

EDIC MEETING
Tuesday, August 22, 2023 – 1:30 p.m.
City Commission Chambers, Fargo City Hall

AGENDA

- 1. Approve Tax Exempt Review Committee Meeting Minutes of 6/27/2023, 7/18/2023, 7/25/2023, and 8/15/2023**
 - a. June 27, 2023 [Page 1-2]
 - b. July 18, 2023 [Page 3-5]
 - c. July 25, 2023 [Page 6-7]
 - d. August 15, 2023 [Page 8-9]

- 2. Discussion with Developers and Others on Policy for Incentives.**

ECONOMIC AND DEVELOPMENT INCENTIVE COMMITTEE
Fargo, North Dakota

Regular Meeting

Tuesday, June 27, 2023

The June meeting of the Economic and Development Incentive Committee of the City of Fargo, North Dakota was held in the City Commission Room at City Hall at 1:00 p.m., Tuesday, June 27, 2023.

The committee members present or absent are:

Members Present: Dave Piepkorn, John Cosgriff, Jon Eisert, Mayor Mahoney, Jim Buus, Jim Gilmour and Lucas Paper.

Members Absent: Jessica Ebeling

Others Present: Jackie Gapp and Levi Bachmeier

Commissioner Piepkorn called the meeting to order at 1:00 p.m.

Minutes Approved

A motion was made by John Cosgriff to approve the minutes from May 23, 2023. Jon Eisert seconded. Motion carries.

Criteria for Public Private Partnerships

- 6 different criteria
 - Public Benefit (0-50 points)
 - Property Value Increase (0-50 points)
 - Need for Public Assistance (Pass/Fail?)
 - Design (0-25 points)
 - Infrastructure (0-25 points)
 - Competition with other development (0-50 points)
- Would create tourism for Fargo
- Need an answer by July 24, 2023
 - A special meeting was requested by Jim Gilmour
 - Move EDIC meeting up a week to July 18, 2023
 - A sub-committee needs to be put together
- Commissioner Piepkorn wants an opportunity for public comment
- Will vote on the policy at the next meeting.

Motion to create a subcommittee to configure the policy before the next meeting was made by Commissioner Piepkorn. Jim Buus seconded. Motion carried.

Wave PILOT Request

- Matt Steinberg- PFM
- Internal rate of return- 10 year period. Sale of property in 10 years
 - Without public assistance- 11.5% With public assistance- 15%
- 17 year basis- just under 16% return
 - Typical range for a IRR for multi-family housing is 14-22%
- Adding more equity (\$1.75 million) to this project would change the IRR
 - 17 year- 15.3%
 - 10 year- 14.4%
- Debt Service Coverage: 1.5% coverage is required for the first 6 years without public assistance.

Questions:

- Jim Gilmour: Would a 10 year PILOT be sufficient?
 - 10 years seems to be sufficient giving the coverage and IRR is still in the acceptable range for just the WAVE resort and the hotel.

Motion to approve 10 year PILOT contingent on \$180 million investment was made by Mayor Mahoney. John Cosgriff seconded. Motion carried.

The meeting was adjourned at 1:49pm.

ECONOMIC AND DEVELOPMENT INCENTIVE COMMITTEE
Fargo, North Dakota

Special Meeting

Tuesday, July 18, 2023

The July meeting of the Economic and Development Incentive Committee of the City of Fargo, North Dakota was held in the City Commission Room at City Hall at 1:30 p.m., Tuesday, July 18, 2023.

The committee members present or absent are:

Members Present: Dave Piepkorn, John Cosgriff, Jon Eisert, Mayor Mahoney, Jim Buus, Jim Gilmour, Levi Bachmeier and Lucas Paper.

Members Absent: Jessica Ebeling

Others Present: Jackie Gapp

Commissioner Piepkorn called the meeting to order at 1:30 p.m.

Minutes Approved

A motion was made by John Cosgriff to approve the minutes from May 23, 2023. Jon Eisert seconded. Motion carried.

