

PROPERTY TAX INCENTIVE APPLICATION FOR  
BREWHALLA PROJECT  
(Jim Gilmour)

SUGGESTED MOTION:

Move to participate in the request for a Tax Increment Finance (TIF) District in the City of Fargo for commercial development in the 1600 and 1700 blocks of 1<sup>st</sup> Avenue North for 10 years.

OR

Move to NOT participate in the request for a Tax Increment Finance (TIF) District in the City of Fargo for commercial development in the 1600 and 1700 blocks of 1<sup>st</sup> Avenue North for 10 years.



ADMINISTRATION DEPARTMENT

May 7, 2021

Chad Peterson, Chairman  
Cass County Commission  
211 9th St. S.  
Fargo, ND 58103

Mr. Peterson,

According to N.D.C.C. Chapter 40-05-24, if the City of Fargo anticipates granting a property tax incentive for more than five years, the Chairman of the County Commission must be notified by letter. Within 30 days of receipt of the letter, the County Commission shall notify the City of Fargo whether they intend to participate in the incentive. If the City does not receive a response, the County must be treated as participating.

The City of Fargo has received an application for Tax Increment Financing (TIF) for commercial development in the 1600 and 1700 blocks of 1st Avenue North. This Brewhalla project is a four-story building with commercial space, event space, apartments and hotel rooms.

The incentive would be granted in the form of a TIF note that would repay the developer from TIF property taxes for approved TIF costs. The TIF request is for extraordinary costs to make the site suitable for development. These include:

- Soil Correction and Remediation
- Public Infrastructure
- Land Acquisition/Write Down
- Legal and TIF Fees

TIF costs are estimated at \$1.5 million. The maximum period of the TIF district would be 10 years after project completion. The property within the proposed district now has a value of \$5 million. The value of the completed project is estimated at over \$20 million.

Please respond at your earliest convenience with the determination made by the County regarding the participation.


Feel free to contact me with any questions or concerns.

Jim Gilmour  
Director of Strategic Planning and Research

CC: Robert Wilson

MEMORANDUM

**TO: FARGO PUBLIC SCHOOL DISTRICT  
FARGO PARK DISTRICT  
CASS COUNTY**

**FROM: JIM GILMOUR, STRATEGIC PLANNING DIRECTOR** 

**DATE: APRIL 29, 2021**

**SUBJECT: RENEWAL PLAN AND TAX INCREMENT FINANCING DISTRICT**

The City of Fargo prepared a Renewal Plan for a redevelopment project adjacent to the Drekker Brewery. The plan includes a Tax Increment Financing District for redevelopment of blighted property on the south side of the street in the 1600 and 1700 blocks of 1st Avenue North. The Renewal Plan is attached for your review.

The project is a new building connected to the Drekker Brewery. It will be a four-story building with retail space, event space, 18 apartments and 24 hotel rooms. Tax Increment Financing funds would be used for land acquisition, site cleanup and public works infrastructure.

The Fargo City Commission has scheduled a public hearing on the plan and developer's agreement on Monday, May 17, 2021 at 5:15 pm at Fargo City Hall. The proposed project would provide up to \$1.5 million in Tax Increment Financing.

The property now pays about \$70,000 a year in property taxes. The increased value should increase the taxes to \$278,000 a year, creating a tax increment of \$208,000 a year. It is anticipated the development will be completed within two years, and costs should be fully paid after another 10 years. The estimated annual tax increment by taxing jurisdiction is \$110,240 for the School District, \$35,360 for the County and \$20,800 for the Park District.

If you have any questions or concerns, please feel free to contact Jim Gilmour at 701-241-1476 or [JGilmour@FargoND.gov](mailto:JGilmour@FargoND.gov).



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**RENEWAL PLAN**  
**TAX INCREMENT FINANCING DISTRICT NO. 2021-02**

**CITY OF FARGO, NORTH DAKOTA**

**April 2021**

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## RENEWAL PLAN FOR TAX INCREMENT DISTRICT NO. 2021-02

### Subsection 1.1. Definitions.

For the purposes of the Renewal Plan, the following terms shall have the meanings specified below, unless the context otherwise requires:

"City" means the City of Fargo, a municipal corporation under the laws of the State of North Dakota.

"City Commission" or "Commission" means the Fargo City Commission.

"Comprehensive Plan" means the City's Go2030 Comprehensive Plan, including the objectives, policies, standards and programs to guide public and private land use, development, redevelopment and preservation for all lands and water within the City as and when such plan is adopted and finalized.

"County" means Cass County, North Dakota.

"Development" means the construction of new buildings, structures, or improvements; the demolition, alteration, remodeling, repair or reconstruction of existing buildings, structures or improvements; the acquisition of equipment; and the clearing and grading of land on industrial or commercial property in the Renewal Area.

"Renewal Area" means the property described in Subsection 1.4 of this Plan.

"Renewal Plan" or "Plan" means this Plan adopted by the Commission for the Renewal Area.

"State" means the State of North Dakota.

"Tax Increment Financing Act" or "TIF Act" means North Dakota Century Code, Section 40-58-20, as amended.

"Tax Increment Bonds" means any general obligation or revenue tax increment bonds or notes issued by the City to finance the public costs associated with the TIF District as stated in this Plan, or any obligations issued to refund the Tax Increment Bonds.

"Tax Increment Financing District" or "TIF District" means Tax Increment Financing District No. 2021-02.

"Urban Renewal Law" means North Dakota Century Code, Chapter 40-58.

### Subsection 1.2. Statutory Authority.

The creation of the Renewal Area and the establishment of Tax Increment Financing District No. 2021-02 are authorized by the Urban Renewal Law. Specifically the creation of the Renewal Area is authorized under North Dakota Century Code, Sections 40-58-01.1(7) and (14), which provide that the local governing body may designate industrial or commercial property, a slum or



blighted area, or combination of these properties as appropriate for a development or renewal project.

The Urban Renewal Law provides that communities develop a "workable program" for the use of public and private resources to facilitate the development of industrial or commercial properties, eliminate and prevent the development or spread of slums and urban blight, encourage needed urban rehabilitation, provide for the redevelopment of slum and blighted areas or undertake these activities or other feasible municipal activities as may be suitably employed to achieve the objectives of the workable program. North Dakota Century Code, Section 40-58-04.

Subsection 1.3. Statement of Public Purpose

In adopting the Renewal Plan for TIF District No. 2021-02, the City Commission intends to make the following findings:

- (a) The Renewal Area includes a blighted area.

