

**CITY OF WILLMAR, MINNESOTA
REQUEST FOR COMMITTEE ACTION**

Agenda Item Number: _____

Meeting Date: October 17, 2013

Attachments: Yes No

CITY COUNCIL ACTION

Date: _____

- | | |
|-----------------------------------|---------------------------------|
| <input type="checkbox"/> Approved | <input type="checkbox"/> Denied |
| <input type="checkbox"/> Amended | <input type="checkbox"/> Tabled |
| <input type="checkbox"/> Other | |

Originating Department: Planning and Development Services

Agenda Item: Consideration of an industrial land pricing write-down policy

Recommended Action: That the policy be adopted for use in negotiating future sales of City industrial property.

Background/Summary: As part of the process to make industrial land available for sale and development, staff, in consultation with Economic Development Commission staff, has prepared a policy to write down the pricing of industrial land. The policy includes price credits based on employment and tax base. The policy will credit land purchasers and developers in a manner that will keep our industrial park land sales competitive with those of other similar size communities. It is important to recognize that this type of a land write-down is considered a business subsidy and must adhere to statutory requirements for public hearings and annual reporting.

Alternatives:

1. To approve the policy.
2. To amend the policy.
3. To do nothing.

Financial Considerations: The policy does create a financial obligation for the City in that it may reduce the City's net income on land sales.

Preparer: Bruce D. Peterson, AICP
Director of Planning and Development Services

Signature:

Comments:

Willmar Industrial Land Pricing Write-Down Policy

1. **Purpose**

The purpose of the land write-down policy is to stimulate and assist economic development projects by reducing the sale price of City-owned (industrial) properties, based on an established formula of price credits for job creation and tax base enhancement.

2. **Impacted Properties**

This policy shall apply to the sale of any and all City-owned industrial properties. These properties will most likely be located in one of the phases of the Willmar Industrial Park.

3. **Qualifying Buyers/Projects**

To be eligible for a land write-down, a qualifying business shall be either a permitted or conditional use as listed in the appropriate zoning district of the Willmar Zoning Ordinance. Any approval of a land write-down shall be conditioned on land use approval.

4. **Calculating the Write-Down**

Any land write-down shall use as its basis the asking/listing price for the property as calculated and offered by the City.

- A. Employment credit: A qualifying project shall be credited \$10,000 off the listing price per job created. Job creation goals shall be stated and included in a formal agreement between the buyer and the City.
- B. Tax base credit: A qualifying project shall be credited \$25,000 off the listing price per million dollars of estimated market value created as determined by the office of the City Assessor. Tax base creation goals shall be stated and included in a formal agreement between the buyer and the City.

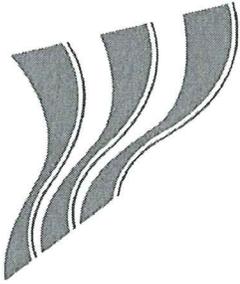
In no instance shall the amount of the land write-down credited to the buyer exceed the stated price of the property being acquired.

5. **Relationship to Minnesota Statutes**

Any land write-down shall be authorized by and in full compliance with applicable Minnesota Statutes, including but not limited to Minn. Stat. Chs. 169 and 116J.

6. **Land Write Down/Business Subsidy Process Costs**

The buyer/write down recipient shall be responsible for payment of all real estate commissions and legal/administrative costs incurred by the City in the transaction.



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Originating Department: Planning and Development Services

Agenda Item: Consideration of accepting the former Rule Tire property as a gift(continued).

Recommended Action: For continued discussion

Background/Summary: The Rule Family continues to show interest in gifting the former Rule Tire property to the City of Willmar. Staff has previously presented estimates for demolition costs, but those costs could be reduced if the two block buildings on the south side of the property were retained. No firm plans have been developed for there- use of the site. It has been suggested that the site could be used for parking or a small downtown park. The Rule family has indicated their willingness to pay the unpaid real estate taxes and penalties.

Alternatives:

1. Accept the property as a gift and demolish some or all of the buildings.
2. Not accept the property as a gift.

Financial Considerations: The primary financial exposure to the City lies in the costs for demolition, which have been estimated at up to \$60,000.

Preparer: Bruce D. Peterson, AICP
Director of Planning and Development Services

Signature:

Comments: