



AGENDA
CLEARWATER CITY COUNCIL SPECIAL MEETING
THURSDAY, MAY 28, 2020

- 1. Call to Order: 7:00 p.m. via Zoom Web Conference**
- 2. Public Hearing - Res 2020-32 - Approving TIF Request – Mississippi Ridge**
- 3. Res 2020-33 – Site Plan Approval – Andra K Salon & Spa**
- 4. Ord 2020-02 – Animal Ordinance Amendments**
- 5. Adjournment**

EXTRACT OF MINUTES OF A MEETING OF THE
CITY COUNCIL OF THE CITY OF
CLEARWATER, MINNESOTA

HELD: May 28, 2020

Pursuant to due call and notice thereof, a special meeting of the City Council of the City of Clearwater, Counties of Wright and Stearns, Minnesota, was duly held on the 28th day of May, 2020 at 7:00 p.m.

The following members of the Council were present:

and the following were absent:

Member _____ introduced the following resolution and moved its adoption.

RESOLUTION 2020-32

RESOLUTION APPROVING ESTABLISHING OF MUNICIPAL DEVELOPMENT DISTRICT NO. 1, APPROVING THE DEVELOPMENT PROGRAM THEREFOR, ESTABLISHING TAX INCREMENT FINANCING (REDEVELOPMENT) DISTRICT NO. 1-1 AND APPROVING THE TAX INCREMENT FINANCING PLAN THEREFOR

WHEREAS:

A. The City of Clearwater, Minnesota (the "City") has proposed to establish Municipal Development District No. 1 (the "Development District") and the Development Program therefor (the "Development Program") and has proposed to establish Tax Increment Financing (Redevelopment) District No. 1-1 (Mississippi Ridge) (the "TIF District") therein and approve and accept the proposed Tax Increment Financing Plan therefor (the "TIF Plan") under the provisions of Minnesota Statutes, Sections 469.134 through 469.133, both inclusive, as amended and Minnesota Statutes, Sections 469.174 through 469.1794, both inclusive, as amended (collectively, the "Act"); and

B. The City has performed all actions required by law to be performed prior to the establishment of the Municipal Development District and the establishment of the TIF District therein and the adoption of the proposed Development Program and TIF Plan relating thereto, including, but not limited to, notification of Wright County and St Cloud

Area School District (ISD No. 742) having taxing jurisdiction over the property to be included in the TIF District; and

D. The City Council of the City (the "Council") has reviewed the contents of the Development Program and the TIF Plan, and on this date conducted a public hearing thereon at which the views of all interested persons were heard.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Clearwater as follows:

1. Municipal Development District No. 1. The establishment of the Municipal Development District No. 1 and the Development Program are approved and adopted.

2. Tax Increment Financing (Redevelopment) District No 1-1. Tax Increment Financing (Redevelopment) District No. 1-1 is hereby established within the Development District. The initial boundaries of the TIF District are fixed and determined as described in the TIF Plan.

3. Tax Increment Financing Plan. The TIF Plan is adopted as the tax increment financing plan for the TIF District.

4. Findings. In taking these actions, the City Council makes the following findings:

(a) The TIF District is a redevelopment district as defined in Minnesota Statutes, Section 469.174, Subd. 10. Parcels consisting of 70 percent of the area of the TIF District are occupied by buildings, streets, utilities, paved or gravel parking lots, or other similar structures and more than 50 percent of the buildings, not including outbuildings, are structurally substandard to a degree requiring substantial renovation or clearance. The basis for these findings is described in Section 3.03.3 of the TIF Plan.

(b) The proposed redevelopment, in the opinion of the City Council, would not occur solely through private investment within the reasonably foreseeable future. The anticipated Developer for the project will not undertake the project as proposed without the City's use of tax increment financing to assist with the costs of redevelopment. The existence of blighting conditions, the additional cost of redevelopment, and local economic conditions contribute to the difficulty of redeveloping this site solely through private financing. Due to the necessity of removing structurally substandard buildings, preparing property for redevelopment, and constructing public improvements, the City Council finds that public financing assistance for the redevelopment activities proposed in the TIF Plan is necessary so that other development

by private enterprise will occur within the Development District and the TIF District. The City Council further finds that the TIF Plan will afford maximum opportunity, consistent with the sound needs of the City as a whole, for the development or redevelopment of the Development District by private enterprise.

(c) 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 redevelopment after subtracting the present value of the projected tax increments for the maximum duration of the TIF District permitted by the TIF Plan. A comparative analysis of estimated market values both with and without establishment of the TIF District and the use of tax increments has been performed as described above. Such analysis is found in Exhibit I of the TIF Plan, and indicates that the increase in estimated market value of the proposed redevelopment (less the indicated subtractions) exceeds the estimated market value of the site absent the establishment of the TIF District and the use of tax increments.

(d) The TIF Plan for the TIF District conforms to the general plan for development or redevelopment of the City as a whole. Section 3.02.2 of the TIF Plan contains information used in making this finding.

5. Public Purpose. The adoption of the Development Program for the Development District and the TIF Plan for the TIF District conforms in all respects to the requirements of the Act and will help fulfill a need to develop an area of the State which is already built up to provide employment opportunities, to improve the tax base and to improve the general economy of the State and thereby serves a public purpose and will afford maximum opportunity, consistent with the sound needs for the City as a whole, for the development or redevelopment of the project area by private enterprise in that the intent is to provide only that public assistance necessary to make the private developments financially feasible.

6. Certification and Filing. The City Administrator is authorized and directed to transmit a certified copy of this resolution together with a certified copy of the TIF Plan for the TIF District to the Auditor of Wright County with a request that the original tax capacity of the property within the TIF District be certified to the City pursuant to Section 469.177, Subd. 1 of the TIF Act, and to file a copy of the Development Program and the TIF Plan with the Minnesota Commissioner of Revenue and State Auditor as required by the TIF Act.

7. Administration. The administration of the Development District and the TIF District is assigned to the City Administrator who shall from time to time be granted

such powers and duties pursuant to the Act as the City Council may deem appropriate.

The motion for the adoption of the foregoing resolution was duly seconded by member _____ and upon vote being taken thereon, the following voted in favor thereof:

and the following voted against the same:

Whereupon said resolution was declared duly passed and adopted this 28th day of May, 2020.

Andrea Lawrence-Wheeler
Mayor

Attest:

Annita M. Smythe
City Administrator/Clerk/Treasurer

STATE OF MINNESOTA
COUNTIES OF WRIGHT AND STEARNS
CITY OF CLEARWATER

I, the undersigned, being the duly qualified and acting City Administrator/Clerk/Treasurer of the City of Clearwater, Minnesota, DO HEREBY CERTIFY that I have compared the attached and foregoing extract of minutes with the original thereof on file in my office, and that the same is a full, true and complete transcript of the minutes of a meeting of the City Council of said City, duly called and held on the date therein indicated, insofar as such minutes relate to tax increment financing in the City.

WITNESS my hand this 28th day of May, 2020.

Annita M. Smythe
City Administrator/Clerk/Treasurer

CITY OF CLEARWATER, MINNESOTA
DEVELOPMENT PROGRAM FOR
MUNICIPAL DEVELOPMENT DISTRICT NO. 1
AND
TAX INCREMENT FINANCING PLAN FOR
TAX INCREMENT FINANCING (REDEVELOPMENT)
DISTRICT NO. 1-1 (MISSISSIPPI RIDGE)

PUBLIC HEARING: MAY 28, 2020

PLAN APPROVED: _____, 2020

REQUEST FOR CERTIFICATION: _____, 2020

DISTRICT CERTIFIED: _____, 2020



Northland Securities, Inc.
150 South Fifth Street, Suite 3300
Minneapolis, MN 55402
(800) 851-2920
Member NASD and SIPC
Registered with SEC and MSRB

TABLE OF CONTENTS

ARTICLE I – INTRODUCTION AND DEFINITIONS	1
Section 1.01 Introduction	1
Section 1.02 Definitions	1
Section 1.03 Plan Preparation	1
ARTICLE II - DEVELOPMENT PROGRAM	2
Section 2.01 Overview	2
Section 2.02 Statement of Objectives	2
Section 2.03 Boundaries of Development District	3
Section 2.04 Development Activities	3
Section 2.05 Payment of Project Costs	3
Section 2.06 Environmental Controls; Land Use Regulations	3
Section 2.07 Park and Open Space to be Created	3
Section 2.08 Proposed Reuse of Property	4
Section 2.09 Administration and Maintenance of Development District	4
Section 2.10 Amendments.....	4
ARTICLE III - TAX INCREMENT FINANCING PLAN	5
Section 3.01 Statutory Authority	5
Section 3.02 Planned Development	5
3.02.1 Project Description.....	5
3.02.2 City Plans and Development Program	5
3.02.3 Land Acquisition	5
3.02.4 Development Activities.....	5
3.02.5 Need for Tax Increment Financing	5
Section 3.03 Tax Increment Financing District.....	6
3.03.1 Designation	6
3.03.2 Boundaries of TIF District.....	6
3.03.3 Type of TIF District.....	6
Section 3.04 Plan for Use of Tax Increment.....	6
3.04.1 Estimated Tax Increment.....	6

3.04.2	Development Activities.....	7
3.04.3	Estimated Sources and Uses of Funds	7
	Figure 3-1 - Estimated Sources and Uses of Funds	8
3.04.4	Administrative Costs.....	8
3.04.5	County Road Costs	8
3.04.6	Bonded Indebtedness	8
3.04.7	Duration of TIF District.....	9
3.04.8	Estimated Impact on Other Taxing Jurisdictions	9
3.04.9	Prior Planned Improvements	9

ARTICLE IV – ADMINISTERING THE TIF DISTRICT 9

Section 4.01	Filing and Certification	9
Section 4.02	Modifications of the Tax Increment Financing Plan.....	9
Section 4.03	Correcting Redevelopment Conditions	10
Section 4.04	4-Year Knockdown Rule.....	10
Section 4.05	Pooling/5-Year Rule.....	10
Section 4.06	Financial Reporting and Disclosure Requirements.....	11
Section 4.07	Business Subsidy Compliance.....	11

EXHIBITS..... 12

Exhibit A	Present Value Analysis	12
Exhibit B	Projected Tax Increment	13
Exhibit C	Impact on Other Taxing Jurisdictions.....	14
Exhibit D	Estimated Tax Increment Over Life of District	15
Exhibit E	Report for Redevelopment Findings	16
Exhibit F	Map of Development District and TIF District	47

ARTICLE I – INTRODUCTION AND DEFINITIONS

SECTION 1.01 INTRODUCTION

The City of Clearwater proposes to provide tax increment financing assistance to facilitate redevelopment of property within Municipal Development District No. 1. The proposed project involves the redevelopment of property into a 52-unit residential apartment building.

This document contains the plan for achieving the objectives of the Development Program for Municipal Development District No. 1 through the establishment and use of Tax Increment Financing District No. 1-1.

SECTION 1.02 DEFINITIONS

For the purposes of this document, the terms below have the meanings given in this section, unless the context in which they are used indicates a different meaning:

1. “City” means the City of Clearwater, Minnesota.
2. “City Council” means the City Council of the City.
3. “County” means Wright County, Minnesota.
4. “Developer” means a party or parties undertaking construction or renovation in the TIF District.
5. “Development District” means Municipal Development District No. 1 in the City, created, established, and modified pursuant to and in accordance with the Development District Act.
6. “Development District Act” means Minnesota Statutes, Sections 469.124 through 469.133, as amended and supplemented from time to time.
7. “Development Program” means the Development Program for the Development District, as modified and supplemented from time to time.
8. “Project” means the redevelopment of property into a 52-unit residential apartment building within the Development District and the TIF District.
9. “Project Area” means the geographic area of the Development District.
10. “Project Costs” means the cost of the development activities that will occur within the Project Area and the TIF District, including land acquisition, site improvements, utilities, other public improvements, and administrative costs.
11. “School District” means Independent School District No. 742.
12. “State” means the State of Minnesota.
13. “TIF Act” means Minnesota Statutes, Sections 469.174 through 469.1794, as amended.
14. “TIF District” means Tax Increment Financing (Redevelopment) District No. 1-1.
15. “TIF Plan” means the tax increment financing plan for the TIF District (this document).

