, March 3, 2026

7:30 AM

Elk River City Hall

## Special Meeting Agenda

- 
1. CALL MEETING TO ORDER
  2. CONSIDER AGENDA
  3. CONSIDER MINUTES
    - 3.1 04-29-2025 Draft Joint Finance Committee Minutes
  4. GENERAL BUSINESS

Items in which the information is presented by city staff or consultants, then deliberation and action occur. General Business items are not opportunities to receive or provide public input. However, the presiding officer may, at its sole discretion, solicit public feedback.

    - 4.1 Review CDI Project Incentive Application
  5. ADJOURNMENT



**Meeting of the Joint Finance Committee  
Held at the Elk River City Hall  
Tuesday, April 29, 2025**

**Members Present:** Committee Member Ryan Hardin, Committee Member Jim Gromberg, Commissioner Nate Ovall, Committee Member Tony Sofio, Commissioner Lynn Caswell, President Matt Westgaard

**Members Absent:** Committee Member Chad Vitzthum, Committee Member Rhonda Magnussen, Commissioner Charlie Blesener

**Staff Present:** Economic Development Director Brent O'Neil, and Economic Development Specialist Josh Mollan

**1. CALL MEETING TO ORDER**

Pursuant to due call and notice thereof, the meeting was called to order at 7:32 a.m. by Mr. O'Neil.

**2. NOMINATE AND ELECT JFC CHAIR**

**Moved by Caswell and seconded by Hardin to elect Nate Ovall as Joint Finance Committee Chair. Motion carried 6-0.**

**3. CONSIDER AGENDA**

**Moved by Hardin and seconded by Gromberg to approve the agenda. Motion carried 6-0.**

**4. CONSIDER MINUTES**

**4.1 09-24-2024 JFC Minutes**

**Moved by Gromberg and seconded by Westgaard to approve the September 24, 2024 Meeting Minutes. Motion carried 6-0.**

**5. GENERAL BUSINESS**

**5.1 Review EDA Microloan Program(s)**

Mr. O'Neil presented the staff report.

Ovall shared that the current prime rate is 7.5%. He suggested tying the rate to the prime rate or a spread over the interest rate on the EDA's savings accounts.

Hardin suggested aligning the downtown district boundary with the Downtown District zoning area.

Gromberg suggested having a city-wide program with caveats for the downtown area.

O'Neil asked the committee for feedback on if a third or fourth position on a loan would be accepted.

Hardin asked about the possibility of tying loans to property taxes as a special assessment.

Sofio suggested capping at third position and considering fourth at a case by case basis.

Caswell agreed capping at third position.

Ovall suggested taking the fee out of net proceeds instead of paying it upfront, however, being mindful of the subsidy threshold.

The committee was in consensus about removing the scoring criteria from the loan application.

Ovall suggested that staff look into streamlining lower amount loans by bypassing the Joint Finance Committee review to decrease the time it takes for businesses to receive funds.

Ovall shared that he is not in favor of software at the current volume. He suggested looking into rotating loan administration between local partner banks.

*(Ovall appointed Westgaard to conclude the meeting, and left at 8:24 a.m.)*

Gromberg was comfortable working with existing banks for administration and shared that the partnership could help promote the programs.

*(Caswell left at 8:29 a.m.)*

Sofio advised that he is comfortable having the program be open to new construction projects.

## 5.2 General Updates

O'Neil shared that Pinewood Golf Course received recent vandalism and that someone had inquired on the golf course's behalf about potential assistance the EDA or HRA could provide toward the restoration efforts.

Jim suggested looking into funding by special assessment.

## 6. ADJOURNMENT

**Moved by Gromberg and seconded by Hardin to adjourn the meeting. Motion carried 4-0.**

The meeting adjourned at 08:38 a.m.

Minutes prepared by Brent O'Neil and Josh Mollan.

---

Jolene Richter, Deputy City Clerk



# Request for Action

**To**  
Joint Finance Committee

**Item Number**  
4.1

**Meeting Date**  
March 3, 2026

**Prepared By**  
Brent O'Neil, Economic Development Director

**Item Description**  
Review CDI Project Incentive Application

**Reviewed by**  
Joshua Mollan

## Action Requested

Review the CDI project and incentives, and provide an endorsement to the EDA and City Council.

## Background/Discussion

Crystal Distribution, Inc. (CDI) has been operating in Elk River for 20 years. The company is located at 17560 Tyler Street NW and is headquartered in Plymouth. The company manufactures custom curb adapters for commercial HVAC systems. Over 100 employees work at the Elk River location, and the company has four other sites across the country, with a total employed headcount near 500. CDI is considering an expansion to better serve customers in the northeastern U.S. Its two final site options are a location in the Cleveland area, or to expand in Minnesota.