**Factual basis:** This Renewal Area is blighted due to the presence of a vacant site with demolition debris, which substantially impairs the sound growth of a municipality, retards the provision of housing accommodations or constitutes an economic or social liability and is a menace to the public health, safety, morals or welfare in its present condition and use.

- (b) The Renewal Area includes vacant property that was a site used for disposal of old buildings and outdoor storage of materials used in construction.

**Factual basis:** The renewal area is considered blighted as described in (a) above. Blighted areas are eligible for renewal.

- (c) The Renewal Area is appropriate for a development or renewal project.

**Factual basis:** The renewal area was recently rezoned to allow for a mixed-use development that includes retail space, event space, a hotel and housing.

- (d) The site is vacant and existing housing will not be affected.

**Factual basis:** No housing will be eliminated by this redevelopment. The redevelopment will include new housing units.

- (e) The Plan conforms to the Comprehensive Policy Plan for the City as a whole.

**Factual basis:** The proposed development is consistent with the goals that are embodied in the Go2030 Comprehensive Plan. Specifically, the Fargo Go2030 Comprehensive Plan supports infill and density within areas that are already developed, serviced with utilities and protected by a flood resiliency strategy. The promotion of infill development is the number two ranked priority of Go2030. Additionally, the subject property less than a mile from the downtown core, and this redevelopment is compatible with and supportive of downtown redevelopment. The proposed use of the property is consistent with zoning, and may encourage additional

infill development to the west of the site. The proposed development will use existing infrastructure as the property is served with the water and sewer main lines.

Subsection 1.4. Description of Renewal Area

The Renewal Area is located west of downtown Fargo. More specifically, it is located on the south side of 1st Avenue North, west of 16th Street. The site is approximately seven acres as legally described in Appendix A. A map of the Renewal Area is attached as Appendix B.

A zoning map of the Renewal Area is attached as Appendix C. Adjacent land uses are vacant sites, commercial uses and industrial/warehouse uses. The Renewal Area included the Drekker Brewery, commercial buildings and a residence.

The proposed project will be a 4-story building of 100,000 square feet attached to the west of the Drekker Brewery. The first two floors will be a food market and event/conference space. Floors three and four will be lodging units and apartment units. There will be underground parking in a basement level, surface parking for nearly 200 cars and outdoor patios.

The redevelopment plan is attached as Appendix E.

Subsection 1.5. Land Acquisition, Development, Demolition and Removal of Structures, Redevelopment or Improvements

The Development of the Renewal Area includes the following activities:

Land Acquisition – The estimate is \$970,000.

Demolition and Site Cleaning, Soil Correction and Remediation and Grading – This cost is the estimate of the cost to remove substandard soils and rubble, plus fill and grade the site. The estimate is \$353,000.

Public Works Improvements – This is the cost for needed improvements for infrastructure to serve the site including curb/gutter, sidewalks, utility connections and storm water facilities. The estimate is \$119,000.

Administrative/TIF Fees – Other Tax Increment costs include the administrative costs. There are estimated to be \$72,000 in administrative costs for the City of Fargo.

These costs represent estimated costs for planning purposes, and may be different when this plan is implemented with a development agreement. The development agreement costs will be determined after a review by City financial advisors. The maximum allowed costs will be specified in the development agreement.



Subsection 1.6. Land Use Attributes – TIF District

- (a) *Zoning or Planning Changes.*  
The lots in this TIF District have replatted into two lots. The northwestern lot is 0.6 acres in area and is zoned MR-2 (Multi-Dwelling Residential). The other lot is 2.6 acres in area and is zoned DMU (Downtown Mixed-Use). No zoning and planning changes are required to accommodate this project.
- (b) *Maximum Densities.*  
The property within the TIF District will be developed in accordance with the applicable zoning district requirements. The site is zoned General Commercial with a Planned Unit Development.
- (c) *Building Requirements.*  
All properties within this district are subject to the provisions of the City of Fargo Building Codes and the Land Development Code.
- (d) *Plan relationship to land use objectives (land uses, improved traffic, public transportation, public utilities, recreational/community facilities and other public improvements.)*  
The physical improvements outlined in the plan meet critical needs required for the redevelopment of this property. The project complies with the DMU zoning district and the redevelopment goals of the Go2030 Comprehensive Plan. The development provides for the infill of new mixed use building just west of downtown Fargo.

Subsection 1.7. Estimate of Development Costs

The City anticipates development of the Renewal Area will involve certain public costs. Under North Dakota Century Code, Sections 40-58-20 and 40-58-20.1 allow the use of funds received from tax increments to be applied to certain specified costs. The City will provide for certain costs as listed below in a development agreement. The primary costs involved in the development are, acquisition, demolition, site cleanup and public works improvements.

Property Acquisition	\$970,000
Demolition and Site Cleanup	\$353,000
Public Works Improvements	\$119,000
Administration	\$72,000
TOTAL	\$1,514,000

The City and Developer may also obtain reimbursement of interest between the time project costs are incurred and the date the Tax Increment Revenue Note is issued, such interest being capitalized and added to the foregoing costs.

Subsection 1.8. Estimate of Bonded Indebtedness

The City intends to finance certain costs of the Development through the issuance of a Tax Increment Financing Note to the Developer. In addition, the City may use general obligation bonds, special assessment warrants or refunding improvement bonds pursuant to North Dakota Century Code, Section 40-58-20 (9), and the City may specially assess all or a portion of the costs of development and apply funds received from tax increments to payment of the special assessments and other bonds.

Subsection 1.9. Tax Increment Financing.

The Auditor of the County is requested to compute, certify and remit tax increments resulting from the Development within the Renewal Area.

The original assessed value of the property within the Renewal Area, as last assessed and equalized before the base year of this Plan is outlined on Attachment A.

Each year the County Auditor will compute the amount of tax increment generated within the Renewal Area in accordance with the TIF Act. Any year in which there is an "incremental value" as provided in the TIF Act, an increment will be payable to the City and deposited in the fund created by the County Auditor for that purpose. Any year in which there is "lost value" pursuant to the TIF Act, no increment will be payable to the City.

Subsection 1.10. Estimate of Tax Increment.

It is anticipated that the Development will result in an increase in true and full value of the Renewal Area redevelopment site to \$20 million. The value of the development site within the TIF district is \$5 million. The increase in value will be approximately \$15 million. Under the mill rate in effect as of the date of this Plan, the Renewal Area will generate tax increment each year in the estimated amount of \$208,000.

Subsection 1.11. Duration of the TIF District.

The City anticipates that the TIF District will continue until all development costs are reimbursed through the receipts of tax increment, or after a maximum of 10 years. The first substantial tax increment payment will be received in 2023, with the full value increased value in 2024.