SECTION 1.03 PLAN PREPARATION

This document was prepared for the City by Northland Securities, Inc. and project information was provided by City staff.

ARTICLE II - DEVELOPMENT PROGRAM

SECTION 2.01 OVERVIEW

The Development District and the related Development Program serve as a tool to achieve the objectives described in Section 2.02. The Development District serves as the Project Area for the tax increment financing districts established within its boundaries. The Development Program describes the City's objectives for the development of this area and the use of tax increment financing. TIF District No. 1-1 will be the only tax increment financing district within the Development District as of the date of establishment of TIF District No. 1-1.

SECTION 2.02 STATEMENT OF OBJECTIVES

The establishment of the Development District in the City pursuant to the Development District Act is necessary and in the best interests of the City and its residents and is necessary to give the City the ability to meet certain public purpose objectives that would not be obtainable in the foreseeable future without intervention by the City in the normal development process.

The City intends, to the extent permitted by law, to accomplish the following objectives through the implementation of the Development Program:

1. Provide for the acquisition of land and construction and financing of the private development in the Development District which are necessary for the orderly and beneficial development of the Development District and adjacent areas of the City.
2. Encourage the redevelopment of blighted and under-utilized areas of the City.
3. Facilitate the removal of deteriorated structures and encourage redevelopment in residential and commercial areas providing high levels of property maintenance and private investment.
4. Promote and secure the prompt and unified development of certain property in the Development District, which property is not now in productive use or in its highest and best use, with a minimum adverse impact on the environment, and thereby promote and secure the desirable development of other land in the City.
5. Promote and secure additional employment opportunities within the Development District and the City for residents of the City and the surrounding area, thereby improving living standards and reducing unemployment and the loss of skilled and unskilled labor and other human resources in the City.
6. Secure the increase in values of property subject to taxation by the City, the School District, the County, and other taxing jurisdictions in order to better enable such entities to pay for governmental services and programs that they are required to provide.
7. Promote the concentration of new unified development consisting of desirable residential and commercial and other appropriate development in the Development District so as to maintain areas in a manner compatible with an areas accessibility and prominence in the City.
8. Encourage the expansion and improvement of residential property, local business, economic activity and development, whenever possible.
9. Create a desirable and unique character within the Development District through quality land use alternatives and design quality in new buildings.

SECTION 2.03 BOUNDARIES OF DEVELOPMENT DISTRICT

The boundaries of the Development District is are depicted in Exhibit F. The boundaries of the Development District are coterminous with the boundaries of TIF District 1-1, which include PID 104-041-001010, and adjacent roads and right of way, located in the City of Clearwater.

SECTION 2.04 DEVELOPMENT ACTIVITIES

The City will perform or cause to be performed, to the extent permitted by law, all project activities pursuant to the Development District Act, the TIF Act and other applicable state laws, and in doing so anticipates that the following may, but are not required, to be undertaken by the City:

1. The making of studies, planning, and other formal and informal activities relating to the Development Program.
2. The implementation and administration of the Development Program.
3. The rezoning of land within the Development District.
4. The acquisition of property, or interests in property, by purchase or condemnation, which acquisition is consistent with the objectives of the Development Program,
5. The preparation of property for use and development in accordance with applicable Land Use Regulations and the Development Agreement, including demolition of structures, clearance of sites, placement of fill and grading.
6. The resale of property to private parties.
7. The construction or reconstruction of site improvements to property within a tax increment financing district.
8. The issuance of revenue bonds to finance the Project Costs and the use of tax increments or other funds available to the City to pay or finance the Project Costs.
9. The use of tax increments to pay debt service on revenue bonds or otherwise pay or reimburse with interest the Project Costs of a tax increment financing plan.

SECTION 2.05 PAYMENT OF PROJECT COSTS

The Project Costs and the plan for their payment shall be described in the tax increment financing plans for tax increment financing districts established within the Development District. It is anticipated that the Project Costs will be paid primarily from tax increments. The City reserves the right to utilize other available sources of revenue, which the City may apply to pay a portion of the Project Costs.

SECTION 2.06 ENVIRONMENTAL CONTROLS; LAND USE REGULATIONS

All municipal actions, public improvements and private development shall be carried out in a manner consistent with existing environmental controls and all applicable land use regulations.

SECTION 2.07 PARK AND OPEN SPACE TO BE CREATED

Park and open space within the Development District if created will be created in accordance with the City's Comprehensive Plan and zoning and subdivision ordinances.

SECTION 2.08 PROPOSED REUSE OF PROPERTY

The Development Program reserves the authority for the City to acquire property and reconvey

the same to another entity. All parcels in the Development District are eligible for acquisition. In acquiring land, the City Council will require the execution of a binding development agreement with respect thereto and evidence that tax increments or other funds will be available to repay the Project Costs associated with the proposed acquisition. It is the intent of the City to negotiate the acquisition of property whenever possible. Appropriate restrictions regarding the reuse and redevelopment of property shall be incorporated into any Development Agreement to which the City is a party.

SECTION 2.09 ADMINISTRATION AND MAINTENANCE OF DEVELOPMENT DISTRICT

Maintenance and operation of the Development District will be the responsibility of the City Administrator who shall serve as administrator of the Development District. By July 1 of each year the Administrator will submit to the City Council the maintenance and operation budget for the following year, pursuant to the provisions of Section 469.130 of the Development District Act.

The Administrator will administer the Development District pursuant to the provisions of Section 469.131 of the Development District Act; provided, however, that such powers may only be exercised at the direction of the City Council. No action taken by the Administrator pursuant to the above-mentioned powers shall be effective without authorization by the City Council.

The City does not anticipate incurring any annual maintenance and operations costs for the Development District.

SECTION 2.10 AMENDMENTS

The City reserves the right to alter and amend the Development Program, subject to the provisions of state law regulating such action. The City specifically reserves the right to enlarge or reduce the size and scope of the Development District, the Development Program and the Project Costs of the Development.

ARTICLE III - TAX INCREMENT FINANCING PLAN

SECTION 3.01 STATUTORY AUTHORITY

The TIF District and this TIF Plan are established under the authority of the TIF Act (Minnesota Statutes 2018).

SECTION 3.02 PLANNED DEVELOPMENT

3.02.1 Project Description

The Project involves the redevelopment of property into a 52 unit residential apartment building within the Development District and the TIF District. The structures currently located on the property are considered to be substandard and will be removed to prepare the site for redevelopment to include the construction of housing and other site improvements.

3.02.2 City Plans and Development Program

In addition to achieving the objectives of the Development Program, the proposed development is consistent with and works to achieve the development objectives of the City. The TIF Plan for the TIF District conforms to the general plan for development or redevelopment of the City as a whole.

The reasons and facts supporting this finding are that the City Council has reviewed the Development Program and found that the TIF Plan is consistent with the goals of the comprehensive plan and zoning ordinances and serves to promote the development objectives for the City.

A major objective of the Development Program and TIF Plan is to assist redevelopment and prevent the further deterioration of property located within the Development District and the TIF District. The City believes that the Project is in the best interests of the City, the health, safety, morals and welfare of residents of the City, and in accordance with the public purpose and provisions of the applicable state and local laws and requirements under which the Project will be undertaken and financial assistance provided by the City.

3.02.3 Land Acquisition

The City does not anticipate it will acquire land within the TIF District.

3.02.4 Development Activities

As of the date of approval of the TIF Plan, there are no development activities proposed in this TIF Plan that are subject to contracts.

3.02.5 Need for Tax Increment Financing

The reasons and facts supporting this finding are that this residential area of the City includes property with blighted buildings and under-utilized areas which are a detriment to redevelopment by the private sector. Such conditions render the property within the TIF District unsuitable for redevelopment due to the excessive costs involved with redevelopment. It is only through a coordinated and comprehensive redevelopment effort using tax increment revenues to fund certain of these excessive redevelopment expenses and provide necessary improvements to infrastructure serving this area will private redevelopment occur. In the opinion of the City, the Project would not reasonably be expected to occur solely through private investment within the 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 redevelopment after subtracting the present value of the projected tax increments for the maximum duration of the TIF District permitted by the TIF Plan.

A comparative analysis of estimated market values both with and without establishment of the TIF District and the use of tax increments has been performed as described above and is shown in Exhibit A. This analysis indicates that the increase in estimated market value of the proposed development (less the present value of the projected tax increments for the maximum duration permitted by the TIF Plan) exceeds the estimated market value of the site prior to the establishment of the TIF District.

SECTION 3.03 TAX INCREMENT FINANCING DISTRICT

3.03.1 Designation

The TIF District is designated Tax Increment Financing (Redevelopment) District No. 1-1 (Mississippi Ridge).

3.03.2 Boundaries of TIF District

The boundaries of the TIF District are depicted in the map shown in Exhibit F.

The TIF District includes parcel 104-041-001010 and the adjacent roads and right-of-way.

3.03.3 Type of TIF District

The TIF District is established as a “redevelopment” district pursuant to Section 469.174, Subd. 10 of the TIF Act. The City has determined that the property in the TIF District meets the statutory criteria for a redevelopment district.

As summarized in the table below, 100% of the area of the TIF District is occupied by an improved parcel, and the building within the TIF District is found to be substandard. The substandard building is reasonably distributed. The results of the building inspection and analysis performed by Michael A. Fischer of LHB, Inc. on April 27, 2020 is documented in the written report included in Exhibit E. Number of Parcels 1

Site Area Included (sq.ft. without roads)	198,040
Area of Improved Parcels (sq.ft.)	198,040
Percent of Area Improved.....	100%
Number of Parcels with Buildings	1
Number of Buildings found Substandard.....	1
Percent of Buildings found Substandard.....	100%

SECTION 3.04 PLAN FOR USE OF TAX INCREMENT

3.04.1 Estimated Tax Increment

The original tax capacity of value of the TIF District will be set by the County upon request for certification. The original tax capacity value may change over time based on the use and tax classification of the parcel. For the purposes of this Plan, the estimated original tax capacity is \$1,910, calculated for residential non-homestead (apartment). The estimated original tax capacity is based on the most recent published (assessed as of January 2, 2019 for taxes payable 2020) combined estimated total taxable market value of \$152,900 for the property within the TIF District.

The total tax capacity value of the property after completion of all phases of redevelopment, in year two of the district, is estimated to be \$55,803. This amount is based on a total estimated taxable market value of \$4,464,200 with property classified as residential non-homestead (apartment). The difference between the total tax capacity value and the original tax capacity value is the captured tax capacity value for the creation of tax increment. It is the City’s intent to retain 100% of the captured tax capacity Value for the duration of the TIF District.

The TIF Plan is based on the estimated rate for taxes payable 2020. The total local tax rate for taxes payable in 2020 is 143.45%. The original tax rate for the TIF District will be based on the final total local tax rate for taxes payable in 2021, based on requesting certification of the TIF District after June 30,2020 and before June 30, 2021.

Under these assumptions, the estimated annual tax increment upon completion of all phases of redevelopment will be \$77,310. The actual tax increment will vary according to the certified original tax capacity value and original tax rate, the actual property value produced by the proposed development and the changes in property value and State tax policy over the duration of the TIF district. Exhibit B contains the projected tax increment for the duration of the TIF District.

3.04.2 Development Activities

The City will use tax increment to pay Project Costs and financing costs. The City anticipates the use of tax increment financing to reimburse the Developer for Project Costs related to the redevelopment of the property within the TIF District. Project Costs eligible for reimbursement are site improvements and other qualified costs, this includes activities needed to correct the redevelopment conditions under the TIF Act, including site acquisition public improvements, earthwork, site utilities, paving, site concrete, landscaping, site accessories, fencing, public and private utility services, building demolition, abatement of contaminants, on-site parking and other site development expenses, allowed by the TIF Act.