The EDA and CDI have been contemplating a land deal in which the EDA sells to CDI approximately seven acres adjacent to the current factory. This would allow CDI to build 45,000 s.f. or more of production space as well as address some site circulation issues. Near-term job growth would be 20 full time, with longer-term growth above that.

CDI has requested Tax Increment Financing (TIF) to assist with acquisition costs of the property. Additionally, two utilities need to be relocated to accommodate the building expansion. The attached Sources and Uses statement provides a summary of the project, its costs, and incentive requests. We will present the project and walk through the TIF application. We are recommending \$400,000 of TIF be used to support the land acquisition.

We are looking for feedback and support to the bring the project and TIF request forward.

## Financial Impact

N/A

## Mission/Policy/Goal

Support industrial growth. Support business expansion.

## Attachments

- I. TIF Plan for Proposed TIF District No. 30 - DRAFT

The Elk River Vision

*A welcoming community with revolutionary and spirited resourcefulness, exceptional service, and community engagement that encourages and inspires prosperity*



2. Sources and Uses Updated Feb 27 2026

Adoption Date: April 6, 2026

# City of Elk River Sherburne County, Minnesota

## MODIFICATION TO THE DEVELOPMENT PROGRAM

Development District No. 1

&

## Tax Increment Financing (TIF) Plan

Establishment of Tax Increment Financing District No. 30  
(an economic development district)



Prepared by:

Ehlers  
3001 Broadway Street, Suite 320  
Minneapolis, Minnesota 55413

---

**BUILDING COMMUNITIES. IT'S WHAT WE DO.**

# TABLE OF CONTENTS

<b>Modification to the Development Program for Development District No. 1</b>	<b>1</b>
FOREWORD	1
<b>Tax Increment Financing Plan for Tax Increment Financing District No. 30</b>	<b>2</b>
FOREWORD	2
STATUTORY AUTHORITY	2
STATEMENT OF OBJECTIVES	2
DEVELOPMENT PROGRAM OVERVIEW	3
DESCRIPTION OF PROPERTY IN THE DISTRICT AND PROPERTY TO BE ACQUIRED	3
DISTRICT CLASSIFICATION	4
DURATION & FIRST YEAR OF DISTRICT'S TAX INCREMENT	5
ORIGINAL TAX CAPACITY, TAX RATE & ESTIMATED CAPTURED NET TAX CAPACITY VALUE/INCREMENT & NOTIFICATION OF PRIOR PLANNED IMPROVEMENTS	6
SOURCES OF REVENUE/BONDS TO BE ISSUED	7
USES OF FUNDS	8
ESTIMATED IMPACT ON OTHER TAXING JURISDICTIONS	9
SUPPORTING DOCUMENTATION	11
DISTRICT ADMINISTRATION	12
<b>Appendix A: Map of Development District No. 1 and the TIF District</b>	
<b>Appendix B: Estimated Cash Flow for the District</b>	
<b>Appendix C: Findings Including But/For Qualifications</b>	

# **Modification to the Development Program for Development District No. 1**

## **FOREWORD**

The following text represents a Modification to the Development Program for Development District No. 1. This modification represents a continuation of the goals and objectives set forth in the Development Program for Development District No. 1. Generally, the substantive changes include the establishment of Tax Increment Financing District No. 30.

For further information, a review of the Development Program for Development District No. 1, is recommended. It is available from the Economic Development Director at the City of Elk River. Other relevant information is contained in the tax increment financing plans for the tax increment financing districts located within Development District No. 1.

# Tax Increment Financing Plan for Tax Increment Financing District No. 30

## FOREWORD

The City of Elk River (the "City"), staff and consultants have prepared the following information to expedite the Establishment of Tax Increment Financing District No. 30 (the "District"), an economic development tax increment financing district, located in Development District No. 1.

## STATUTORY AUTHORITY

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

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

## STATEMENT OF OBJECTIVES

The District currently consists of two (2) parcels of land and adjacent roads and internal rights-of-way. The District is being created to facilitate a 48,000 square foot expansion of Crystal Distribution, Inc.'s (CDI) manufacturing facility in the City. The City intends to enter into an agreement with CDI for expansion of the facility. Construction is anticipated to begin in 2026. This TIF Plan is expected to achieve many of the objectives outlined in the Development Program for Development District No. 1.

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

## DEVELOPMENT PROGRAM OVERVIEW

Pursuant to the Development Program and authorizing state statutes, the City is authorized to undertake the following activities in the District:

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

## DESCRIPTION OF PROPERTY IN THE DISTRICT AND PROPERTY TO BE ACQUIRED

The District encompasses all property and adjacent roads rights-of-way and abutting roadways identified by the parcels listed below.

Parcel number	Address	Owner
75-00757-0110	17560 Tyler St.	O' Brien Holdings, LLC
75-00757-0105	17610 Tyler St.	City & EDA

Please also see the map in Appendix A for further information on the location of the District.