**APPENDIX A**  
**LEGAL DESCRIPTION OF PROPERTY**





## Parcel Information Report

Parcel Number: 01234003793000

### General Information

<b>City/Township:</b>	Fargo City
<b>Taxpayer Name:</b>	MBA INVESTMENTS LLC
<b>Property Address:</b>	1620 1 AVE N
<b>Section:</b>	27
<b>Subdivision:</b>	Reeves
<b>Extra Territorial Area:</b>	
<b>Lot:</b>	1
<b>Legal Description:</b>	1 THRU 13 & 1 THRU 27 & W 25 FT OF VAC 16 ST N & ALL OF 16 1/2 ST N LYING BETWEEN BLKS 26 & 27 & ALLEY WHICH WERE VAC IN 1940, LESS THE FOLL: ALL PTS OF LTS 11, 12 & 13 & ALL PTS OF LTS 12 THRU 17, BLK 26 WHICH LIE S OF A LN WHICH IS PARA & 200 FT N OF THE CENTERLINE OF NP RR MAIN TRACK, ALSO LESS A PARCEL OF LD WITH THE PARCEL234.0-3810.0 & ALSO LESS THAT PT OF A PARCEL OF LD LEGALLY DESC BY PARCEL350.0-4901.0; AND AUD LT 1 OF S 1/2 SEC 1 TWP 139 N R 49 W. **2-15-18 BOUNDARY CORRECTION; COMB/FR 01-2170-00361-000 & 01-2340-03792-000 SPL#2018-007
<b>Lot Area:</b>	0
<b>Frontage Length:</b>	
<b>Depth Factor:</b>	
<b>Recorded Acres:</b>	5.07233

### District Information

<b>School District:</b>	S001 (Fargo Public School District #1)
<b>Water District:</b>	W060 (Southeast Water Resource District)
<b>Fire District:</b>	()



## Parcel Information Report

Parcel Number: 01350004901000

### General Information

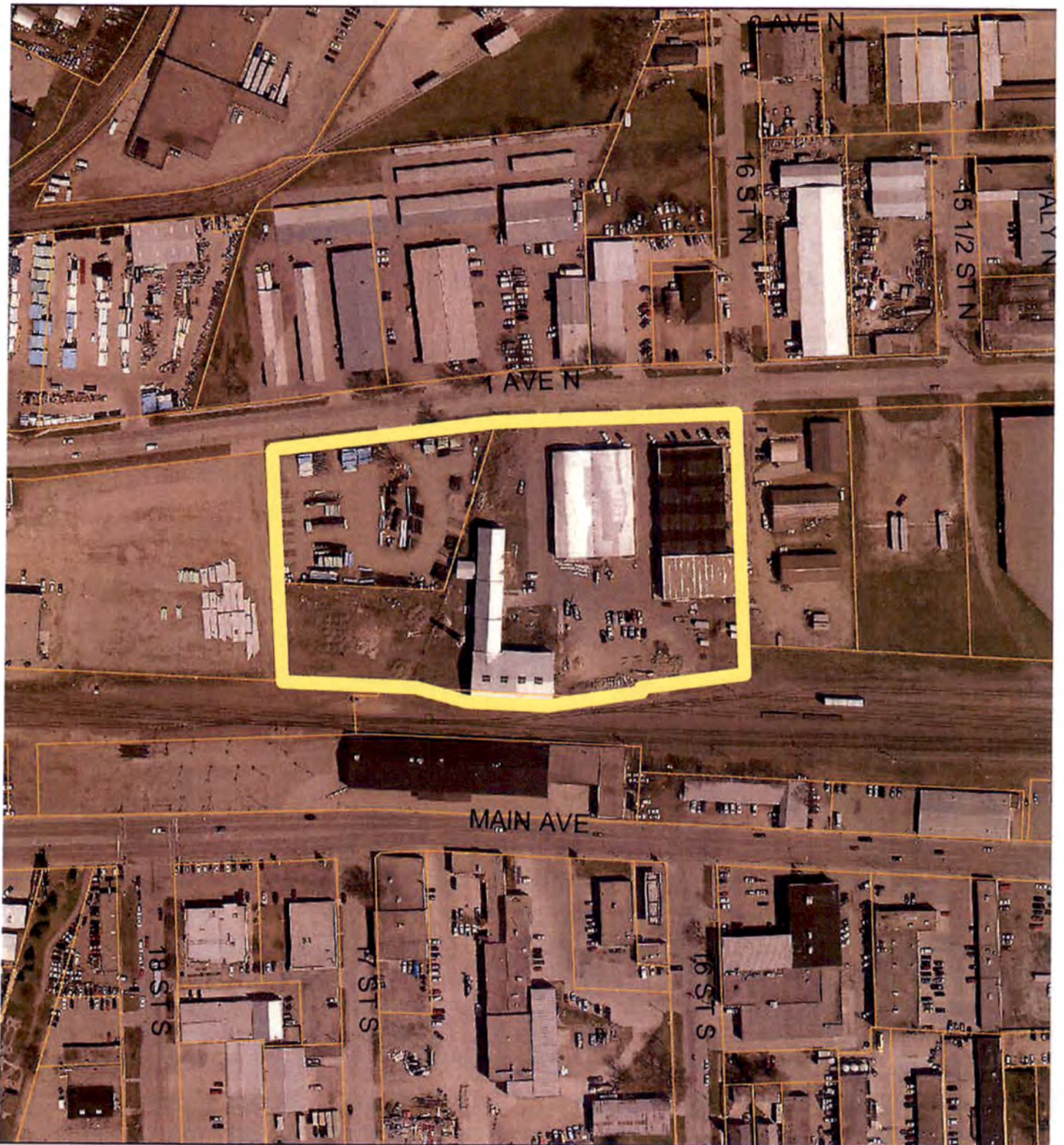
<b>City/Township:</b>	Fargo City
<b>Taxpayer Name:</b>	MBA INVESTMENTS LLC
<b>Property Address:</b>	1702 1 AVE N
<b>Section:</b>	27
<b>Subdivision:</b>	Reeves
<b>Extra Territorial Area:</b>	
<b>Lot:</b>	1
<b>Legal Description:</b>	UNPLATTED COMM AT NW COR OF LT 1, BLK 27 REEVES SD PT ALSO BEING ON SLY R/W LN OF 1 AVE N; THN S 85 DEG 48 MIN 15 SEC W (ASSMD BRG) ALG SLY LN OF SD 1 AVE N & ALG NLY LN OF SD LT 5, FOR A DIST OF 5.39' TO TRUE PT OF BEG; THEN CONT S 85DG48'15"" W ALG SLY LN OF SD 1 AVE N FOR A DIST OF 351 FT, THEN S 00 DEG 00 MIN 00 SEC E PARA WITH WLY R/W LN OF VAC 16 1/2 ST N FOR A DIST OF 204.34' TO NLY R/W LN OF RR, THEN S 84 DEG 30 MIN 51 SEC E, ALG NLY R/W LN OF SD RR, FOR A DIST OF 259 FT; THEN N 19 DEG 54 MIN 12 SEC E FOR A DIST OF 270.97 FT TO TRUE PT OF BEG *07/06/00 SPL/FR 01-1980-00210-000
<b>Lot Area:</b>	0
<b>Frontage Length:</b>	
<b>Depth Factor:</b>	
<b>Recorded Acres:</b>	0