The City plans to enter into a development agreement that defines the means for verifying Project Costs for reimbursement and the means of disbursing tax increments collected by the City to the Developer.

3.04.3 Estimated Sources and Uses of Funds

The estimated sources of revenue, along with the estimated Project Costs of the TIF District, are itemized below in Figure 3-1. These estimates are based on the best available information in the sources and uses of funds. Such costs are eligible for reimbursement from tax increments from the TIF District.

The City reserves the right to administratively adjust the amount of any of the items listed in Figure 3-1, or to incorporate additional eligible items, so long as the total estimated tax increment project costs is not increased.

**FIGURE 3-1
ESTIMATED SOURCES AND USES OF FUNDS**

**City of Clearwater
Tax Increment Financing District No. 1-1
Projected Tax Increment
Mississippi Ridge**

	Total
Estimated Tax Increment Revenues (from tax increment generated by the district)	
Tax increment revenues distributed from the county	\$1,190,765
Interest and investment earnings	\$10,000
Sales/lease proceeds	\$0
Market value homestead credit	\$0
Total Estimated Tax Increment Revenues	\$1,200,765
Estimated Project/Financing Costs (to be paid or financed with tax increment)	
Project costs	
Land/building acquisition	\$400,000
Site improvements/preparation costs	\$186,669
Utilities	\$126,500
Other public improvements	\$0
Construction of affordable housing	\$0
Small city authorized costs, if not already included above	\$0
Administrative costs	\$79,241
Estimated Tax Increment Project Costs	\$792,410
Estimated financing costs	
Interest expense	\$408,355
Total Estimated Project/Financing Costs to be Paid from Tax Increment	\$1,200,765
Estimated Financing	
Total amount of bonds to be issued	\$1,200,765

3.04.4 Administrative Costs

The City reserves the right to spend up to a maximum of ten percent (10%) of annual tax increment revenues, less fees paid to the State and County on administrative expenses. The City will use these monies to pay for and reimburse the City for costs of managing and administering the TIF district allowed by the TIF Act. Based on current projections and estimated tax increment project costs, the maximum amount to be spent on administrative costs is shown in Figure 3-1 in Section 3.04.3. Anticipated administrative expenses of the TIF District includes annual audit of the fund for TIF District, preparation of annual reporting, legal publication of annual report, and administration of the development agreement. The City plans to reimburse itself for costs associated with the establishment of the TIF District, including the TIF Plan and agreements/contracts.

3.04.5 County Road Costs

The proposed development will not substantially increase the use of county roads and necessitate the need to use tax increments to pay for county road improvements.

3.04.6 Bonded Indebtedness

The total amount of bonds estimated to be issued is shown in Figure 3-1 in Section 3.04.3. Any bond to which payment for tax increment is pledged is a tax increment bond. A tax increment bond issued in connection with any project for which tax increment financing has been undertaken must be one of the types of bonds expressly authorized by section 469.178 of the TIF Act. The types of bonds expressly authorized by section 469.178 are: municipality general

obligation bonds; authority general obligation bonds; authority revenue bonds (including pay-go); and interfund loans or advances. The City reserves the right to use any of these types of bonds pursuant to the TIF Act and the TIF Plan.

3.04.7 Duration of TIF District

The TIF Act provides that a redevelopment tax increment financing district may remain in existence 25 years from the date of receipt of the first tax increment. The City elects that the duration of the TIF District be set at 15 years. The anticipated first year of tax increment is 2022 and the estimated decertification date is December 31, 2036. This is based on construction commencement beginning in year 2020.

3.04.8 Estimated Impact on Other Taxing Jurisdictions

Exhibit C shows the estimated impact on other taxing jurisdictions if the maximum projected retained captured net tax capacity of the TIF District was hypothetically available to the other taxing jurisdictions. The City believes that there will be no adverse impact on other taxing jurisdictions during the life of the TIF District, since the proposed development would not have occurred without the establishment of the TIF District and the provision of public assistance. A positive impact on other taxing jurisdictions will occur when the TIF District is decertified and the development therein becomes part of the general tax base.

The City anticipates minimal impact of the proposed development on city-provided services. There should be minimal, if any, impact on water and sewer usage. The City does not anticipate any significant increase in police and fire protection duties due to the Project.

3.04.9 Prior Planned Improvements

There have been no building permits issued in the last 18 months in conjunction with any of the properties within the TIF District. The City will include this statement with the request for certification to the County Auditor. If building permits had been issued during this time period, then the County Auditor would increase the original net tax capacity of the TIF District by the net tax capacity of each improvement for which a building permit was issued.

ARTICLE IV – ADMINISTERING THE TIF DISTRICT

SECTION 4.01 FILING AND CERTIFICATION

The filing and certification of the TIF Plan consists of the following steps:

1. Upon adoption of the TIF Plan, the City shall submit a copy of the TIF Plan to the Minnesota Department of Revenue and the Office of the State Auditor.
2. The City shall request that the County Auditor certify the original net tax capacity and net tax capacity rate of the TIF District. To assist the County Auditor in this process, the City shall submit copies of the TIF Plan, the resolution establishing the TIF District and adopting the TIF Plan, and a listing of any prior planned improvements.

SECTION 4.02 MODIFICATIONS OF THE TAX INCREMENT FINANCING PLAN

The City reserves the right to modify the TIF District and the TIF Plan. Under current State Law, the following actions can only be approved only after satisfying all the necessary requirements for approval of the original TIF Plan (including notifications and public hearing):

- Reduction or enlargement in the geographic area of the Development District or the TIF District.
- Increase in the amount of bonded indebtedness to be incurred.

- Increase in the amount of capitalized interest.
- Increase in that portion of the captured net tax capacity to be retained by the City.
- Increase in the total estimated Project Costs.
- Designation of additional property to be acquired by the City.

Other modifications can be made by resolution of the City Council. In addition, the original approval process does not apply if (1) the only modification is elimination of parcels from the TIF District and (2) the current net tax capacity of the parcels eliminated equals or exceeds the net tax capacity of those parcels in the TIF District's original net tax capacity, or the City agrees that the TIF District's original net tax capacity will be reduced by no more than the current net tax capacity of the parcels eliminated.

The City must notify the County Auditor of any modification that reduces or enlarges the geographic area of the TIF District. The geographic area of the TIF District may be reduced but not enlarged after five years following the date of certification.

SECTION 4.03 CORRECTING REDEVELOPMENT CONDITIONS

Section 469.176, Subd. 4j of the TIF Act requires that at least 90% of the revenues derived from tax increments from the TIF District be used to finance the cost of correcting conditions that allow designation as a redevelopment district. These costs include, but are not limited to, acquiring properties containing structurally substandard buildings or improvements or hazardous substances, pollution, or contaminants, acquiring adjacent parcels necessary to provide a site of sufficient size to permit development, demolition and rehabilitation of structures, clearing of the land, the removal of hazardous substances or remediation necessary to development of the land, and installation of utilities, roads, sidewalks, and parking facilities for the site. The allocated administrative expenses of the City, including the cost of preparation of the development action response plan, may be included in the qualifying costs.

SECTION 4.04 4-YEAR KNOCKDOWN RULE

The 4-Year Knockdown Rule requires that if after four years from certification of the TIF District no demolition, rehabilitation, renovation or site improvement, including a qualified improvement of an adjacent street, has commenced on a parcel located within the TIF District, then that parcel shall be excluded from the TIF District and the original net tax capacity shall be adjusted accordingly. Qualified improvements of a street are limited to construction or opening of a new street, relocation of a street, or substantial reconstruction or rebuilding of an existing street. The City must submit to the County Auditor, by February 1 of the fifth year, evidence that the required activity has taken place for each parcel in the TIF District.

If a parcel is excluded from the TIF District and the City or owner of the parcel subsequently commences any of the above activities, the City shall certify to the County Auditor that such activity has commenced and the parcel shall once again be included in the TIF District. The County Auditor shall certify the net tax capacity of the parcel, as most recently certified by the Commissioner of Revenue, and add such amount to the original net tax capacity of the TIF District.

SECTION 4.05 POOLING/5-YEAR RULE

An amount equal to at least 75% of the total revenue derived from tax increments paid by properties in the TIF District must be expended on activities in the TIF District or to pay bonds, to the extent that the proceeds of the bonds were used to finance activities in the TIF District

or to pay, or secure payment of, debt service on credit enhanced bonds. Not more than 25% of the total revenue derived from tax increments paid by properties in the TIF District may be expended, through a development fund or otherwise, on activities outside of the TIF District but within the defined geographic area of the Project Area except to pay, or secure payment of, debt service on credit enhanced bonds.

Revenue derived from tax increments paid by properties in the TIF District are considered to have been “spent” within the TIF District if such amounts are:

- actually paid to a third party for activities performed within the TIF District within five years after certification of the district;
- used to pay bonds that were issued and sold to a third party, the proceeds of which are reasonably expected on the date of issuance to be spent within the later of the five-year period or a reasonable temporary period or are deposited in a reasonably required reserve or replacement fund.
- used to make payments or reimbursements to a third party under binding contracts for activities performed within the TIF District, which were entered into within five years after certification of the district; or
- used to reimburse a party for payment of eligible costs (including interest) incurred within five years from certification of the district.

It is anticipated that all revenue derived from tax increments paid by properties in the TIF District will be spent or obligated within the first five years of the TIF District and spent on Project Costs within the boundaries of the TIF District.

SECTION 4.06 FINANCIAL REPORTING AND DISCLOSURE REQUIREMENTS

The City will comply with the annual reporting requirements of State Law pursuant to the guidelines of the Office of the State Auditor. Under current law, the City must prepare and submit a report on the TIF district on or before August 1 of each year. The City must also annually publish in a newspaper of general circulation in the City an annual statement for each tax increment financing district.

The reporting and disclosure requirements outlined in this section begin with the year the district was certified, and shall end in the year in which both the district has been decertified and all tax increments have been spent or returned to the county for redistribution. Failure to meet these requirements, as determined by the State Auditors Office, may result in suspension of distribution of tax increment.

SECTION 4.07 BUSINESS SUBSIDY COMPLIANCE

The City will comply with the business subsidies requirements as specified in Minnesota Statutes, Sections 116J.993 to 116J.995.

Exhibit A
City of Clearwater
Tax Increment Financing District No. 1-1
Present Value Analysis As Required By Statute
Minnesota Statutes 469.175(3)(2)
Mississippi Ridge

1	Estimated Future Market Value w/ Tax Increment Financing	5,080,676 ¹
2	Payable 2020 Market Value	<u>152,900</u>
3	Market Value Increase (1-2)	4,927,776
4	Present Value of Future Tax Increments	<u>792,410</u>
5	Market Value Increase Less PV of Tax Increments	4,135,366
6	Estimated Future Market Value w/o Tax Increment Financing	175,755 ¹
7	Payable 2020 Market Value	<u>152,900</u>
8	Market Value Increase (6-7)	<u>22,855</u>
9	Increase in MV From TIF	<u><u>4,112,512</u></u> ²

¹ Assume 1% annual appreciation over 20 year life of district.

² Statutory compliance achieved if increase in market value from TIF (Line 9) is greater than or equal to zero.