The City and Economic Development Authority (EDA) may acquire any parcel within the District including interior and adjacent street rights of way. Any properties identified for acquisition will be acquired by the City only in order to accomplish one or more of the following: storm sewer improvements; provide land for needed public streets, utilities and facilities; carry out land acquisition, site improvements, clearance and/or development to accomplish the uses and objectives set forth in this plan. The City may acquire property by gift, dedication, condemnation or direct purchase from willing sellers in order to achieve the objectives of this TIF Plan. Such acquisitions will be undertaken only when there is assurance of funding to finance the acquisition and related costs.

The City currently owns one of the parcels of the property to be included in the District.

## **DISTRICT CLASSIFICATION**

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

The District is in the public interest because it will meet the statutory requirement of discouraging commerce, industry, or manufacturing from moving their operations to another state or municipality; resulting in increased employment in the State; and resulting in preservation and enhancement of the tax base of the State.

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

1. The manufacturing or production of tangible personal property, including processing resulting in the change in condition of the property;
2. Warehousing, storage, and distribution of tangible personal property, excluding retail sales;
3. Research and development related to the activities listed in items (1) or (2);

4. Telemarketing if that activity is the exclusive use of the property; or
5. Tourism facilities;
6. Space necessary for and related to the activities listed in items (1) to (5); or
7. A workforce housing project that satisfies the requirements of *M.S., Section 469.176, Subd. 4c(d)*.

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

The District is being created to assist in the expansion of a manufacturing facility for CDI. The proposed facility will be used for manufacturing, warehouse, distribution and related activities.

Pursuant to *M.S., Section 469.176, Subd. 7*, the District does not contain any parcel or part of a parcel that qualified under the provisions of *M.S., Sections 273.111, 273.112, or 273.114 or Chapter 473H* for taxes payable in any of the five calendar years before the filing of the request for certification of the District.

## **DURATION & FIRST YEAR OF DISTRICT'S TAX INCREMENT**

Pursuant to *M.S., Section 469.175, Subd. 1, and M.S., Section 469.176, Subd. 1*, the duration of the District must be indicated within the TIF Plan. Pursuant to *M.S., Section 469.176, Subd. 1b.*, the duration of the District will be 8 years after receipt of the first increment by the City. The date of receipt by the City of the first tax increment is expected to be 2028.

Thus, it is estimated that the District, including any modifications of the TIF Plan for subsequent phases or other changes, would terminate after 2036, or when the TIF Plan is satisfied. If increment is received in 2027, the term of the District will be 2035. The City reserves the right to decertify the District prior to the legally required date.

**ORIGINAL TAX CAPACITY, TAX RATE & ESTIMATED CAPTURED NET TAX CAPACITY VALUE/INCREMENT & NOTIFICATION OF PRIOR PLANNED IMPROVEMENTS**

Pursuant to *M.S., Section 469.174, Subd. 7 and M.S., Section 469.177, Subd. 1*, the Original Net Tax Capacity (ONTC) as certified for the District will be based on the market values placed on the property by the assessor in 2025 for taxes payable 2026.

Pursuant to *M.S., Section 469.177, Subds. 1 and 2*, the County Auditor shall certify in each year (beginning in the payment year 2028) the amount by which the original value has increased or decreased as a result of:

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

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

The original local tax rate for the District will be the local tax rate for taxes payable 2026, assuming the request for certification is made before June 30, 2026. The final rates for 2026 were not available at the time the District was established. The ONTC and the Original Local Tax Rate for the District appear in the table below.

Pursuant to *M.S., Section 469.174 Subd. 4 and M.S., Section 469.177, Subd. 1, 2, and 4*, the estimated Captured Net Tax Capacity (CTC) of the District, within Development District No. 1, upon completion of the projects within the District, will annually approximate tax increment revenues as shown in the table below. The City requests 100% of the available increase in tax capacity be used for repayment of the obligations of the City and current expenditures, beginning in the tax year payable 2028. The Project Tax Capacity listed is an estimate of values when the projects within the District are completed.

Project Tax Capacity		
Estimated Development Tax Capacity upon completion	178,365	
Less: Original Net Tax Capacity (ONTC)	56,439	
Less: Fiscal Disparities	0	
Estimated Captured Tax Capacity (CTC)	<b>121,926</b>	
Original Local Tax Rate	106.8050%	Prelim. Pay 2026
Estimated Annual Tax Increment	<b>\$130,223</b>	
Percent Retained by the City	100%	

Note: Tax capacity includes a 5% inflation factor for the duration of the District. The tax capacity included in this chart is the estimated tax capacity of the District in year 9. The tax capacity of the District in year one is estimated to be \$73,314.