### District Information

<b>School District:</b>	S001 (Fargo Public School District #1)
<b>Water District:</b>	W060 (Southeast Water Resource District)
<b>Fire District:</b>	( )



# TIF District No. 2021-02

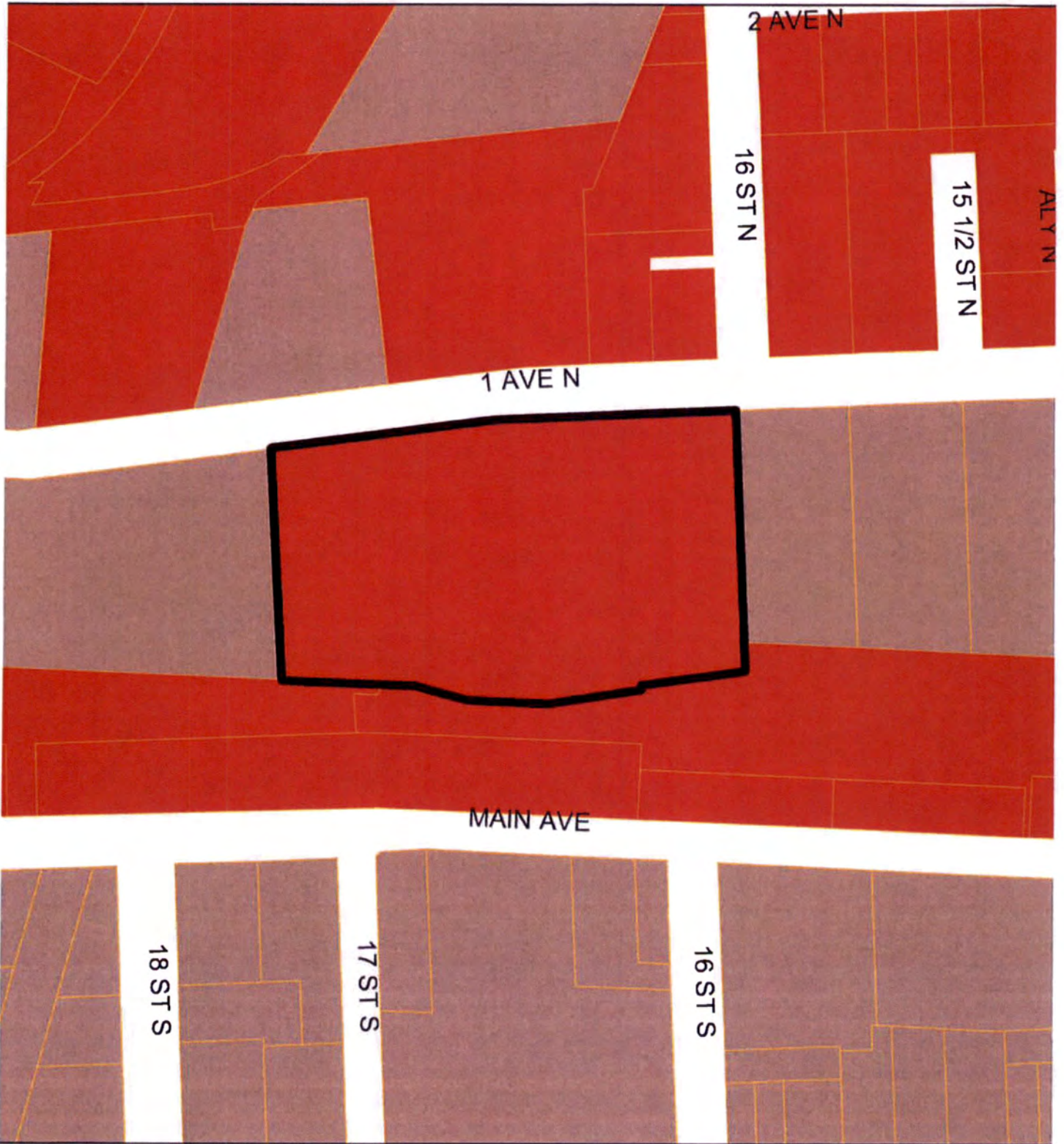




APPENDIX C

ZONING MAP

# TIF District No. 2021-02



### Zoning Districts

AG	LC	MHP	SR-2
DMU	LI	NC	SR-3
GC	MR-1	NO	SR-4
GI	MR-2	P/I	SR-5
GO	MR-3	UMU	

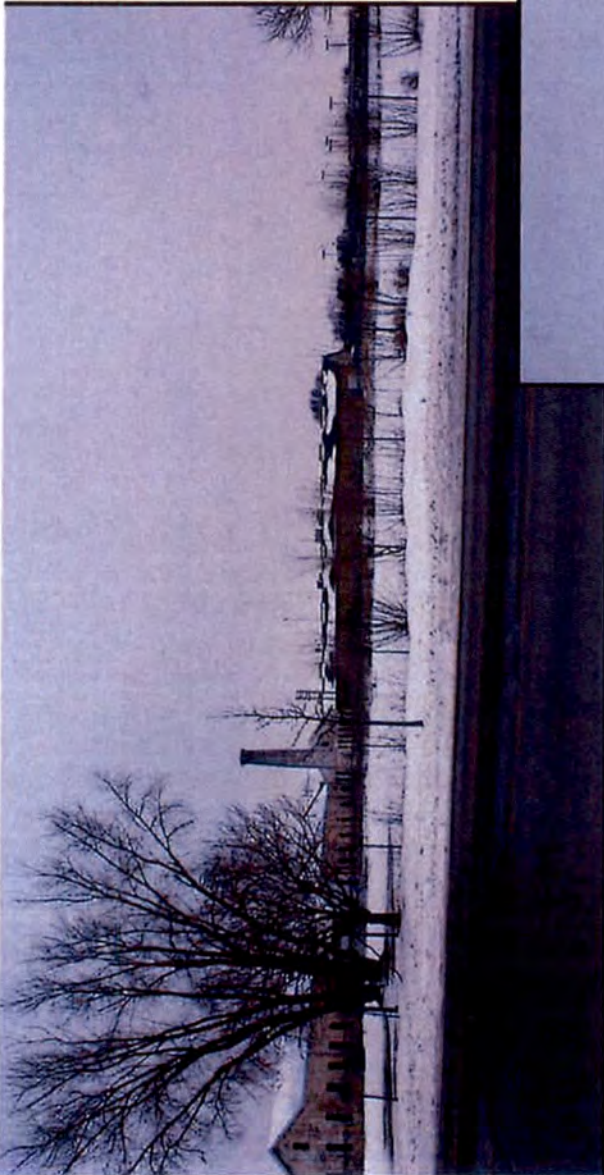
 TIF District

0 100 200 Feet