Review of PILOT Request for Water Park Project

- Jim Gilmour:
 - 17 year PILOT
 - 2 buildings: Waterpark and hotel combined. Other building TBD
 - Parking ramp of about 500 vehicles for the public
- 2 Possible Recommendations:
 - Approval of 10 year property tax exemption
 - To deny the tax exemption
- Matt Steinberg- PFM:
 - \$3.2 million short between 10 year and 17 year PILOT
 - Developer stated they would not be able to get financing if they did not get the exemption
- Blake Nybakken- EPIC:
 - To replace 500 spaces in parking ramp would take away \$78 million in developable space
 - Reasons to approve per EPIC:
 - Economic impact

- Public benefits
 - Elimination of risk
- The Lights increased the value of the property surrounding it
- Met with Sally (director) from the Red River Zoo
 - A benefit would be that people would use it for other parking such as baseball, curling, etc.
- The Park District has written a letter of support and see the direct benefit of the parking ramp
- 4 acres in the center would be open to the public.
 - Pickle ball, outdoor ice rink, trail system, etc.
 - Signed off on a land restriction
- The difference from 17-10 years is a \$3.2 million gap for EPIC that they would need to figure out how to finance.
- Tamara (Director of Finance)- EPIC:
 - Anything less than a 17 year PILOT they wouldn't be able to do the model
 - May have to shrink the parking ramp
 - PFM changed their numbers which increased their NOI. This is not realistic for them and their banking group
- Matt Steinberg-PFM:
 - EPICS numbers did not include inflationary numbers
 - PFM included inflationary numbers which they feel is more realistic
 - 1.5% growth rate on revenues
 - 2.0% growth rate on expenditures (used in model)

Public Questions:

- Tyler Brandt- Suite Shots & King Pinz:
 - Came in a few years back with a \$200 million project (high density/mix-use/outdoor activities- Eagleridge)and was denied
 - When you're short on money, you have to find it
 - Says this is not a lighted area
 - Parking ramps downtown were needed
 - This is a green area
- Alex Christianson- Christianson Companies:
 - Feels like using public funds for private benefit
 - They bid on land too-prime real estate
 - If they knew they could get a TIF their offer could be higher
 - No one is against the project
- Mark Bucholz-
 - Appreciate what they have done in the community
 - They said they would pursue a TIF- these projects have evolved and changed
 - If incorrect in facts, they want to be informed of that
- Commissioner Piepkorn-
 - Pointed out Fargo now has a finite border where as in the past we didn't
 - The policy will need to change. It will need to fit the needs of the future

- Mayor Mahoney-
 - Park board is involved in this situation
 - Maybe do 10 years instead of 17 years
 - Different businesses in the vicinity also want the parking ramp such as The Red River Zoo and the Park board.
- John Cosgriff:
 - Feels like there might be support for a 10 year project
 - Would like a definitive given a 10 year vs. a 17 year
 - If this goes forward as 10 years, will it still be \$181 million?
 - Would like a look at parking required vs density that they are trying to achieve.

Motion to approve 10 year PILOT contingent on the \$180 million investment was made by Mayor Mahoney. John Cosgriff seconded. Motion carried.

Discuss changes in policy for public-private partnership projects

Will continue next meeting

The meeting was adjourned at 1:49pm.

ECONOMIC AND DEVELOPMENT INCENTIVE COMMITTEE
Fargo, North Dakota

Regular Meeting

Tuesday, July 25, 2023

The July meeting of the Economic and Development Incentive Committee of the City of Fargo, North Dakota was held in the City Commission Room at City Hall at 1:00 p.m., Tuesday, July 25, 2023.

The committee members present or absent are:

Members Present: Dave Piepkorn, John Cosgriff, Jon Eisert, Mayor Mahoney, Jim Buus, Jim Gilmour, Jessica Ebeling, and Lucas Paper.

Members Absent:

Others Present: Jackie Gapp and Levi Bachmeier

Commissioner Piepkorn called the meeting to order at 1:00 p.m.