Pursuant to *M.S., Section 469.177, Subd. 4*, the City shall, after a due and diligent search, accompany its request for certification to the County Auditor or its notice of the District enlargement pursuant to *M.S., Section 469.175, Subd. 4*, with a listing of all properties within the District or area of enlargement for which building permits have been issued during the eighteen (18) months immediately preceding approval of the TIF Plan by the municipality pursuant to *M.S., Section 469.175, Subd. 3*. The County Auditor shall increase the original net tax capacity of the District by the net tax capacity of improvements for which a building permit was issued.

The City is reviewing the area to be included in the District to determine if any building permits have been issued during the 18 months immediately preceding approval of the TIF Plan by the City.

## SOURCES OF REVENUE/BONDS TO BE ISSUED

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

SOURCES	
Tax Increment	\$ 825,628
Interest	82,563
<b>TOTAL</b>	<b>\$ 908,191</b>

The costs outlined in the Uses of Funds will be financed primarily through the annual collection of tax increments. The City reserves the right to issue bonds (as defined in the TIF Act) or incur other indebtedness as a result of the TIF Plan. As presently proposed, the projects within the District will be financed by pay-as-you-go notes and interfund loans. Any refunding amounts will be deemed a budgeted cost without a formal modification to this TIF Plan.

This provision does not obligate the City to incur debt. The City will issue bonds or incur other debt only upon the determination that such action is in the best interest of the City.

The City may issue bonds secured in whole or in part with tax increments from the District in a maximum principal amount of \$752,437. Such bonds may be in the form of pay-as-you-go notes, revenue bonds or notes, general obligation bonds, or interfund loans. This estimate of total bonded indebtedness is a cumulative statement of authority under this TIF Plan as of the date of approval.

## USES OF FUNDS

Currently under consideration for the District is a proposal to facilitate (insert description). The City has determined that it will be necessary to provide assistance to the project(s) for certain District costs, as described herein.

The City has studied the feasibility of the development or redevelopment of property in and around the District. To facilitate the establishment and development or redevelopment of the District, this TIF Plan authorizes the use of tax increment financing to pay for the cost of certain eligible expenses. The estimate of public costs and uses of funds associated with the District is outlined in the following table.

USES	
Land/Building Acquisition	\$ 400,000
Site Improvements/Preparation	100,000
Utilities	100,000
Other Qualifying Improvements	69,874
Administrative Costs (up to 10%)	82,563
<b>PROJECT COSTS TOTAL</b>	<b>\$ 752,437</b>
Interest	155,754
<b>PROJECT AND INTEREST COSTS TOTAL</b>	<b>\$ 908,191</b>

The total project cost, including financing costs (interest) listed in the table above does not exceed the total projected tax increments for the District as shown in the Sources of Revenue section.

Estimated capital and administrative costs listed above are subject to change among categories by modification of the TIF Plan without hearings and notices as required for approval of the initial TIF Plan, so long as the total capital and administrative costs combined do not exceed the total listed above.

Further, the City may spend up to 20% of the tax increment revenues from the District for activities (described in the table above) located outside the boundaries of the District but within the boundaries of the Development District No. 1 (including administrative costs, which are considered to be spend outside the District), subject to all other terms and conditions of this TIF Plan.

**ESTIMATED IMPACT ON OTHER TAXING JURISDICTIONS**

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

Impact on Tax Base			
Entity	Preliminary Pay 2026 Total NTC	CTC upon completion	Percent of CTC to Entity Total
Sherburne County	171,858,164	121,926	0.0709%
City of Elk River	43,981,418	121,926	0.2772%
ISD 728 (Elk River)	68,590,127	121,926	0.1778%

Impact on Tax Rates				
Entity	Preliminary Pay 2026 Extension Rate	Percent of Total	CTC	Potential Taxes
Sherburne County	38.8930%	36.41%	121,926	\$ 47,421
City of Elk River	41.1460%	38.52%	121,926	50,168
ISD 728 (Elk River)	24.4780%	22.92%	121,926	29,845
Other	2.2880%	2.14%	121,926	2,790
	<b>106.8050%</b>	<b>100.00%</b>		<b>\$ 130,223</b>

The estimates listed above display the captured tax capacity when all construction is completed. The tax rate used for calculations is the Preliminary Pay 2026 rate. The total net capacity for the entities listed above are based on Preliminary Pay 2026 figures. The District will be certified under the Final Pay 2026 rates, which were unavailable at the time this TIF Plan was prepared.

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

- (1) Estimate of total tax increment. It is estimated that the total amount of tax increment that will be generated over the life of the District is \$825,628;
- (2) Probable impact of the District on city provided services and ability to issue debt. The impact of the District on police protection is expected to be minimal. With any expansion of businesses, police calls for service will be increased. New developments add an increase in traffic, and additional overall demands to the call load. The City does not expect that the proposed development, in and of itself, will necessitate new capital investment in vehicles or facilities.

The probable impact of the District on fire protection is not expected to be significant. Typically new buildings generate few calls, if any, and are of superior construction. The City does not expect that the proposed development, in and of itself, will necessitate new capital investment in vehicles or facilities.