TAX INCREMENT FINANCING (REDEVELOPMENT) DISTRICT NO. 1-1

Exhibit B
City of Clearwater
Tax Increment Financing District No. 1-1 (Redevelopment)
Mississippi Ridge

Projected Tax Increment Cash Flow

TIF District Year	Taxes Payable Year	Taxable Market Value (TMV) ^{1,6}	Tax Capacity	Less Base Tax Capacity ⁴	Captured Tax Capacity ³	Original Tax Rate ²	Captured Tax Increment Financing (TIF)	Less State Fee	Total Available TIF	Present Value of Available TIF ⁵
1	2022	2,210,000	27,625	(1,910)	25,715	143.45%	36,889	(133)	36,756	34,558
2	2023	4,464,200	55,803	(1,910)	53,893	143.45%	77,310	(278)	77,032	103,494
3	2024	4,508,842	56,361	(1,910)	54,451	143.45%	78,110	(281)	77,829	169,787
4	2025	4,553,930	56,924	(1,910)	55,014	143.45%	78,919	(284)	78,635	233,540
5	2026	4,599,470	57,493	(1,910)	55,583	143.45%	79,735	(287)	79,448	294,847
6	2027	4,645,464	58,068	(1,910)	56,158	143.45%	80,560	(290)	80,270	353,805
7	2028	4,691,919	58,649	(1,910)	56,739	143.45%	81,393	(293)	81,100	410,501
8	2029	4,738,838	59,235	(1,910)	57,325	143.45%	82,235	(296)	81,939	465,024
9	2030	4,786,227	59,828	(1,910)	57,918	143.45%	83,084	(299)	82,785	517,456
10	2031	4,834,089	60,426	(1,910)	58,516	143.45%	83,943	(302)	83,641	567,877
11	2032	4,882,430	61,030	(1,910)	59,120	143.45%	84,809	(305)	84,504	616,364
12	2033	4,931,254	61,641	(1,910)	59,731	143.45%	85,685	(308)	85,377	662,991
13	2034	4,980,567	62,257	(1,910)	60,347	143.45%	86,569	(312)	86,257	707,829
14	2035	5,030,372	62,880	(1,910)	60,970	143.45%	87,462	(315)	87,147	750,946
15	2036	5,080,676	63,508	(1,910)	61,598	143.45%	88,364	(318)	88,046	792,410
TOTAL =							1,195,067	(4,302)	1,190,765	792,410

Key Assumptions for Cash Flow:

- 1 Taxable market value (TMV) annual growth assumption = 1.00%
- 2 Original Tax Capacity Rate estimated based on Taxes Payable Year 2020.
- 3 Election for captured tax capacity is 100.00%
- 4 Base Tax Capacity is calculated based on a TMV = \$152,900.
- 5 Present value (PV) is calculated based on semi-annual payment, 5% interest rate, and based on estimated date of 8/1/2021.
- 6 City to retain 10% of Total Available TIF to cover the costs of administration for the TIF District.
- 7 TMV is calculated based on 52 housing units with an as-completed estimated market value of approximately \$4,200,000; the project is estimated to be completed in 2021.

Exhibit C
City of Clearwater
Tax Increment Financing District No. 1-1
Impact on Other Taxing Jurisdictions
(Taxes Payable 2020)
Mississippi Ridge

Annual Tax Increment

Estimated Annual Captured Tax Capacity (Full Development)	\$61,598
Payable 2020 Local Tax Rate	143.452%
Estimated Annual Tax Increment	\$88,364

Percent of Tax Base

	Net Tax Capacity (NTC)	Captured Tax Capacity	Percent of Total NTC
City of Clearwater	1,599,894	61,598	3.85%
Wright County	176,615,617	61,598	0.03%
ISD 742	2,624,209	61,598	2.35%

Dollar Impact of Affected Taxing Jurisdictions

	Net Tax Capacity (NTC)	% of Total	Tax Increment Share	Added Local Tax Rate
City of Clearwater	72.662%	50.652%	44,759	2.798%
Wright County	44.410%	30.958%	27,356	0.015%
ISD 742	26.380%	18.389%	16,250	0.619%
Other	0.000%	0.000%	0	
Totals	143.452%	100.000%	88,365	

NOTE NO. 1: Assuming that ALL of the captured tax capacity would be available to all taxing jurisdictions even if the City does not create the Tax Increment District, the creation of the District will reduce tax capacities and increase the local tax rate as illustrated in the above tables.

NOTE NO. 2: Assuming that NONE of the captured tax capacity would be available to the taxing jurisdiction if the City did not create the Tax Increment District, then the plan has virtually no initial effect on the tax capacities of the taxing jurisdictions. However, once the District is established, allowable costs paid from the increments, and the District is terminated, all taxing jurisdictions will experience an increase in their tax base.

TAX INCREMENT FINANCING (REDEVELOPMENT) DISTRICT NO. 1-1

Exhibit D
City of Clearwater
Tax Increment Financing (Redevelopment) District No. 1-1
Mississippi Ridge
Estimated Tax Increments Over Maximum Life of District

Based on Pay 2020 Tax Rate = 143.452% 72.662% 44.410% 26.380% 0.000%

TIF District	Taxes Payable Year	New Taxable Market Value	New Tax Capacity	Base Tax Capacity	Captured Tax Capacity	Estimated Total Tax Increment	City TIF Related Share	County TIF Related Share	School TIF Related Share	Other TIF Related Share
1	2022	2,210,000	27,625	(1,910)	25,715	36,889	18,685	11,420	6,784	-
2	2023	4,464,200	55,803	(1,910)	53,893	77,310	39,159	23,934	14,217	-
3	2024	4,508,842	56,361	(1,910)	54,451	78,110	39,565	24,181	14,364	-
4	2025	4,553,930	56,924	(1,910)	55,014	78,919	39,974	24,432	14,513	-
5	2026	4,599,470	57,493	(1,910)	55,583	79,735	40,388	24,685	14,663	-
6	2027	4,645,464	58,068	(1,910)	56,158	80,560	40,806	24,940	14,815	-
7	2028	4,691,919	58,649	(1,910)	56,739	81,393	41,228	25,198	14,968	-
8	2029	4,738,838	59,235	(1,910)	57,325	82,235	41,654	25,458	15,122	-
9	2030	4,786,227	59,828	(1,910)	57,918	83,084	42,084	25,721	15,279	-
10	2031	4,834,089	60,426	(1,910)	58,516	83,943	42,519	25,987	15,437	-
11	2032	4,882,430	61,030	(1,910)	59,120	84,809	42,958	26,255	15,596	-
12	2033	4,931,254	61,641	(1,910)	59,731	85,685	43,402	26,526	15,757	-
13	2034	4,980,567	62,257	(1,910)	60,347	86,569	43,849	26,800	15,920	-
14	2035	5,030,372	62,880	(1,910)	60,970	87,462	44,302	27,077	16,084	-
15	2036	5,080,676	63,508	(1,910)	61,598	88,364	44,759	27,356	16,250	-
Total						1,195,067	605,332	369,970	219,769	-

Note: The Estimated Total Tax Increment shown above is before deducting the State Auditor's fee, which is payable at a rate of 0.36% of the Total Tax Increment collected. Exhibit II provides Estimated Total Tax Increment after deducting for the State Auditor's fee.

EXHIBIT E

REPORT FOR REDEVELOPMENT FINDINGS

Report of Inspection Procedures and Results for
Determining Qualifications of a
Tax Increment Financing District as a Redevelopment District

**Clearwater Tax Increment Financing District
(Redevelopment) No. 1-1
Clearwater, Minnesota**



April 27, 2020

Prepared For the
City of Clearwater

Prepared by:



LHB, Inc.
701 Washington Avenue North, Suite 200
Minneapolis, Minnesota 55401

LHB Project No. 200301

TABLE OF CONTENTS

PART 1 – EXECUTIVE SUMMARY	2
Purpose of Evaluation	2
Scope of Work	3
Conclusion	3
PART 2 – MINNESOTA STATUTE 469.174, SUBDIVISION 10 REQUIREMENTS	3
A. Coverage Test.....	4
B. Condition of Buildings Test.....	4
C. Distribution of Substandard Buildings.....	5
PART 3 – PROCEDURES FOLLOWED	6
PART 4 – FINDINGS	6
A. Coverage Test.....	6
B. Condition of Building Test.....	7
1. Building Inspection	7
2. Replacement Cost.....	8
3. Code Deficiencies	8
4. System Condition Deficiencies.....	9
C. Distribution of Substandard Structures	9
PART 5 - TEAM CREDENTIALS	11
APPENDIX A	Property Condition Assessment Summary Sheet
APPENDIX B	Building Code, Condition Deficiency and Context Analysis Reports
APPENDIX C	Building Replacement Cost Reports Code Deficiency Cost Reports Photographs

PART 1 – EXECUTIVE SUMMARY

PURPOSE OF EVALUATION

LHB was hired by the City of Clearwater to inspect and evaluate the properties within a Tax Increment Financing Redevelopment District (“TIF District”) proposed to be established by the City. The proposed TIF District is located at the northeast corner of Main Street and Eagle Drive (Diagram 1). The purpose of LHB’s work is to determine whether the proposed TIF District meets the statutory requirements for coverage, and whether one (1) building on one (1) parcel, located within the proposed TIF District, meet the qualifications required for a Redevelopment District.



Diagram 1 – Proposed TIF District

SCOPE OF WORK

The proposed TIF District consists of one (1) parcel with one (1) building. One (1) building was inspected on April 9, 2020. A Building Code and Condition Deficiency report for the building that was inspected is located in Appendix B.

CONCLUSION

After inspecting and evaluating the properties within the proposed TIF District and applying current statutory criteria for a Redevelopment District under *Minnesota Statutes, Section 469.174, Subdivision 10*, it is our professional opinion that the proposed TIF District qualifies as a Redevelopment District because:

- The proposed TIF District has a coverage calculation of 100 percent which is above the 70 percent requirement.
- 100 percent of the buildings are structurally substandard which is above the 50 percent requirement.
- The substandard buildings are reasonably distributed.

The remainder of this report describes our process and findings in detail.

PART 2 – MINNESOTA STATUTE 469.174, SUBDIVISION 10 REQUIREMENTS

The properties were inspected in accordance with the following requirements under *Minnesota Statutes, Section 469.174, Subdivision 10(c)*, which states:

INTERIOR INSPECTION

“The municipality may not make such determination [that the building is structurally substandard] without an interior inspection of the property...”

EXTERIOR INSPECTION AND OTHER MEANS

“An interior inspection of the property is not required, if the municipality finds that

- (1) the municipality or authority is unable to gain access to the property after using its best efforts to obtain permission from the party that owns or controls the property; and
- (2) the evidence otherwise supports a reasonable conclusion that the building is structurally substandard.”

DOCUMENTATION

“Written documentation of the findings and reasons why an interior inspection was not conducted must be made and retained under section 469.175, subdivision 3(1).”

QUALIFICATION REQUIREMENTS

Minnesota Statutes, Section 469.174, Subdivision 10 (a) (1) requires three tests for occupied parcels:

A. COVERAGE TEST

...“parcels consisting of 70 percent of the area of the district are occupied by buildings, streets, utilities, or paved or gravel parking lots...”

The coverage required by the parcel to be considered occupied is defined under *Minnesota Statutes, Section 469.174, Subdivision 10(e)*, which states: “For purposes of this subdivision, a parcel is not occupied by buildings, streets, utilities, paved or gravel parking lots, or other similar structures unless 15 percent of the area of the parcel contains buildings, streets, utilities, paved or gravel parking lots, or other similar structures.”

B. CONDITION OF BUILDINGS TEST

Minnesota Statutes, Section 469.174, Subdivision 10(a) states, “...and more than 50 percent of the buildings, not including outbuildings, are structurally substandard to a degree requiring substantial renovation or clearance;”

1. Structurally substandard is defined under *Minnesota Statutes, Section 469.174, Subdivision 10(b)*, which states: “For purposes of this subdivision, ‘structurally substandard’ shall mean containing defects in structural elements or a combination of deficiencies in essential utilities and facilities, light and ventilation, fire protection including adequate egress, layout and condition of interior partitions, or similar factors, which defects or deficiencies are of sufficient total significance to justify substantial renovation or clearance.”

a. We do not count energy code deficiencies toward the thresholds required by *Minnesota Statutes, Section 469.174, Subdivision 10(b)* defined as “structurally substandard”, due to concerns expressed by the State of Minnesota Court of Appeals in the *Walser Auto Sales, Inc. vs. City of Richfield* case filed November 13, 2001.