Policy Discussion on Public Private Partnerships

- Jim Gilmour
- Finite geographic site for the city
- Look to see where higher density would be feasible
- 6 different criteria- Added 2 more
 - Public Benefit (0-50 points)
 - Property Value Increase (0-50 points)
 - Need for Public Assistance (Pass/Fail?)
 - Design (0-25 points)
 - Infrastructure (0-25 points)
 - Competition with other development (0-50 points)
 - ***Tourism (0-25 points)***
 - ***Economic Impact (0-25 points)***
- Commissioner Piepkorn- Street Level vs. Ramp Parking
 - Lucas- not pay for the whole thing and pay for the difference
 - John Cosgriff- benefit cost ratios would have to be supported to the additional tax added on.
 - 2/3 has to generate additional taxable value that goes on into perpetuity
 - Commissioner Piepkorn- Is there certain areas where this will be the focus
 - Yes, there will be
- Brewhalla's parking
- Economic impact tool will be available to evaluate specific projects

- John Cosgriff- Incentive will be granted per year. Building 2 by year 3, if not you will pay full taxes.
- What would be the timeline of meetings?
 - Commissioner Piepkorn would not like to expedite this. Others would like meetings to happen earlier than once a month.
- Commissioner Piepkorn would like have opportunity for public comment. Also would like planning and development and developers to attend next meeting to have open communication.

Discussion will be continued to the next meeting Tuesday, August 15th.

The meeting was adjourned at 1:37pm.

ECONOMIC AND DEVELOPMENT INCENTIVE COMMITTEE
Fargo, North Dakota

Regular Meeting

Tuesday, August 15, 2023

The August meeting of the Economic and Development Incentive Committee of the City of Fargo, North Dakota was held in the City Commission Room at City Hall at 1:00 p.m., Tuesday, August 15, 2023.

The committee members present or absent are:

Members Present: Dave Piepkorn, John Cosgriff, Jon Eisert, Mayor Mahoney, Jim Gilmour, Jessica Ebeling, Levi Bachmeier and Lucas Paper.

Members Absent: Michael Splonskowski

Others Present: Jackie Gapp and James Haley

Commissioner Piepkorn called the meeting to order at 1:15 p.m.

Review of Public Comments on Proposed Policy Changes

- Jim Gilmour:
 - Draft of polices was sent to developers but not able to get them on the website
 - Made contact with the parks and willing to meet
 - Did receive comments from developers
 - If we are to make revisions, what kind of facilities do we want to support
 - The term P3 is not common to most. Would like to rename it.
- Commissioner Piepkorn:
 - What do you recommend for public comments?
 - Jim Gilmour: Would like to get some put on the website where the public can email Jim Gilmour.
- Surface parking lot: Block 9 has 400 parking space would be an entire city block. Surface parking takes up a lot of space.
- Lucas Paper:
 - Taking more time on this is really useful. Need to revisit Public Private Partnership title.
 - Can this be a unit per acre number?
 - Types of projects needs to be defined and more economically driven
- Levi Bachmeier:
 - Should be intentional about splitting the projects that are considered and which body takes action on each

- Need to prove that you are going beyond and contributing to the long term density of our region
- It shouldn't matter what the attraction is but if we are leveraging incentives for longer term investment, the committee needs to take a longer look.
- Need to make sure that the committee is being specific regarding requirements³
- Would like to consider splitting major project types
 - Types should go to a different committee per political aspects
- Jon Eisert:
 - Need to aggregate all the points the committee is making with public input and go line by line to form a policy with what the committee is looking for and what the public wants.
- Mayor Mahoney:
 - Primary Sector- Manufacturing to expand. Has this changed over time?
 - Water park issue- what would disqualify it for primary sector setting?
- Joe ?? EDC:
 - There isn't a black and white answer.
 - Different per state.
 - Fargo- primary sector is an entity that produces majority of its revenue from selling its products and services across the country and around the globe.
 - Looking at majority of revenue per core business. Example: Drekker Brewing
- Mayor Mahoney:
 - If the project brings in additional \$60-\$80 million to the project, is that worth value net in the long term.
 - Water Park- \$180 million, \$120 million or \$100 million and if you do a 10 year TIF is that enough to TIF it.
 - Need to know what the city does with green space.
- Jim Gilmour:
 - Block 9- over \$100 million for one block. Over a \$1000 per square foot
 - Would like to take a look at typical developments in Fargo and see where they want to set the margin.
- Jon Cosgriff:
 - Need to look at the project and the required surface parking and then ask can we provide an incentive. Also need to look at the additional taxable value.
- Jessica Ebeling:
 - We need more perspective from various different groups
- Mayor Mahoney:
 - Would like a side by side table with taxable value for 10 years.

Discussion will be continued to the next meeting Tuesday, August 22nd.

The meeting was adjourned at 1:55pm.