The impact of the District on public infrastructure is expected to be minimal. The development is not expected to significantly impact any traffic movements in the area. The current infrastructure for sanitary sewer, storm sewer and water will be able to handle the additional volume generated from the proposed development. On site improvements include standard hook-ups to the main service, relocation of utilities to accommodate the building expansion: a storm conveyance pipe, and a length of water service. These costs will be funded using a combination of TIF, grants, and private funding. No costs will be borne by the public utilities.

Based on the development plans, there are nominal additional costs associated with street maintenance, sweeping, plowing, lighting and sidewalks. The development in the District is expected to contribute an estimated \$67,500 in sanitary sewer (SAC) and water (WAC) connection fees.

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

- (3) Estimated amount of tax increment attributable to school district levies. It is estimated that the amount of tax increments over the life of the District that would be attributable to school district levies, assuming the school district's share of the total local tax rate for all taxing jurisdictions remained the same, is \$189,221;
- (4) Estimated amount of tax increment attributable to county levies. It is estimated that the amount of tax increments over the life of the District that would be attributable to county levies, assuming the county's share of the total local tax rate for all taxing jurisdictions remained the same, is \$300,652;
- (5) Additional information requested by the county or school district. The City is not aware of any standard questions in a county or school district written policy regarding tax increment districts and impact on county or school district services. The county or school district must request additional information pursuant to *M.S., Section 469.175 Subd. 2(b)* within 15 days after receipt of the tax increment financing plan.

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

## SUPPORTING DOCUMENTATION

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

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

# DISTRICT ADMINISTRATION

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

**Appendix A: Map of Development District No. 1 and the TIF District**

 **TIF District No. 30**



Northstar Business Park  
L1 B1 (partial)  
75-00757-0105

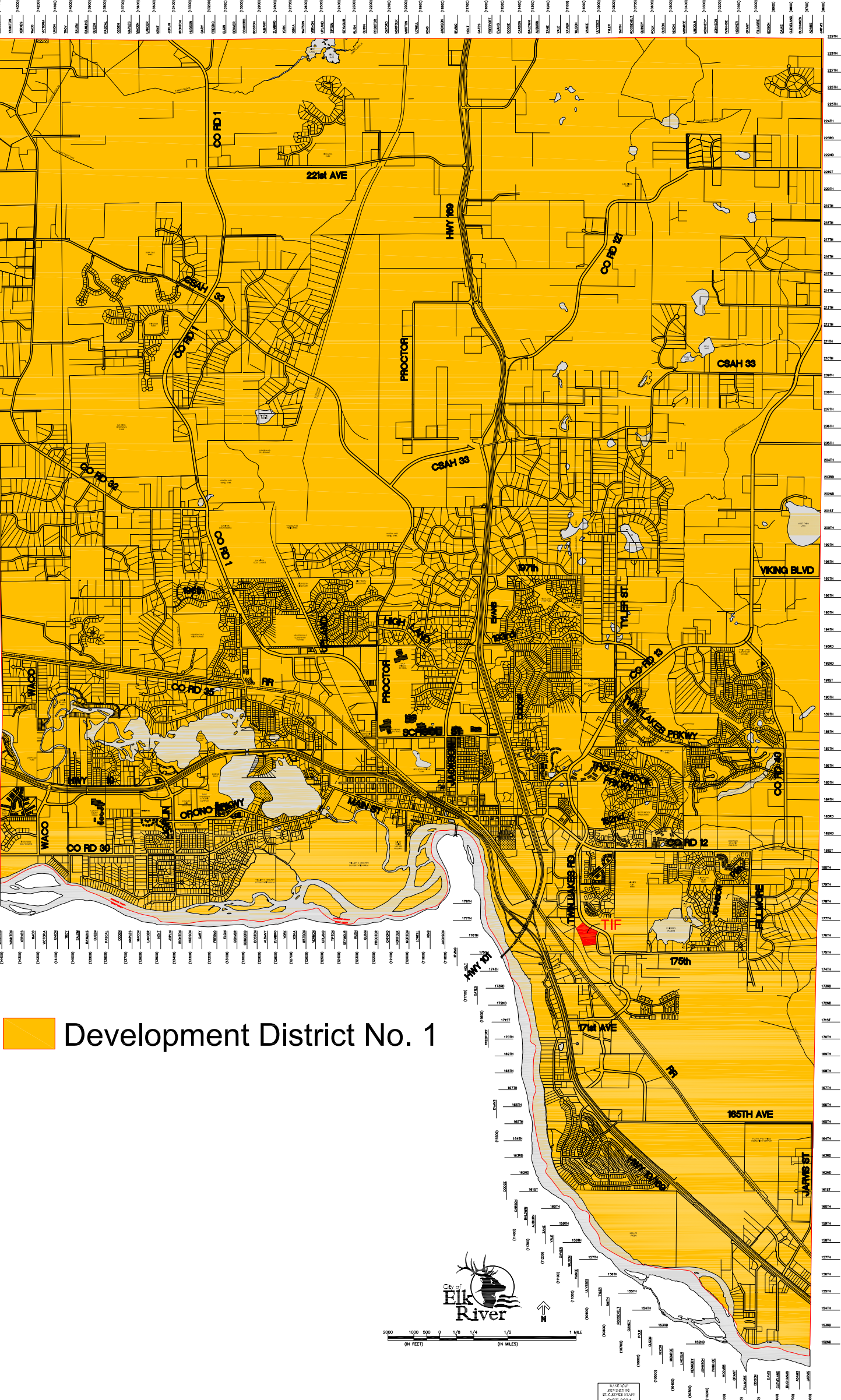
Northstar Business Park  
L2 B1  
75-00757-0110

