



RECEIVED
CASS COUNTY COMMISSION

JUN 07 2024

Chad Peterson, Chairman
Cass County Commission
211 9th Street South
Fargo, ND 58103

Dear 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 must be notified by letter. Within 30 days of receipt of the letter, the County 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 is a partner in a public private partnership with Kilbourne Group. There will be three sections in a new building being constructed on a surface parking lot on NP Avenue. There is a private apartment building with commercial space, a community theatre and a city parking garage. Each party is financing their portion of the building.

The City previously requested Cass County participate in providing the developer 5 years of Tax Increment Financing (TIF) funds for the apartment/commercial space that is part of this project, with the total incentive including a 5-year Renaissance Zone incentive that proceeds the 5-year TIF incentive. Cass County agreed to participate in that incentive. The definition of a property tax incentive now includes tax increment financing used for public costs. The incentive being considered includes TIF revenue for a parking garage that will be owned by the City of Fargo. The parking garage will serve an adjacent community theatre, new apartments and existing downtown offices and businesses. TIF revenue will pay for portion of the parking garage. The City is using parking revenue to pay for a large portion of the debt for the parking garage.

The TIF district includes the new public private partnership development and adjacent property with the potential to redevelop or increase in value in part because of the new development. For example, there is the potential for new buildings to be built on surface parking lots on the north side of NP Avenue once the parking garage is available. There will also be TIF income from the redevelopment of the Herbst building. The TIF district will be for up to 25 years. However, the City may decide to use a 20-year bond which would allow the TIF district to end after the bonds for the parking garage are paid.

The projects greatest financing need for TIF funds is in the first 13 years. After 13 years, the City will have paid off bonds for the Roberts Commons Garage and a portion of the debt on the Mercantile Garage. The 13-year time period would coincide with the end of the TIF assistance already approved for the developer.

I'm requesting that Cass County either;

1. Agree to participate in the full term of Tax Increment Financing District 2023-02, or
2. Agree to participate in Tax Increment Financing District 2023-02 for Tax Years 2024-2036.

I attached an estimate of the value of the County participation by year. Please respond at your earliest convenience with the determination made by Cass County regarding the participation. Feel free to contact me with any questions or concerns.

Jim Gilmour
Strategic Planning Director

City Parking Garage on NP Avenue

<u>Tax Year</u>	<u>Fiscal Year</u>	<u>Avery</u>	<u>County TIF Share</u>	
2024	2025	N/A	\$ 1,275	Adjacent Values
2025	2026	N/A	\$ 16,751	Construction
2026	2027	N/A	\$ 31,327	Construction
2027	2028	RZ	\$ 1,353	
2028	2029	RZ	\$ 64,230	
2029	2030	RZ	\$ 65,515	
2030	2031	RZ	\$ 66,825	
2031	2032	RZ	\$ 76,194	
2032	2033	TIF	\$ 84,858	
2033	2034	TIF	\$ 86,555	
2034	2035	TIF	\$ 88,286	
2035	2036	TIF	\$ 90,052	
2036	2037	TIF	\$ 91,853	

2037	2038		\$ 132,960	Avery Incentives Expire
2038	2039		\$ 135,619	
2039	2040		\$ 138,332	
2040	2041		\$ 141,098	
2041	2042		\$ 143,920	
2042	2043		\$ 146,799	
2043	2044		\$ 149,735	
2044	2045		\$ 152,729	20 Year Bond would Mature

2045	2046		\$ 155,784
2046	2047		\$ 158,899
2047	2048		\$ 162,077
2048	2049		\$ 165,319

Assumptions

- Redevelopmnt of Herbst Building
- Development of Surface Parking Lots
- 2% Growth in Values
- Total Mill Levy Remains Constant
- County Share of Property Taxes ~15%