**APPENDIX D**  
**PHOTOS OF EXISTING CONDITIONS**





## Agenda Item 28b

← Facing southerly from 1<sup>st</sup> Avenue North at the area being rezoned from LI to GC, where the new building will be built.



→ Facing easterly along 1<sup>st</sup> Avenue North along the property frontage showing the Railyard offices and Icehouse buildings on the subject property. The buildings and uses will remain.

**APPENDIX E**  
**PLAN FOR REDEVELOPMENT**

# BREWHALLA MARKET

Fargo, North Dakota

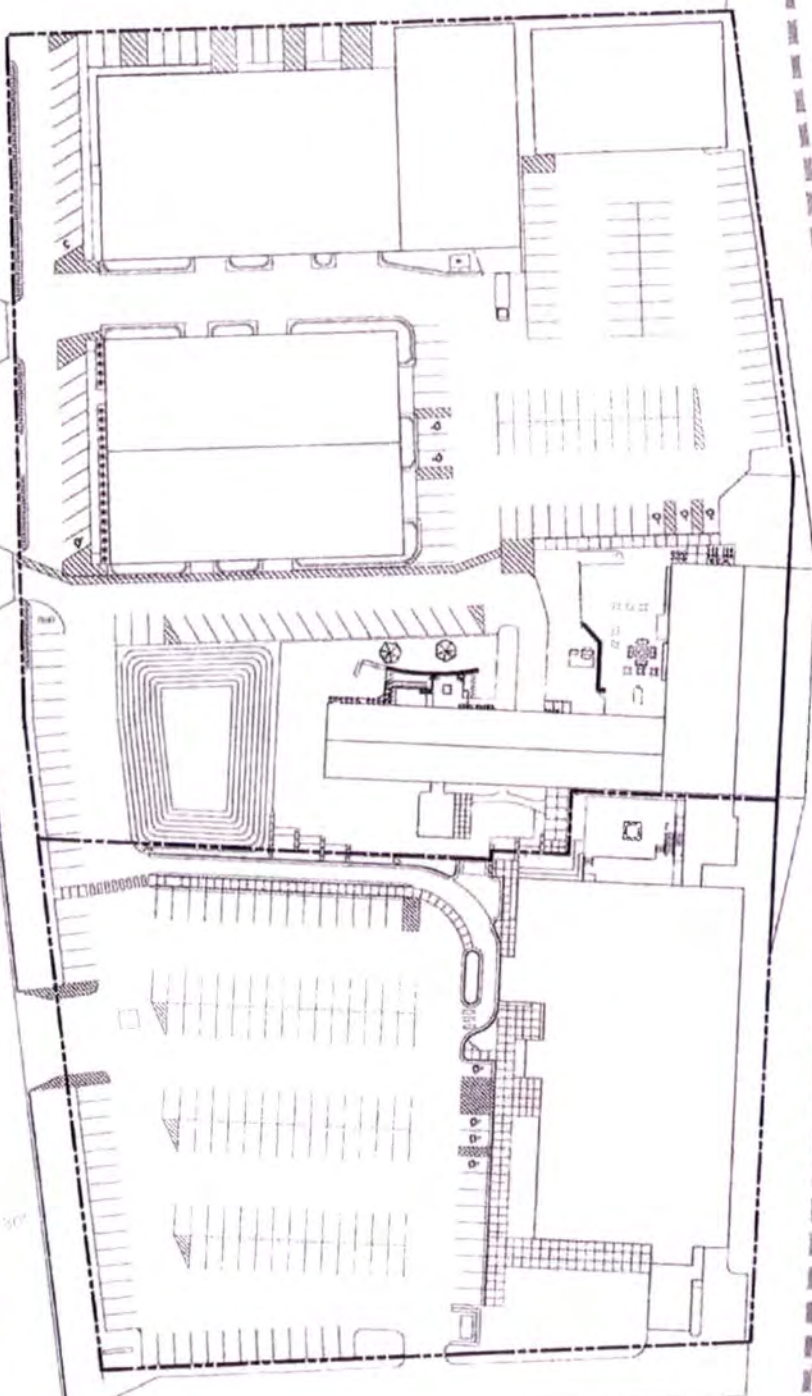


101 SOUTH BROADWAY, SUITE 100  
FARGO, ND 58102  
PUD MASTER PLAN

1ST AVENUE NORTH

216' 0"

30'