2. Buildings are not eligible to be considered structurally substandard unless they meet certain additional criteria, as set forth in Subdivision 10(c) which states:

“A building is not structurally substandard if it is in compliance with the building code applicable to new buildings or could be modified to satisfy the building code at a cost of less than 15 percent of the cost of constructing a new structure of the same square footage and type on the site. The municipality may find that a building is not disqualified as structurally substandard under the preceding sentence on the basis of reasonably available evidence, such as the size, type, and age of the building, the average cost of plumbing, electrical, or structural repairs, or other similar reliable evidence.”

“Items of evidence that support such a conclusion [that the building is not disqualified] include recent fire or police inspections, on-site property tax appraisals or housing inspections, exterior evidence of deterioration, or other similar reliable evidence.”

LHB counts energy code deficiencies toward the 15 percent code threshold required by *Minnesota Statutes, Section 469.174, Subdivision 10(c)* for the following reasons:

- The Minnesota energy code is one of ten building code areas highlighted by the Minnesota Department of Labor and Industry website where minimum construction standards are required by law.

- Chapter 13 of the 2015 *Minnesota Building Code* states, “Buildings shall be designed and constructed in accordance with the *International Energy Conservation Code*.” Furthermore, Minnesota Rules, Chapter 1305.0021 Subpart 9 states, “References to the *International Energy Conservation Code* in this code mean the *Minnesota Energy Code*...”
- The Senior Building Code Representative for the Construction Codes and Licensing Division of the Minnesota Department of Labor and Industry confirmed that the Minnesota Energy Code is being enforced throughout the State of Minnesota.
- In a January 2002 report to the Minnesota Legislature, the Management Analysis Division of the Minnesota Department of Administration confirmed that the construction cost of new buildings complying with the Minnesota Energy Code is higher than buildings built prior to the enactment of the code.
- Proper TIF analysis requires a comparison between the replacement value of a new building built under current code standards with the repairs that would be necessary to bring the existing building up to current code standards. In order for an equal comparison to be made, all applicable code chapters should be applied to both scenarios. Since current construction estimating software automatically applies the construction cost of complying with the Minnesota Energy Code, energy code deficiencies should also be identified in the existing structures.

C. DISTRIBUTION OF SUBSTANDARD BUILDINGS

Minnesota Statutes, Section 469.174, Subdivision 10, defines a Redevelopment District and requires one or more of the following conditions, “reasonably distributed throughout the district.”

- (1) “Parcels consisting of 70 percent of the area of the district are occupied by buildings, streets, utilities, paved or gravel parking lots, or other similar structures and more than 50 percent of the buildings, not including outbuildings, are structurally substandard to a degree requiring substantial renovation or clearance;
- (2) the property consists of vacant, unused, underused, inappropriately used, or infrequently used rail yards, rail storage facilities, or excessive or vacated railroad rights-of-way;
- (3) tank facilities, or property whose immediately previous use was for tank facilities...”

Our interpretation of the distribution requirement is that the substandard buildings must be reasonably distributed throughout the district as compared to the location of all buildings in the district. For example, if all of the buildings in a district are located on one half of the area of the district, with the other half occupied by parking lots (meeting the required 70 percent coverage for the district), we would evaluate the distribution of the substandard buildings compared with only the half of the district where the buildings are located. If all of the buildings in a district are located evenly throughout the entire area of the district, the substandard buildings must be reasonably distributed throughout the entire area of the district. We believe this is consistent with the opinion expressed by the State of Minnesota Court of Appeals in the *Walser Auto Sales, Inc. vs. City of Richfield* case filed November 13, 2001.

PART 3 – PROCEDURES FOLLOWED

LHB inspected one (1) building during the day of April 9, 2020.

For the purposes of our work, we are defining buildings as those structures inhabited by human beings (Diagram 2). These structures would typically include water, sewer and electricity.

Barns and small storage facilities are considered “outbuildings” which are not typically considered in TIF analysis because they have very few code requirements and are not intended for human occupation.

PART 4 – FINDINGS

A. COVERAGE TEST

1. The total square foot area of the parcel in the proposed TIF District was obtained from City records, GIS mapping and site verification.
2. The total square foot area of buildings and site improvements on the parcels in the proposed TIF District was obtained from City records, GIS mapping and site verification.
3. The percentage of coverage for each parcel in the proposed TIF District was computed to determine if the 15 percent minimum requirement was met. The total square footage of parcels meeting the 15 percent requirement was divided into the total square footage of the entire district to determine if the 70 percent requirement was met.

FINDING:

The proposed TIF District met the coverage test under *Minnesota Statutes, Section 469.174, Subdivision 10(e)*, which resulted in parcels consisting of 100 percent of the area of the proposed TIF District being occupied by buildings, streets, utilities, paved or gravel parking lots, or other similar structures (Diagram 2). This exceeds the 70 percent area coverage requirement for the proposed TIF District under *Minnesota Statutes, Section 469.174, Subdivision (a) (1)*.



Diagram 2 – Coverage Diagram

Shaded area depicts a parcel more than 15 percent occupied by buildings, streets, utilities, paved or gravel parking lots or other similar structures

B. CONDITION OF BUILDING TEST

1. BUILDING INSPECTION

The first step in the evaluation process is the building inspection. After an initial walk-thru, the inspector makes a judgment whether or not a building “appears” to have enough defects or deficiencies of sufficient total significance to justify substantial renovation or clearance. If it does, the inspector documents with notes and photographs code and non-code deficiencies in the building.

2. REPLACEMENT COST

The second step in evaluating a building to determine if it is substandard to a degree requiring substantial renovation or clearance is to determine its replacement cost. This is the cost of constructing a new structure of the same square footage and type on site. Replacement costs were researched using R.S. Means Cost Works square foot models for 2020.

A replacement cost was calculated by first establishing building use (office, retail, residential, etc.), building construction type (wood, concrete, masonry, etc.), and building size to obtain the appropriate median replacement cost, which factors in the costs of construction in Clearwater, Minnesota.

Replacement cost includes labor, materials, and the contractor's overhead and profit. Replacement costs do not include architectural fees, legal fees or other "soft" costs not directly related to construction activities. Replacement cost for each building is tabulated in Appendix A.

3. CODE DEFICIENCIES

The next step in evaluating a building is to determine what code deficiencies exist with respect to such building. Code deficiencies are those conditions for a building which are not in compliance with current building codes applicable to new buildings in the State of Minnesota.

Minnesota Statutes, Section 469.174, Subdivision 10(c), specifically provides that a building cannot be considered structurally substandard if its code deficiencies are not at least 15 percent of the replacement cost of the building. As a result, it was necessary to determine the extent of code deficiencies for each building in the proposed TIF District.

The evaluation was made by reviewing all available information with respect to such buildings contained in City Building Inspection records and making interior and exterior inspections of the buildings. LHB utilizes the current Minnesota State Building Code as the official code for our evaluations. The Minnesota State Building Code is actually a series of provisional codes written specifically for Minnesota only requirements, adoption of several international codes, and amendments to the adopted international codes.

After identifying the code deficiencies in each building, we used R.S. Means Cost Works 2020; Unit and Assembly Costs to determine the cost of correcting the identified deficiencies. We were then able to compare the correction costs with the replacement cost of each building to determine if the costs for correcting code deficiencies meet the required 15 percent threshold.

FINDING:

One (1) out of one (1) building (100 percent) in the proposed TIF District contained code deficiencies exceeding the 15 percent threshold required by *Minnesota Statutes, Section 469.174, Subdivision 10(c)*. Building Code, Condition Deficiency and Context Analysis reports for the buildings in the proposed TIF District can be found in Appendix B of this report.

4. SYSTEM CONDITION DEFICIENCIES

If a building meets the minimum code deficiency threshold under *Minnesota Statutes, Section 469.174, Subdivision 10(c)*, then in order for such building to be “structurally substandard” under *Minnesota Statutes, Section 469.174, Subdivision 10(b)*, the building’s defects or deficiencies should be of sufficient total significance to justify “substantial renovation or clearance.” Based on this definition, LHB re-evaluated each of the buildings that met the code deficiency threshold under *Minnesota Statutes, Section 469.174, Subdivision 10(c)*, to determine if the total deficiencies warranted “substantial renovation or clearance” based on the criteria we outlined above.

System condition deficiencies are a measurement of defects or substantial deterioration in site elements, structure, exterior envelope, mechanical and electrical components, fire protection and emergency systems, interior partitions, ceilings, floors and doors.

The evaluation of system condition deficiencies was made by reviewing all available information contained in City records, and making interior and exterior inspections of the buildings. LHB only identified system condition deficiencies that were visible upon our inspection of the building or contained in City records. We did not consider the amount of “service life” used up for a particular component unless it was an obvious part of that component’s deficiencies.

After identifying the system condition deficiencies in each building, we used our professional judgment to determine if the list of defects or deficiencies is of sufficient total significance to justify “substantial renovation or clearance.”

FINDING:

In our professional opinion, one (1) out of one (1) building (100 percent) in the proposed TIF District are structurally substandard to a degree requiring substantial renovation or clearance, because of defects in structural elements or a combination of deficiencies in essential utilities and facilities, light and ventilation, fire protection including adequate egress, layout and condition of interior partitions, or similar factors which defects or deficiencies are of sufficient total significance to justify substantial renovation or clearance. This exceeds the 50 percent requirement of Subdivision 10a(1).

C. DISTRIBUTION OF SUBSTANDARD STRUCTURES

Much of this report has focused on the condition of individual buildings as they relate to requirements identified by *Minnesota Statutes, Section 469.174, Subdivision 10*. It is also important to look at the distribution of substandard buildings throughout the geographic area of the proposed TIF District (Diagram 3).

FINDING:

The parcels with substandard buildings are reasonably distributed compared to all parcels that contain buildings.



Diagram 3 – Substandard Buildings
Shaded green area depicts parcels with buildings.
Shaded orange area depicts substandard buildings.

PART 5 - TEAM CREDENTIALS

Michael A. Fischer, AIA, LEED AP - Project Principal/TIF Analyst

Michael has 32 years of experience as project principal, project manager, project designer and project architect on planning, urban design, educational, commercial and governmental projects. He has become an expert on Tax Increment Finance District analysis assisting over 100 cities with strategic planning for TIF Districts. He is an Architectural Principal at LHB and currently leads the Minneapolis office.

Michael completed a two-year Bush Fellowship, studying at MIT and Harvard in 1999, earning Masters degrees in City Planning and Real Estate Development from MIT. He has served on more than 50 committees, boards and community task forces, including a term as a City Council President and as Chair of a Metropolitan Planning Organization. Most recently, he served as Chair of the Edina, Minnesota planning commission and is currently a member of the Edina city council. Michael has also managed and designed several award-winning architectural projects, and was one of four architects in the Country to receive the AIA Young Architects Citation in 1997.

Philip Waugh – Project Manager/TIF Analyst

Philip is a project manager with 13 years of experience in historic preservation, building investigations, material research, and construction methods. He previously worked as a historic preservationist and also served as the preservation specialist at the St. Paul Heritage Preservation Commission. Currently, Phil sits on the Board of Directors for the Preservation Alliance of Minnesota. His current responsibilities include project management of historic preservation projects, performing building condition surveys and analysis, TIF analysis, writing preservation specifications, historic design reviews, writing Historic Preservation Tax Credit applications, preservation planning, and grant writing.

Phil Fisher – Inspector

For 35 years, Phil Fisher worked in the field of Building Operations in Minnesota including White Bear Lake Area Schools. At the University of Minnesota he earned his Bachelor of Science in Industrial Technology. He is a Certified Playground Safety Inspector, Certified Plant Engineer, and is trained in Minnesota Enterprise Real Properties (MERP) Facility Condition Assessment (FCA). His FCA training was recently applied to the Minnesota Department of Natural Resources Facilities Condition Assessment project involving over 2,000 buildings.