TWIN LAKES RD

TYLER ST

175th

TWIN LAKES RD



**Development District No. 1**

# Appendix B: Estimated Cash Flow for the District

## CDI Expansion - 3% Inflation

City of Elk River

45,000 Sq. Ft. Manufacturing Expansion



### ASSUMPTIONS AND RATES

<b>DistrictType:</b>	<b>Economic Development</b>
<b>District Name/Number:</b>	
<b>County District #:</b>	
<b>First Year Construction or Inflation on Value</b>	<b>2025</b>
<b>Existing District - Specify No. Years Remaining</b>	
Inflation Rate - Every Year:	<b>5.00%</b>
Interest Rate:	<b>4.00%</b>
Present Value Date:	<b>1-Aug-26</b>
First Period Ending	1-Feb-27
Tax Year District was Certified:	<b>Pay 2026</b>
Cashflow Assumes First Tax Increment For Development:	2027
Years of Tax Increment	9
Assumes Last Year of Tax Increment	2035
Fiscal Disparities Election [Outside (A), Inside (B), or NA]	<b>NA</b>
Incremental or Total Fiscal Disparities	<b>NA</b>
Fiscal Disparities Contribution Ratio	NA Prelim. Pay 2026
Fiscal Disparities Metro-Wide Tax Rate	NA Prelim. Pay 2026
Maximum/Frozen Local Tax Rate:	106.805% Prelim. Pay 2026
Current Local Tax Rate: (Use lesser of Current or Max.)	106.805% Prelim. Pay 2026
State-wide Tax Rate (Comm./Ind. only used for total taxes)	29.0000% Prelim. Pay 2026
Market Value Tax Rate (Used for total taxes)	0.26739% Prelim. Pay 2026

Tax Rates		
Exempt Class Rate (Exempt)		0.00%
Commercial Industrial Preferred Class Rate (C/I Pref.)		
First \$150,000		1.50%
Over \$150,000		2.00%
Commercial Industrial Class Rate (C/I)		2.00%
Rental Housing Class Rate (Rental)		1.25%
Affordable Rental Housing Class Rate (Aff. Rental)		
First \$100,000		0.25%
Over \$100,000		0.25%
Non-Homestead Residential (Non-H Res. 1 Unit)		
First \$500,000		1.00%
Over \$500,000		1.25%
Homestead Residential Class Rate (Hmstd. Res.)		
First \$500,000		1.00%
Over \$500,000		1.25%
Agricultural Non-Homestead		1.00%

### BASE VALUE INFORMATION (Original Tax Capacity)

Map ID	PID	Owner	Address	Land Market Value	Building Market Value	Total Market Value	Percentage Of Value Used for District	Original Market Value	Tax Year Original Market Value	Property Tax Class	Current Original Tax Capacity	Class After Conversion	After Conversion Orig. Tax Cap.	Area/ Phase
1	75-00757-0110	O' Brien Holdings, LLC	17560 Tyler St.	398,600	1,803,700	2,202,300	100%	2,202,300	Pay 2026	C/I Pref.	43,296	C/I Pref.	43,296	1
2	75-00757-0105	City & EDA	17610 Tyler St.	1,133,000	0	1,133,000	58%	657,140	Pay 2026	Exempt	-	C/I	13,143	
				<b>1,531,600</b>	<b>1,803,700</b>	<b>3,335,300</b>		<b>2,859,440</b>			<b>43,296</b>		<b>56,439</b>	