PUD MASTER PLAN



NORTH



# BREWHALLA MARKET

Fargo, North Dakota

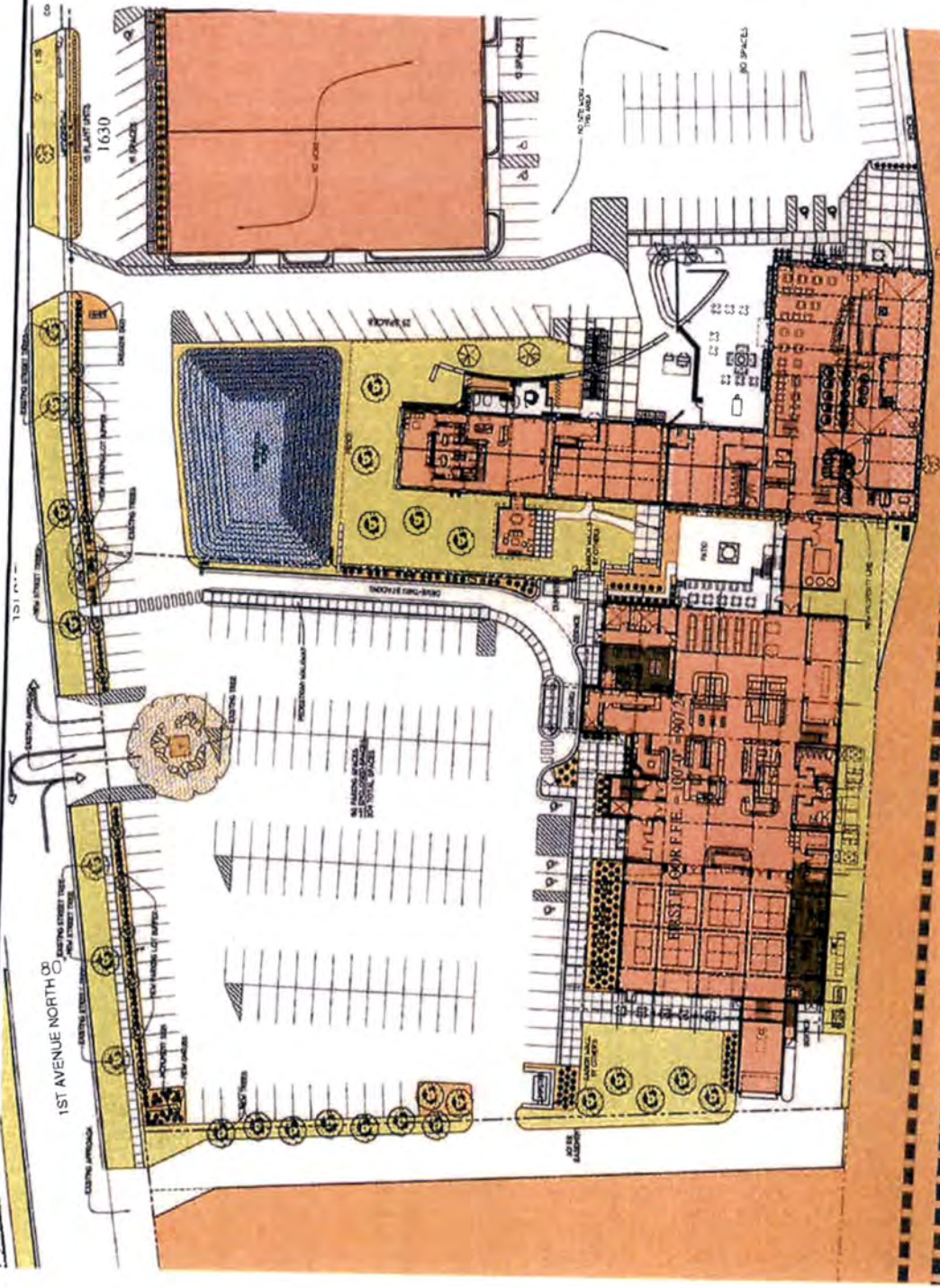
## M|B|A

MUTCHLER BASTRAM ARCHITECTS, P.C.  
222 N. Broadway, Suite 201, Fargo, North Dakota 58102  
701.785.5240 Fax 701.785.4411

LANDSCAPING PLAN

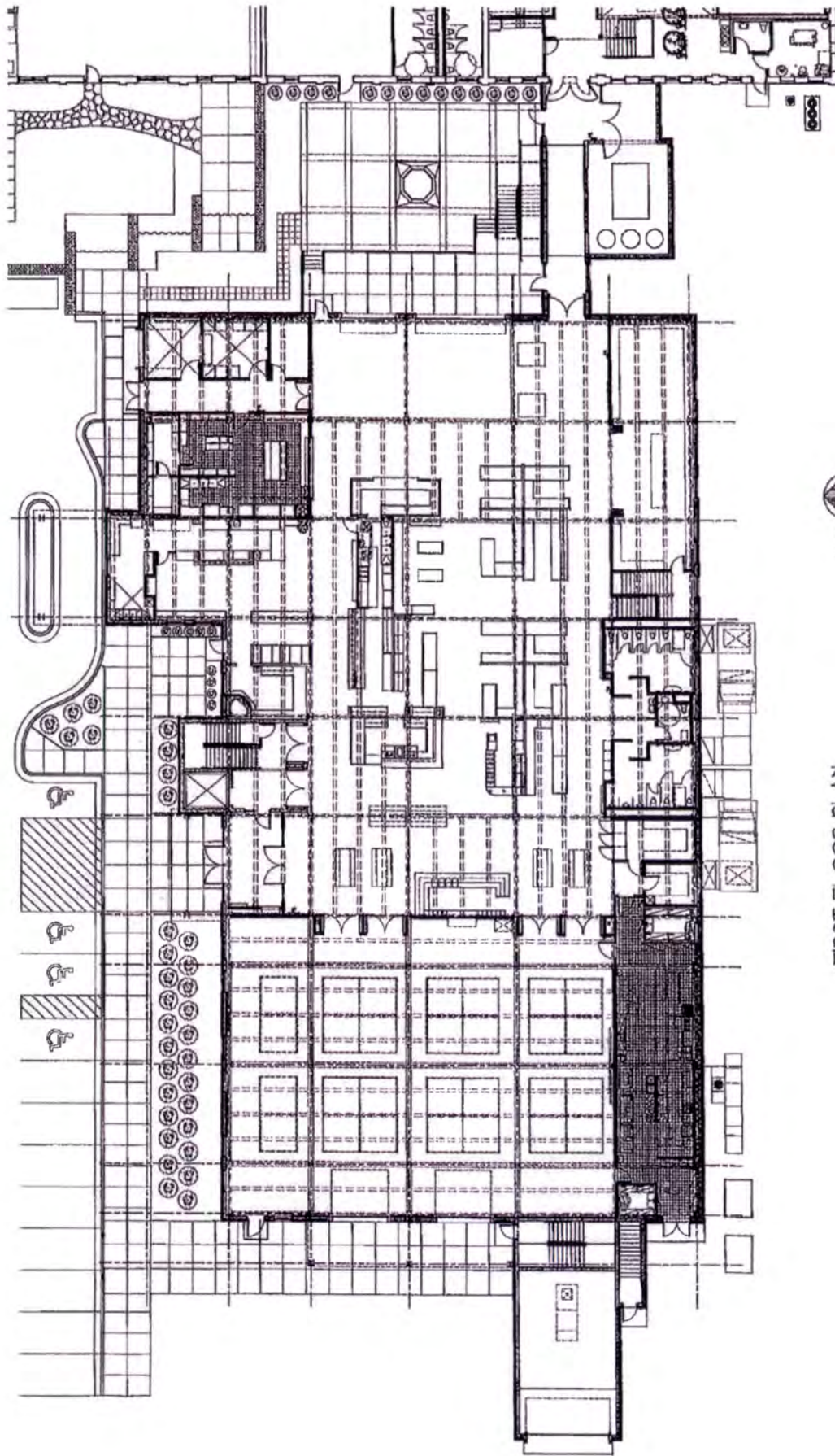
DATE: \_\_\_\_\_

### A1.1



LANDSCAPING PLAN  
SCALE: 1" = 50'-0"