M:\20Proj\200301\300 Design\Reports\Final Report\200301 Clearwater TIF District No. 1-1 Final Report.docx

APPENDICES

APPENDIX A	Property Condition Assessment Summary Sheet
APPENDIX B	Building Code and Condition Deficiencies Reports
APPENDIX C	Building Replacement Cost Reports Code Deficiency Cost Reports Photographs

APPENDIX A

Property Condition Assessment Summary Sheet

Clearwater Tax Increment Financing District (Redevelopment) No. 1-1
Property Condition Assessment Summary Sheet

TIF Map No.	PID #	Property Address	Improved or Vacant	Survey Method Used	Site Area (S.F.)	Coverage Area of Improvements (S.F.)	Coverage Percent of Improvements	Coverage Quantity (S.F.)	No. of Buildings	Building Replacement Cost	15% of Replacement Cost	Building Code Deficiencies	No. of Buildings Exceeding 15% Criteria	No. of buildings determined substandard
A	104019000010	N/A	Improved	Interior/Exterior	198,040	88,988	44.9%	198,040	1	\$375,831	\$56,375	\$82,937	1	1
TOTALS					198,040			198,040	1				1	1
					Total Coverage Percent:		100.0%			Percent of buildings exceeding 15 percent code deficiency threshold:		100.0%		
									Percent of buildings determined substandard:		100.0%			

M:\2019\01\200301\300 Design\Reports\Final Report\200301 Clearwater Redevelopment Dist 1-1 TIF Summary Spreadsheets\Property Info

APPENDIX B

Building Code, Condition Deficiency and Context Analysis Reports

Clearwater Tax Increment Financing District (Redevelopment) No. 1-1

Building Code, Condition Deficiency and Context Analysis Report

Parcel No. & Building Name: Parcel A Golf Course Maintenance Building
Address: 1100 Main Street, Clearwater, Minnesota 55320
Parcel ID: 104019000010
Inspection Date(s) & Time(s): April 9, 2020 9:15 am
Inspection Type: Interior and Exterior
Summary of Deficiencies: It is our professional opinion that this building is Substandard because:
- Substantial renovation is required to correct Conditions found.
- Building Code deficiencies total more than 15% of replacement cost, NOT including energy code deficiencies.

Estimated Replacement Cost: \$375,831
Estimated Cost to Correct Building Code Deficiencies: \$82,937
Percentage of Replacement Cost for Building Code Deficiencies: 22.07%

Defects in Structural Elements

1. None Observed.

Combination of Deficiencies

1. Essential Utilities and Facilities
 - a. There is no code-required accessible parking.
 - b. There is no code-required accessible route into the building.
 - c. Restroom is not code-compliant.
 - d. There is no code-required drinking fountain.
2. Light and Ventilation
 - a. Smokestack is not vented properly per code.
 - b. Electrical wiring is not code-compliant.
 - c. HVAC system is not code-compliant.
 - d. Lighting is not code-compliant.
3. Fire Protection/Adequate Egress
 - a. Floor tile is damaged, creating an impediment to emergency egress, contrary to code.
 - b. Egress from the electrical room is not code-compliant.
 - c. Thresholds are not code-compliant.
 - d. Elevated storage area does not have a code-required toe board.
 - e. There is no code-required smoke detectors.
 - f. There is no code-required emergency notification system.
 - g. There is no code-required emergency lighting.
 - h. There is no code-required building sprinkler system.

4. Layout and Condition of Interior Partitions/Materials
 - a. Wood paneling should be refinished/replaced.
 - b. Interior walls should be repaired/repainted.

5. Exterior Construction
 - a. Wood trim is rotting/damaged and should be repaired/replaced and repainted.
 - b. Windows are failing, allowing for water intrusion, contrary to code.
 - c. Exterior doors are failing, allowing for water intrusion, contrary to code.
 - d. Doors should be repainted.
 - e. Overhead garage doors should be repainted.
 - f. Metal roofing is failing, allowing for water intrusion, contrary to code.
 - g. Metal siding is damaged and should be repaired/replaced to prevent water intrusion per code.

Description of Code Deficiencies

1. Code-compliant accessible parking should be created.
2. Code-compliant accessible route into building should be created.
3. A code-compliant restroom should be created.
4. There is no code-required drinking fountain.
5. The smokestack is not code-compliant.
6. Electrical wiring is not code-compliant.
7. The HVAC system is not code-compliant.
8. Damaged flooring is not code-compliant because it is an impediment to emergency egress.
9. Egress from the electrical room is not code-compliant.
10. Thresholds are not code-compliant.
11. The elevated storage area does not have a code-required toe board.
12. There is no code-required smoke detector system.
13. There is no code-required emergency lighting system.
14. There is no code-required emergency notification system.
15. There is no code-required building sprinkler system.
16. Windows have failed and should be replaced to prevent water intrusion per code.
17. Exterior doors have failed, allowing for water intrusion, contrary to code.
18. Metal roofing has failed, allowing for water intrusion, contrary to code.
19. Metal siding is damaged and should be repaired/replaced to prevent water intrusion per code.

Overview of Deficiencies

This metal covered pole building was used as a maintenance shop for a golf course. There is no accessible parking per code. There is no accessible route into the building per code. The restroom is not code-compliant. The building should have a code-required drinking fountain. The exterior siding is damaged, allowing for water intrusion, contrary to code. Overhead garage doors should be replaced. Exterior wood trim is rotting, and should be repaired/replaced and repainted. The metal roofing material is failing, allowing for water intrusion, contrary to code. Windows have failed, allowing for water intrusion, contrary to code. The HVAC system is not code-compliant. The electrical wiring system is not code-compliant. There are no code-required life safety systems. The interior walls and ceiling should be painted. Interior doors should be replaced.

M:\20Proj\200301\300 Design\Reports\Building Reports\1100 Main Street Shop-Office Building Redevelopment District Substandard Building Report.docx

APPENDIX C

Building Replacement Cost Reports
Code Deficiency Cost Reports
Photographs

Clearwater Tax Increment Financing District (Redevelopment) No. 1-1

Replacement Cost Report

RSMeans data
from **GORRIAN**

Square Foot Cost Estimate Report

Date: **4/17/2020**

Estimate Name:	1100 Main St	
Building Type:	Golf Course Maintenance Building	
Location:	CLEARWATER, MN	 <p>Costs are derived from a building model with basic components. Scope differences and market conditions can cause costs to vary significantly.</p>
Story Count:	1	
Story Height (L.F.):	20.00	
Floor Area (S.F.):	6600	
Labor Type:	OPN	
Basement Included:	No	
Data Release:	Year 2019	
Cost Per Square Foot:	\$56.94	
Building Cost:	\$375,831.51	

		% of Total	Cost Per S.F.	Cost
A	Substructure	21.82%	\$10.80	\$71,305.91
A1010	Standard Foundations		\$2.51	\$16,568.28
A10101102900	Strip footing, concrete, reinforced, load 6.8 KLF, soil bearing capacity 3 KSF, 12" deep x 32" wide		\$2.36	\$15,594.31
A10102107300	Spread footings, 3000 PSI concrete, load 75K, soil bearing capacity 6 KSF, 4' - 0" square x 12" deep		\$0.15	\$973.97
A1030	Slab on Grade		\$8.11	\$53,526.40
A10301204520	Slab on grade, 6" thick, light industrial, reinforced		\$8.11	\$53,526.40
A2010	Basement Excavation		\$0.18	\$1,211.23
A20101105740	Excavate and fill, 30,000 SF, 4' deep, sand, gravel, or common earth, on site storage		\$0.18	\$1,211.23
B	Shell	40.36%	\$19.99	\$131,913.53
B1020	Roof Construction		\$6.97	\$46,002.00
* B10201027200	Wood roof, truss, 4/12 slope, 24" O.C., 44' to 60' span		\$6.97	\$46,002.00
B2010	Exterior Walls		\$6.09	\$40,214.54
B20101463400	Metal siding, steel, corrugated or ribbed, 20 ga, .0359" thick, galvanized		\$5.23	\$34,548.29
B20101544100	Metal siding support, 18' building height, 30 PSF wind load, 25' column spacing, wind columns		\$0.86	\$5,666.25
B2020	Exterior Windows		\$0.26	\$1,722.98
* B20201023950	Windows, wood, casement, standard glass, 4'-2" x 4'-2", 2 lite		\$0.26	\$1,722.98
B2030	Exterior Doors		\$1.61	\$10,648.17
* B20302102950	Door, wood, overhead, panels, heavy duty, manual operation, 12'-0" x 12'-0" opening		\$1.61	\$10,648.17
B3010	Roof Coverings		\$5.05	\$33,325.84
* B30101300250	Roofing, corrugated, aluminum, mill finish, .0215" thick, .334 PSF		\$3.37	\$22,242.00
B30104201400	Roof edges, aluminum, duranodic, .050" thick, 6" face		\$1.41	\$9,273.88
B30104300040	Flashing, aluminum, no backing sides, .019"		\$0.27	\$1,809.96
C	Interiors	2.67%	\$1.32	\$8,735.40
C1010	Partitions		\$0.61	\$4,056.00

TAX INCREMENT FINANCING (REDEVELOPMENT) DISTRICT NO. 1-1

* C10101241200	Wood partition, 5/8"fire rated gypsum board face, none base,2 x 4,@ 16" OC framing,same opposite face, 0 insul	\$0.61	\$4,056.00
C1020	Interior Doors	\$0.25	\$1,651.05
C10201022600	Door, single leaf, kd steel frame, hollow metal, commercial quality, flush, 3'-0" x 7'-0" x 1-3/8"	\$0.25	\$1,651.05
C1030	Fittings	\$0.32	\$2,106.18
C10301100860	Toilet partitions, cubicless, floor mounted, headrail braced, plastic laminata	\$0.23	\$1,497.04
C10301101100	Entrance screens, floor mounted, 54" high, painted metal	\$0.03	\$230.76
C10301101300	Urinal screens, floor mounted, 24" wide, plastic laminate	\$0.06	\$378.38
C3010	Wall Finishes	\$0.14	\$922.17
C30102300300	Painting, masonry or concrete, latex, brushwork, primer & 1 coat	\$0.14	\$922.17
D	Services	34.40%	\$17.03
			\$112,416.77
D2010	Plumbing Fixtures	\$2.72	\$17,930.09
D20101102000	Water closet, vitreous china, tank type, 2 piece close coupled	\$0.49	\$3,266.69
D20102102040	Urinal, vitreous china, stall type	\$0.20	\$1,289.09
D20103102080	Lavatory w/trim, wall hung, PE on CI, 19" x 17"	\$0.59	\$3,912.94
D20104404340	Service sink w/trim, PE on CI,wall hung w/rim guard, 24" x 20"	\$0.32	\$2,134.94
D20107101680	Shower, stall, baked enamel, terrazzo receptor, 36" square	\$0.95	\$6,247.86
D20108201920	Water cooler, electric, wall hung, wheelchair type, 7.5 GPH	\$0.16	\$1,078.57
D2020	Domestic Water Distribution	\$2.74	\$18,055.98
D20202502260	Gas fired water heater, commercial, 100< F rise, 600 MBH input, 576 GPH	\$2.74	\$18,055.98
D2040	Rain Water Drainage	\$1.53	\$10,092.26
D20402104280	Roof drain, CI, soil,single hub, 5" diam, 10' high	\$1.13	\$7,484.66
D20402104320	Roof drain, CI, soil,single hub, 5" diam, for each additional foot add	\$0.40	\$2,607.60
D3030	Cooling Generating Systems	\$1.31	\$8,660.13
* D30302141200	Heating/cooling system , gas fired forced air, one zone, SEER 14, 1200 SF	\$1.31	\$8,660.13
D4010	Sprinklers	\$3.63	\$23,958.00
* D40104100620	Wet pipe sprinkler systems, steel, light hazard, 1 floor, 10,000 SF	\$3.63	\$23,958.00
D4020	Standpipes	\$0.56	\$3,684.00
* D40203101040	Wet standpipe risers, class II, steel, black, sch 40, 2" diam pipe, 1 floor	\$0.56	\$3,684.00
D5010	Electrical Service/Distribution	\$1.03	\$6,805.46
D50101200280	Overhead service installation, includes breakers, metering, 20' conduit & wire, 3 phase, 4 wire, 120/208 V, 200 A	\$0.18	\$1,210.05
D50102300280	Feeder installation 600 V, including RGS conduit and XHHW wire, 200 A	\$0.24	\$1,584.33
D50102400200	Switchgear installation, incl switchboard, panels & circuit breaker, 120/208 V, 3 phase, 400 A	\$0.61	\$4,011.08
D5020	Lighting and Branch Wiring	\$1.45	\$9,549.07
* D50201100360	Receptacles incl plate, box, conduit, wire, 5 per 1000 SF, .6 watts per SF	\$0.85	\$5,610.00
D50201350200	Miscellaneous power, to .5 watts	\$0.16	\$1,029.07
* D50202300280	HID fixture, 20' above work plane, 1 watt/SF, type G, 50 FC, 1 fixtures per 1000 SF	\$0.44	\$2,910.00