**Note:**

1. Base values are for pay 2026 based on review of County website on 6-30-25.
2. Located in SD #728

## CDI Expansion - 3% Inflation

City of Elk River  
45,000 Sq. Ft. Manufacturing Expansion



PROJECT INFORMATION (Project Tax Capacity)													
Area/Phase	New Use	Estimated Market Value Per Sq. Ft./Unit	Taxable Market Value Per Sq. Ft./Unit	Total Sq. Ft./Units	Total Taxable Market Value	Property Tax Class	Project Tax Capacity	Project Tax Capacity/Unit	Percentage Completed 2025	Percentage Completed 2026	Percentage Completed 2027	Percentage Completed 2028	First Year Full Taxes Payable
	Existing	87	87	33,000	2,859,440	C/I Pref.	56,439	2	100%	100%	100%	100%	2027
	Manufacturing	75	75	45,000	3,375,000	C/I	67,500	2	25%	100%	100%	100%	2028
<b>TOTAL</b>					<b>6,234,440</b>		<b>123,939</b>						
<b>Subtotal Residential</b>				<b>0</b>	<b>0</b>		<b>0</b>						
<b>Subtotal Commercial/Ind.</b>				<b>78,000</b>	<b>6,234,440</b>		<b>123,939</b>						

**Note:**  
1. Market values are based upon estimates.

TAX CALCULATIONS									
New Use	Total Tax Capacity	Fiscal Disparities Tax Capacity	Local Tax Capacity	Local Property Taxes	Fiscal Disparities Taxes	State-wide Property Taxes	Market Value Taxes	Total Taxes	Taxes Per Sq. Ft./Unit
Existing	56,439	0	56,439	60,279	0	15,715	7,646	83,640	2.53
Manufacturing	67,500	0	67,500	72,093	0	18,705	9,024	99,823	2.22
<b>TOTAL</b>	<b>123,939</b>	<b>0</b>	<b>123,939</b>	<b>132,373</b>	<b>0</b>	<b>34,420</b>	<b>16,670</b>	<b>183,463</b>	

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

WHAT IS EXCLUDED FROM TIF?	
Total Property Taxes	183,463
less State-wide Taxes	(34,420)
less Fiscal Disp. Adj.	0
less Market Value Taxes	(16,670)
less Base Value Taxes	(60,279)
<b>Annual Gross TIF</b>	<b>72,093</b>

MARKET VALUE BUT / FOR ANALYSIS	
Current Market Value - Est.	2,859,440
New Market Value - Est.	6,234,440
Difference	3,375,000
Present Value of Tax Increment	654,926
Difference	2,720,074
Value likely to occur without Tax Increment is less than:	<b>2,720,074</b>



CDI Expansion - 3% Inflation

City of Elk River

45,000 Sq. Ft. Manufacturing Expansion

TAX INCREMENT CASH FLOW														
% of OTC	Project Tax Capacity	Original Tax Capacity	Fiscal Disparities NA	Captured Tax Capacity	Local Tax Rate	Annual Gross Tax Increment	Semi-Annual Gross Tax Increment	State Auditor 0.36%	Admin. at 10%	Semi-Annual Net Tax Increment	Semi-Annual Present Value	PERIOD ENDING Yrs.	Tax Year	Payment Date
100%	73,314	(56,439)	-	16,875	106.805%	18,023	9,012	(32)	(898)	8,081	7,767	0.5	2027	02/01/27
100%	126,761	(56,439)	-	70,322	106.805%	75,107	37,554	(135)	(3,742)	33,677	15,383	1	2027	02/01/28
100%	133,099	(56,439)	-	76,660	106.805%	81,877	37,554	(135)	(3,742)	33,677	76,997	2	2028	02/01/29
100%	139,754	(56,439)	-	83,315	106.805%	88,984	40,938	(147)	(4,079)	36,712	109,596	2.5	2029	08/01/29
100%	146,741	(56,439)	-	90,303	106.805%	96,448	40,938	(147)	(4,079)	36,712	141,556	3	2029	02/01/30
100%	154,078	(56,439)	-	97,640	106.805%	104,284	44,492	(160)	(4,433)	39,899	175,609	3.5	2030	08/01/30
100%	161,782	(56,439)	-	105,344	106.805%	112,512	44,492	(160)	(4,433)	39,899	208,995	4	2030	02/01/31
100%	169,872	(56,439)	-	113,433	106.805%	121,152	48,224	(174)	(4,805)	43,245	244,471	4.5	2031	08/01/31
100%	178,365	(56,439)	-	121,926	106.805%	130,223	48,224	(174)	(4,805)	43,245	279,251	5	2031	02/01/32
							52,142	(188)	(5,195)	46,759	316,120	5.5	2032	08/01/32
							52,142	(188)	(5,195)	46,759	352,266	6	2032	02/01/33
							56,256	(203)	(5,605)	50,448	390,500	6.5	2033	08/01/33
							56,256	(203)	(5,605)	50,448	427,984	7	2033	02/01/34
							60,576	(218)	(6,036)	54,322	467,554	7.5	2034	08/01/34
							60,576	(218)	(6,036)	54,322	506,349	8	2034	02/01/35
							65,112	(234)	(6,488)	58,390	547,231	8.5	2035	08/01/35
							65,112	(234)	(6,488)	58,390	587,311	9	2035	02/01/36
<b>Total</b>								<b>828,611</b>	<b>(2,983)</b>	<b>(82,563)</b>	<b>743,065</b>			
		<b>Present Value From 08/01/2026</b>		<b>Present Value Rate</b>	<b>4.00%</b>		<b>654,926</b>	<b>(2,358)</b>	<b>(65,257)</b>	<b>587,311</b>				