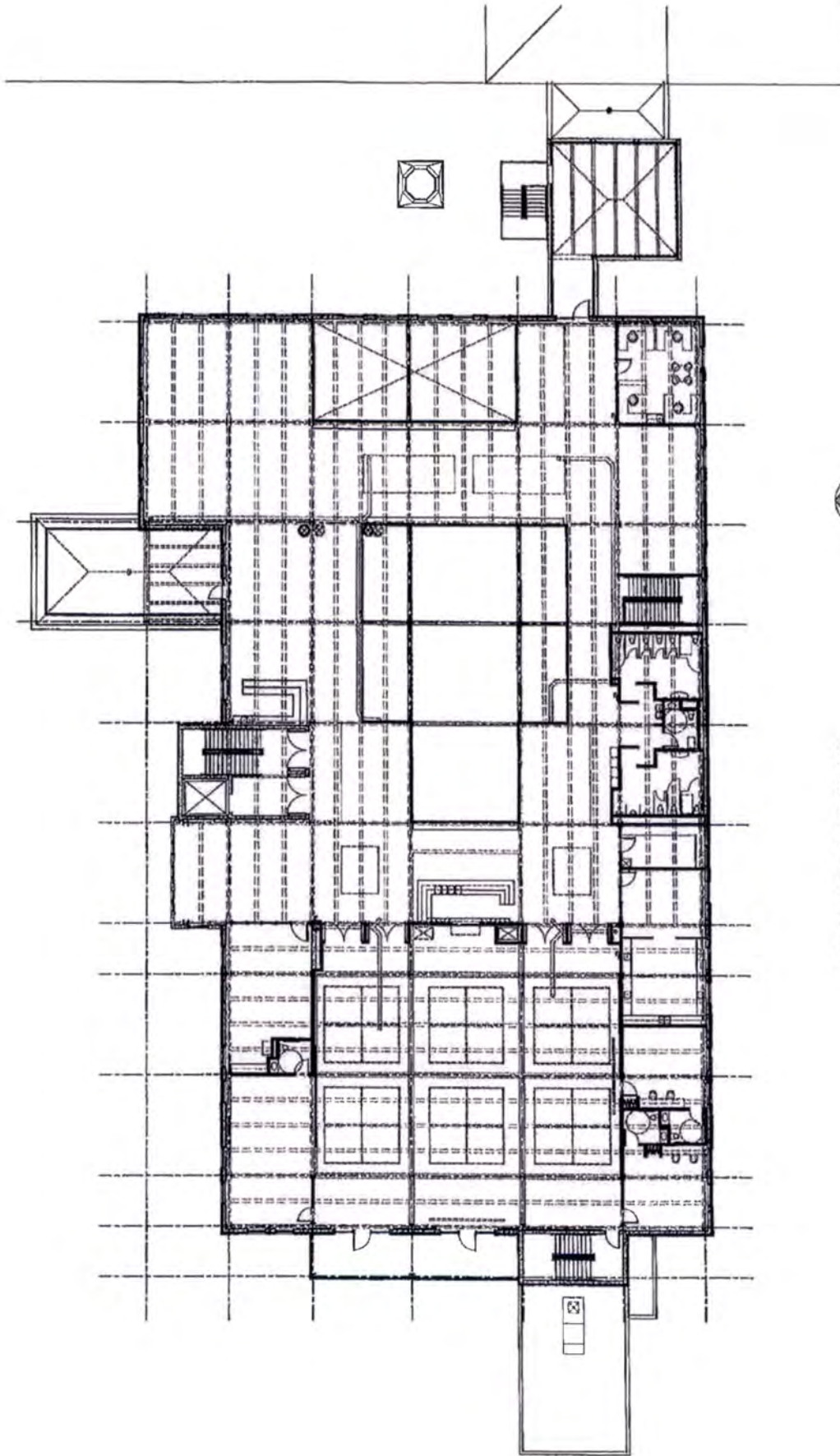
FIRST FLOOR PLAN  
 SCALE: 1" = 50'-0"



M | B | A  
 ARCHITECTS

**BREWHALLA MARKET**

FARGO, NORTH DAKOTA



SECOND FLOOR PLAN  
SCALE: 1/8"=1'-0"