TAX INCREMENT FINANCING (REDEVELOPMENT) DISTRICT NO. 1-1

D5030	Communications and Security		\$2.07	\$13,681.78
D50309100452	Communication and alarm systems, fire detection, addressable, 25 detectors, includes outlets, boxes, conduit and wire		\$1.09	\$7,172.58
D50309100460	Fire alarm command center, addressable without voice, excl. wire & conduit		\$0.99	\$6,509.20
E	Equipment & Furnishings	0.75%	\$0.37	\$2,438.40
E1090	Other Equipment		\$0.37	\$2,438.40
E1090112213160200	1.00-Safes, office, 1 hour rating, 30" x 18" x 18"		\$0.37	\$2,438.40
F	Special Construction	0.00%	\$0.00	\$0.00
G	Building Sitework	0.00%	\$0.00	\$0.00
SubTotal		100%	\$49.52	\$326,810.01
Contractor Fees (General Conditions,Overhead,Profit)		15.0 %	\$7.43	\$49,021.50
Architectural Fees		0.0 %	\$0.00	\$0.00
User Fees		0.0 %	\$0.00	\$0.00
Total Building Cost			\$56.94	\$375,831.51

Clearwater Tax Increment Financing District (Redevelopment) No. 1-1

Code Deficiency Cost Report

Parcel A - 1100 Main Street, Clearwater, MN 55320 - PID 71002990210900

Parcel A - 1100 Main Street, Clearwater, MN 55320 - PID 71002990210900

Code	Related Cost Items	Unit Cost	Units	Unit Quantity	Total
Accessibility Items					
	Accessible Parking				
	Create a code required accessible parking area	\$ 100.00	EA	1	\$ 100.00
	Accessible Route				
	Create a code required accessible route into the building	\$ 1,000.00	Lump	1	\$ 1,000.00
	Restroom				
	Create a code required accessible restroom	\$ 1.92	SF	6,600	\$ 12,672.00
	Drinking Fountain				
	Install a code required drinking fountain	\$ 0.16	SF	6,600	\$ 1,056.00
Structural Elements					
					\$ -
Exiting					
	Flooring				
	Replace damaged flooring to create an unimpeded means for emergency egress per code	\$ 0.95	SF	500	\$ 475.00
	Thresholds				
	Modify thresholds to comply with code for maximum height	\$ 250.00	EA	2	\$ 500.00
	Door				
	Replace door in electrical room to create code required exit	\$ 0.25	EA	1	\$ 0.25
	Elevated Storage Area				
	Install code required toe kick around platform	\$ 500.00	Lump	1	\$ 500.00
Fire Protection					
	Smoke Detectors				
	Install code required smoke detectors	\$ 1.09	SF	6,600	\$ 7,194.00
	Emergency Lighting				
	Install code required emergency lighting	\$ 0.55	SF	6,600	\$ 3,630.00
	Emergency Notification System				
	Install code required emergency notification system	\$ 0.99	SF	6,600	\$ 6,534.00
	Building Sprinkler System				
	Install code required building sprinkler system	\$ 4.19	SF	6,600	\$ 27,654.00

TAX INCREMENT FINANCING (REDEVELOPMENT) DISTRICT NO. 1-1

Code	Related Cost Items	Unit Cost	Units	Unit Quantity	Total
Exterior Construction					
	Windows				
	Replace failed windows to prevent water intrusion per code	\$ 0.26	SF	6,600	\$ 1,716.00
	Doors				
	Replace failed doors to prevent water intrusion per code	\$ 0.25	SF	6,600	\$ 1,650.00
	Metal Siding				
	Repair failed metal siding to prevent water intrusion per code	\$ 1,000.00	Lump	1	\$ 1,000.00
Roof Construction					
	Roofing Material				
	Repair failed roofing material to prevent water intrusion per code	\$ 1,500.00	Lump	1	\$ 1,500.00
Mechanical- Electrical					
	Mechanical				
	Install code compliant smoke stack	\$ 1,500.00	EA	1	\$ 1,500.00
	Install code compliant HVAC system	\$ 1.31	SF	6,600	\$ 8,646.00
	Electrical				
	Install code compliant electrical wiring	\$ 0.85	SF	6,600	\$ 5,610.00
Total Code Improvements					\$ 82,937

Clearwater Tax Increment Financing District (Redevelopment) No. 1-1

Parcel A - 1100 Main Street - Shop Office Photos



20200409_090644.jpg



20200409_090645.jpg



20200409_090713.jpg



20200409_090716.jpg



20200409_090722.jpg



20200409_090726.jpg



20200409_090733.jpg



20200409_090737.jpg



20200409_090818.jpg



20200409_090824.jpg



20200409_090830.jpg



20200409_090832.jpg

Clearwater Tax Increment Financing District (Redevelopment) No. 1-1

Parcel A - 1100 Main Street - Shop Office Photos



20200409_090837.jpg



20200409_090840.jpg



20200409_090849.jpg



20200409_090853.jpg



20200409_090857.jpg



20200409_090905.jpg



20200409_090911.jpg



20200409_090920.jpg



20200409_090926.jpg



20200409_090932.jpg



20200409_090934.jpg

Page 2 of 7



20200409_090939.jpg

Clearwater Tax Increment Financing District (Redevelopment) No. 1-1
Parcel A - 1100 Main Street - Shop Office Photos



20200409_090944.jpg



20200409_090946.jpg



20200409_090954.jpg



20200409_090956.jpg



20200409_091001.jpg



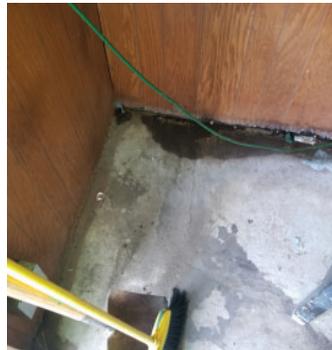
20200409_091012.jpg



20200409_091016.jpg



20200409_091026.jpg



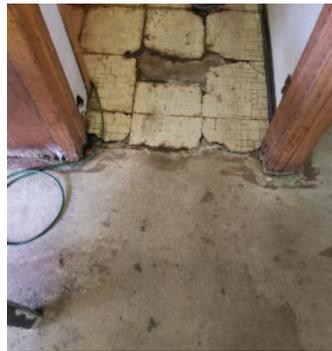
20200409_091049.jpg



20200409_091053.jpg



20200409_091111.jpg



20200409_091117.jpg

Clearwater Tax Increment Financing District (Redevelopment) No. 1-1
Parcel A - 1100 Main Street - Shop Office Photos



20200409_091121.jpg



20200409_091126.jpg



20200409_091133.jpg



20200409_091135.jpg



20200409_091139.jpg



20200409_091142.jpg



20200409_091146.jpg



20200409_091152.jpg



20200409_091155.jpg



20200409_091230.jpg



20200409_091238.jpg



20200409_091249.jpg

Clearwater Tax Increment Financing District (Redevelopment) No. 1-1

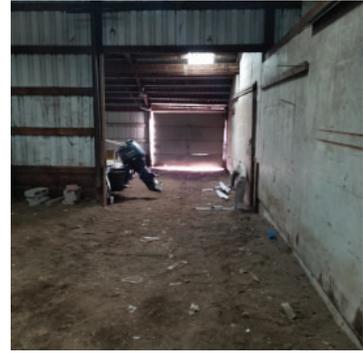
Parcel A - 1100 Main Street - Shop Office Photos



20200409_091251.jpg



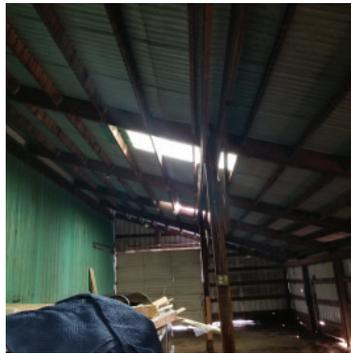
20200409_091254.jpg



20200409_091257.jpg



20200409_091310.jpg



20200409_091312.jpg



20200409_091317.jpg



20200409_091334.jpg



20200409_091336.jpg



20200409_091346.jpg



20200409_091355.jpg



20200409_091421.jpg



20200409_091442.jpg

Clearwater Tax Increment Financing District (Redevelopment) No. 1-1

Parcel A - 1100 Main Street - Shop Office Photos



20200409_091449.jpg



20200409_091452.jpg



20200409_091456.jpg



20200409_091501.jpg



20200409_091514.jpg



20200409_091526.jpg



20200409_091605.jpg



20200409_091643.jpg



20200409_091648.jpg



20200409_091706.jpg



20200409_091709.jpg



20200409_091835.jpg

Clearwater Tax Increment Financing District (Redevelopment) No. 1-1
Parcel A - 1100 Main Street - Shop Office Photos



20200409_091837.jpg

EXHIBIT F

MAP OF BOUNDARIES OF TAX INCREMENT FINANCING DISTRICT NO. 1-1

**City of Clearwater, MN
Map of Municipal Development District No. 1 and
Tax Increment Financing District No. 1.1**

Proposed Boundaries
of Municipal
Development District
No. 1 and Tax
Increment Financing
District No. 1-1



The District includes PID# 104-041-001010 and adjacent roads and right-of-way.

Application for
Tax Increment Financing (TIF) Assistance

APPLICATION FOR TAX INCREMENT FINANCING (TIF) ASSISTANCE

PROJECT

1. Business Information

Business Name: Mississippi Ridge, LLC

Address: 123 Riverside Dr. SE

St. Cloud, MN 56304

Contact Person: Michael Gohman

Telephone Number: 320-271-3249

Email Address: mike@wgohman.com

2. Brief description of the business:

3. Proposed project:

– Business type(s) and/or use(s): Multifamily Apartment

– Prospective tenants: Current & future residents of clearwater looking
For a modern, clean apartment building with an emphasis toward retirees

– Building(s) square footage: 67,000 SF

– Building height and materials: 45' mix of siding materials, stone,
Horizontal & vertical siding

4. Location of project: 1100 Main Street, Clearwater, MN 55320

5. Size of project area: 2.5 acres

6. Present ownership of the site: Clearwater Development, Inc.

7. **Current control of the site:** Clearwater Development, Inc.

8. **Total Estimated Market Value of project upon completion:** \$ 4,200,000

9. **Estimated real estate taxes of project upon completion:** \$ 80,000
(Please show calculations)

10. **Project construction schedule:**

a. Estimated construction start date: Spring 2020

b. Estimated construction completion date: Spring 2021

c. If phased project: _____ year _____ % completed

_____ year _____ % completed

d. Will all the development costs to be reimbursed with TIF assistance be expended within 5 years of the project's commencement?