## Appendix C: Findings Including But/For Qualifications

The reasons and facts supporting the findings for the adoption of the Tax Increment Financing Plan for Tax Increment Financing District No. 30 as required pursuant to *Minnesota Statutes (M.S.), Section 469.175, Subd. 3* are as follows:

1. *Finding that Tax Increment Financing District No. 30 is an economic development district as defined in M.S., Section 469.174, Subd. 12.*

Tax Increment Financing District No. 30 is a contiguous geographic area within the City's Development District No. 1, delineated in the TIF Plan, for the purpose of financing economic development in the City through the use of tax increment. The District is in the public interest because it will facilitate (insert description) in the City which will increase employment in the State and preserve and enhance the tax base of the State.

2. *Finding that the proposed development, in the opinion of the City Council, would not reasonably be expected to occur solely through private investment within the reasonably foreseeable future and that the increased market value of the site that could reasonably be expected to occur without the use of tax increment financing would be less than the increase in the market value estimated to result from the proposed development after subtracting the present value of the projected tax increments for the maximum duration of Tax Increment Financing District No. 30 permitted by the TIF Plan.*

*The proposed development, in the opinion of the City, would not reasonably be expected to occur solely through private investment within the reasonably foreseeable future:* This finding is supported by the fact that the development proposed in this plan is an expansion of a manufacturing facility that meets the City's objectives for economic development. The cost of land acquisition, and related site improvements necessary to maximize development potential, makes development of the facility infeasible without City assistance. The business was asked for and provided project cost detail and out of state alternative investment options as justification that the developer would not have gone forward without tax increment assistance.

*The increased market value of the site that could reasonably be expected to occur without the use of tax increment financing would be less than the increase in market value estimated to result from the proposed development after subtracting the present value of the projected tax increments for the maximum duration of the District permitted by the TIF*

---

*Plan:* The City supported this finding on the grounds that the project includes expansion of a manufacturing facility within Elk River that could be developed in another state. The City reasonably determines that no other development of similar scope is anticipated on this site without substantially similar assistance being provided to the development.

Therefore, the City concludes as follows:

- a. The City's estimate of the amount by which the market value of the entire District will increase without the use of tax increment financing is \$0.
  - b. If the proposed development occurs, the total increase in market value will be \$3,375,000 (see Appendix B of the TIF Plan)
  - c. The present value of tax increments from the District for the maximum duration of the district permitted by the TIF Plan is estimated to be \$654,926 (see Appendix B of the TIF Plan).
  - d. Even if some development other than the proposed development were to occur, the Council finds that no alternative would occur that would produce a market value increase greater than \$2,720,074 (the amount in clause b less the amount in clause c) without tax increment assistance.
3. *Finding that the TIF Plan for Tax Increment Financing District No. 30 conforms to the general plan for the development or redevelopment of the municipality as a whole.*

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

4. *Finding that the Tax Increment Financing Plan for Tax Increment Financing District No. 30 will afford maximum opportunity, consistent with the sound needs of the City as a whole, for the development of Development District No. 1 by private enterprise.*

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

**Sources and Uses of Funds - Updated 2/27/2026**

CDI Expansion in Elk River

Use of Funds	Bank(s)	Equity	State (e.g. MIF)	Local		Total
				Government	Other	
Property Acquisition		\$ 118,364		\$ 400,000		\$ 518,364
Site Improvement		\$ 432,000	\$ 90,000			\$ 522,000
New Construction	\$ 4,400,000	\$ 400,000				\$ 4,800,000
Renovations of an Existing Building		\$ 25,000				\$ 25,000
Purchase of Machinery & Equipment		\$ 75,000				\$ 75,000
Other		\$ 275,000				\$ 275,000
<b>Total Project Cost</b>	<b>\$ 4,400,000</b>	<b>\$ 1,325,364</b>	<b>\$ 90,000</b>	<b>\$ 400,000</b>	<b>\$ -</b>	<b>\$ 6,215,364</b>

Description	New Construction	Property Acquisition	Site Improvement	Local Government
	is the additional of 48,000 sq. ft, including office space of 1k SF, new breakroom of 3k SF, and employee restrooms of 3k SF	reflects impact of TIF	are funds the City of Elk River is seeking to assist with utilities and site work	reflects TIF funding
		<b>Renovations</b> Convert existing restroom to office only		
		<b>Site improvement</b> includes over 600 ft of access road, employee and truck parking and other exterior work by CDI.		
		<b>Other</b> reflects \$275k for architect and Legal fees		