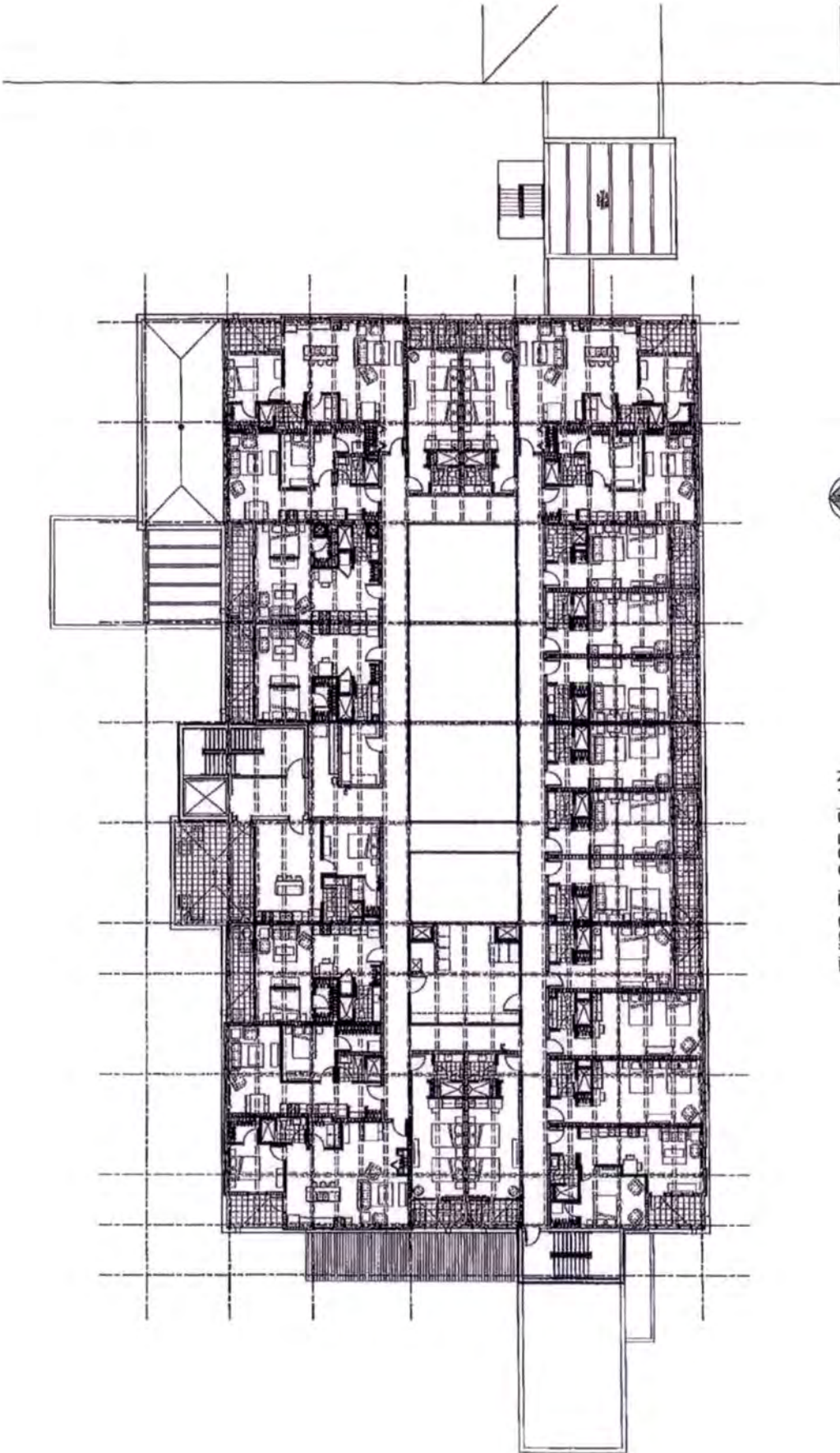


# BREWHALLA MARKET

FARGO, NORTH DAKOTA

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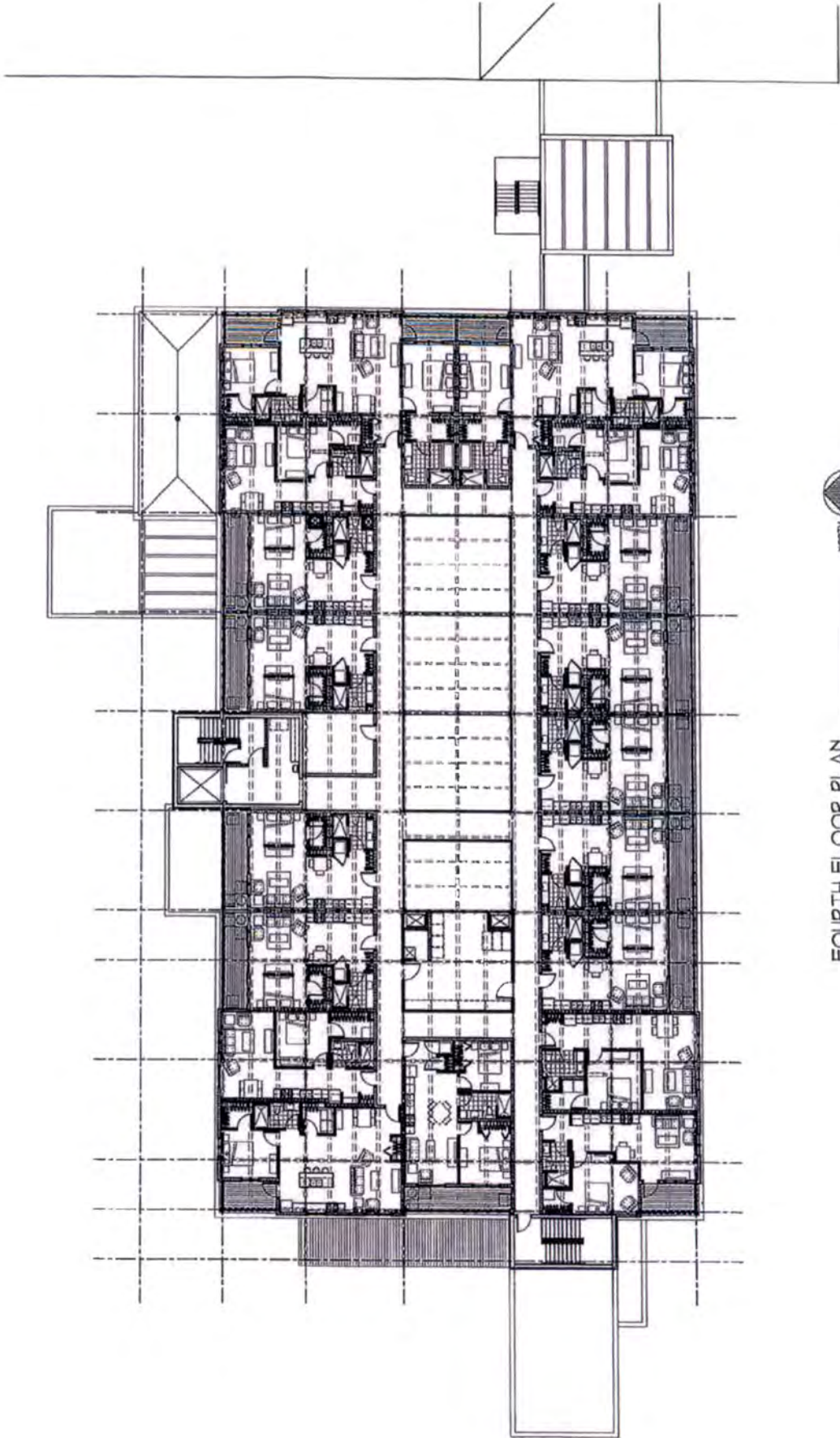


THIRD FLOOR PLAN  
SCALE: 1/8"=1'-0"



**BREWHALLA MARKET**  
FARGO, NORTH DAKOTA

**M | B | A**  
ARCHITECTS



FOURTH FLOOR PLAN  
SCALE: 1/8" = 1'-0"



**BREWHALLA MARKET**  
FARGO, NORTH DAKOTA

**M|B|A**  
ARCHITECTS





Perspective rendering from applicant





Perspective rendering from applicant



Perspective rendering from applicant





City of Fargo, ND



## Drekker TIF

1:2,257

6/7/2021 11:26 AM

This map is not a substitute for accurate field surveys or for locating actual property lines and any adjacent features.

These data are provided on an "AS-IS" basis, without warranty of any type, expressed or implied, including but not limited to any warranty as to their performance, merchantability, or fitness for any particular purpose.