X Yes

_____ No (If no, please explain)

11. **Expected general traffic impacts** (on and off street parking, projected auto/truck counts, traffic flow, peak traffic periods, etc.):

Minimal impact on Main Street

12. Name & address of:

- Architect: Mahler and Associates
325 North 33rd Ave, Suite 107, St. Cloud MN
- Engineer: Schultz Engineering
18 S. Riverside Ave, Sartell, Mn
- General Contractor: Creative Custom Builders, LLC
PO Box 250, St. Joseph, MN

13. Total Estimated Project Costs:

a. Land Acquisition	\$ <u>400,000</u>
b. Soil Correction/Remediation	\$ <u>N/A</u>
c. Demolition	\$ <u>70,000</u>
d. Site Grading and Excavation	\$ <u>69,000</u>
e. Utilities	\$ <u>126,500</u>
f. Road Improvements	\$ <u>N/A</u>
g. Curb, gutter, parking lot, sidewalks	\$ <u>223,500</u>
h. Building Construction	\$ <u>5,193,000</u>
i. Parking Ramp (if applicable)	\$ <u>N/A</u>
j. Landscaping	\$ <u>61,000</u>
k. Equipment	\$ <u>50,000</u>
l. Architectural & Engineering Fees	\$ <u>64,000</u>
m. Legal Fees	\$ <u>15,000</u>
n. Financing Costs	\$ <u>150,000</u>
o. Broker Costs	\$ <u>N/A</u>
p. Developer Fee	\$ <u>300,000</u>
q. Contingencies	\$ <u>150,000</u>
r. Other (please specify) Permits/Fees	\$ <u>320,000</u>
TOTAL	\$ <u>6,895,000</u>

14. Sources of Financing:

a. Equity	\$ <u>795,000</u>
b. Loan Source(s)	\$ <u>5,500,000</u>
c. TIF Assistance	\$ <u>600,000</u>
d. Other Sources (explain)	\$ <u>0</u>

15. Describe amount and purpose for which TIF assistance is required:
Demolition, Utility Work, Excavation and Sitework

16. Please submit an itemized list of project costs for which TIF assistance is being requested (see attached list of TIF eligible costs):
See Attached

17. Please submit project proformas indicating need for TIF assistance (i.e., with TIF assistance and without):

18. Specific reasons why, “but for” the use of TIF assistance, this project would not be possible:
Financially not viable, rents would have to be at a rate that the market would not support to cover construction costs.

19. What other alternative financing sources have been sought and why are they not feasible?

- Bank Financing has restrictions for debt coverage
- Additional equity not supported by returns

20. What is the existing Comprehensive Guide Plan Land Use designation and zoning of the property? (Include a statement as to how the proposed development will conform to the current land use designation and how the property will be zoned or rationale as to why changes may be necessary.):

Zoned for multi-family under the PUD

21. Please indicate how the project would meet one or more of the following development goals:

- Retention and/or creation of jobs that pay wages adequate to support households:

- Tax base expansion:

Significant increase in sewer and water base fee charges and cusage charges. Adds long term tax base

- Blight elimination:

Eliminates 2 pole barns and outside storage area on main street that do not meet zoning or match use of the area

- Remediation of contaminated property:

- Other economic benefits:

Offers market rate apartments that will help retain current residents of clearwater and bring new residents to town.

22. Background on the developer's company, principals, and history (Please list previous related projects and locations as well as experience of this particular development team working together.):

Owner: Bruce Gohman
President: Michael Gohman
Secretary: Nancy Gohman

Developed Clearwater Estates & Eagle Trace Golfers Club on adjacent property. Developed Sunrise Crest on Main Street.

23. Has developer, developer's company, partner, or related affiliate ever filed bankruptcy?

No

Yes (If yes, please explain)

The process was started and stopped in 2009, 2010 without fully entering bankruptcy. Loans were restricted to prevent the bankruptcy.

24. Municipal Reference. (Please name any other municipalities wherein the applicant, or other corporations with which the applicant has been involved, has completed similar developments within the last five years.)

DEVELOPMENT COSTS
ELIGIBLE FOR TIF ASSISTANCE

▪ Application Deposit	\$ 6,000.00
▪ Architectural and Engineering fees (directly attributable to site work)	\$ 7,500.00
▪ Curb and Gutter	\$ 27,000.00
▪ Earthwork/Excavation	\$ 69,000.00
▪ Environmental Studies and Permits	N/A
▪ Land Acquisition	\$ 400,000.00
▪ Landscaping	\$ 61,000.00
▪ Landscape Design	N/A
▪ Legal Costs associated with Acquisition	N/A
▪ Legal Costs associated with Financing/ Closing Attributable to Site	\$ 15,000.00
▪ Parking Lot Paving and Parking Lot Lights	\$ 197,000.00
▪ Sidewalks	\$ 48,000.00
▪ Site Related Permits	\$ 400.00
▪ Soil Correction	N/A
▪ Soil Tests	\$ 2,885.00
▪ Special Assessments	N/A
▪ Streets and Roads	N/A
▪ Surveys	\$ 2,050.00
▪ Utilities Design	Incl. Engineering
▪ Utilities – Sanitary Sewer, Storm Sewer and Water	\$ 126,500.00
▪ Demolition of Existing Buildings & Paving	<u>\$ 70,000.00</u>
Total:	\$ 1,032,335.00

PROJECT

Name	Mississippi Ridge
Location	Clearwater
State	Minnesota
Type	52 Market Rate

PHYSICAL PROPERTIES

Gross Building Area	67500 SF
Age	New

PROJECT DEVELOPMENT COST

Land Purchase	\$	400,000
General Conditions	\$	430,000
Site Improvements	\$	600,000
Building Construction Cost	\$	5,000,000
Soft Cost	\$	465,000
TOTAL DEVELOPMENT COST	\$	6,895,000

INVESTMENT ASSUMPTION

For-profit Borrower		
Balance to Mortgage	80%	\$ 5,500,000
Cash Equity		\$ 1,395,000
Tax Increment Equity		\$ -
Total Equity	20%	\$ 1,395,000

LOAN FINANCING ASSUMPTION

CONVENTIONAL		
Debt Service Coverage Ratio		1.20
Interest Rate		5.00%
Term in Years		20
TIF Annual Payment		
Annual Mortgage Payment	\$	435,570
Total	\$	435,570

GROSS INCOME POTENTIAL

APARTMENT RENT SCHEDULE							
UNIT	DESCRIPTION	NUMBER OF UNITS	UNIT SQ. FT.	TOTAL SQ. FT.	RENT PER MO.	RENT PER SQ.FT/MO.	ANNUAL RENT/YEAR
B	1 Bdrm 1 Bath	10	729	7,290	\$ 950	\$ 1.30	\$ 114,000
B.1	1 Bdrm 1 Bath	6	742	4,452	\$ 950	\$ 1.28	\$ 68,400
B.2	1 Bdrm 1 Bath	4	707	2,828	\$ 910	\$ 1.29	\$ 43,680
C	2 Bdrm 2 Bath	28	977	27,356	\$ 1,195	\$ 1.22	\$ 401,520
C.1	2 Bdrm 2 Bath	4	1,005	4,020	\$ 1,195	\$ 1.19	\$ 57,360
TOTALS		52		45,946			\$ 684,960

ANCILLARY INCOME						
DESCRIPTION	NUMBER OF UNITS			INCOME PER UNIT	INCOME PER MONTH	INCOME PER YEAR
Parking Income						
Tuck under garage parking	36			\$ 65	\$ 2,340	\$ 28,080
Detached garage parking	26			\$ 55	\$ 1,430	\$ 17,160
Other Parking	0			\$ -	\$ -	\$ -
Misc. Income						
Damages Income					\$ 50	\$ 50
Late Rent Fee					\$ 40	\$ 40
Interest Income					\$ -	\$ -
Laundry Income				\$ 20	\$ -	\$ -
					\$ -	\$ -
TOTALS					\$ 3,860	\$ 45,330

INCOME STATEMENT - SUMMARY OF YEARS 1 TO 20

		Year 1:	Year 2:	Year 3:	Year 4:	Year 5:	Year 6:	Year 7:	Year 8:	Year 9:	Year 10:	Year 11:	Year 12:	Year 13:	Year 14:	Year 15:	Year 16:	Year 17:	Year 18:	Year 19:	Year 20:	
APARTMENT INCOME																						
Gross Rent	1%	684,960	691,810	698,728	705,715	712,772	719,900	727,099	734,370	741,714	749,131	756,622	764,188	771,830	779,548	787,344	795,217	803,169	811,201	819,313	827,506	
% of Vacancy		25%	6%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	
Rent Vacancy		(171,240)	(41,509)	(34,936)	(35,286)	(35,639)	(35,995)	(36,355)	(36,718)	(37,086)	(37,457)	(37,831)	(38,209)	(38,592)	(38,977)	(39,367)	(39,761)	(40,158)	(40,560)	(40,966)	(41,375)	
Employee Rent Credit	1%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Allowances	0%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Other		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
NET APARTMENT INCOME		513,720	650,301	663,791	670,429	677,134	683,905	690,744	697,651	704,628	711,674	718,791	725,979	733,239	740,571	747,977	755,456	763,011	770,641	778,348	786,131	
ANCILLARY INCOME																						
Tuck Under Parking	1%	28,080	28,361	28,644	28,931	29,220	29,512	29,807	30,106	30,407	30,711	31,018	31,328	31,641	31,958	32,277	32,600	32,926	33,255	33,588	33,924	
Detached Parking	1%	17,160	17,332	17,505	17,680	17,857	18,035	18,216	18,398	18,582	18,768	18,955	19,145	19,336	19,530	19,725	19,922	20,121	20,323	20,526	20,731	
Other Parking	2%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Misc. Income	2%	90	92	94	96	97	99	101	103	105	108	110	112	114	116	119	121	124	126	129	131	
NET ANCILLARY INCOME		45,330	45,784	46,243	46,706	47,174	47,647	48,125	48,607	49,094	49,586	50,083	50,585	51,092	51,604	52,121	52,643	53,171	53,704	54,242	54,786	
TIF Income		0																				
EFFECTIVE GROSS INCOME		559,050	696,085	710,034	717,136	724,308	731,552	738,868	746,258	753,722	761,260	768,874	776,564	784,330	792,175	800,098	808,100	816,182	824,345	832,590	840,917	
OPERATING EXPENSES																						
PAYROLL & RELATED																						
Resident Manager / Unit	1%	15,000	15,150	15,302	15,455	15,609	15,765	15,923	16,082	16,243	16,405	16,569	16,735	16,902	17,071	17,242	17,415	17,589	17,765	17,942	18,122	
Payroll / Work Comp	3%	6,394	6,586	6,783	6,987	7,197	7,412	7,635	7,864	8,100	8,343	8,593	8,851	9,116	9,390	9,671	9,962	10,260	10,568	10,885	11,212	
TOTAL PAYROLL & RELATED		21,394	21,736	22,085	22,441	22,806	23,178	23,558	23,946	24,343	24,748	25,162	25,586	26,019	26,461	26,914	27,376	27,849	28,333	28,828	29,334	
ADMINISTRATIVE																						
Management Fees	5%	27,953	34,804	35,502	35,857	36,215	36,578	36,943	37,313	37,686	38,063	38,444	38,828	39,217	39,609	40,005	40,405	40,809	41,217	41,629	42,046	
Advertising	3%	3,000	3,090	3,183	3,278	3,377	3,478	3,582	3,690	3,800	3,914	4,032	4,153	4,277	4,406	4,538	4,674	4,814	4,959	5,107	5,261	
Legal/Accounting	3%	1,250	1,288	1,326	1,366	1,407	1,449	1,493	1,537	1,583	1,631	1,680	1,730	1,782	1,836	1,891	1,947	2,006	2,066	2,128	2,192	
Insurance	3%	10,000	10,300	10,609	10,927	11,255	11,593	11,941	12,299	12,668	13,048	13,439	13,842	14,258	14,685	15,126	15,580	16,047	16,528	17,024	17,535	
Telephone	3%	1,000	1,030	1,061	1,093	1,126	1,159	1,194	1,230	1,267	1,305	1,344	1,384	1,426	1,469	1,513	1,558	1,605	1,653	1,702	1,754	
Other Administrative	3%	3,000	3,090	3,183	3,278	3,377	3,478	3,582	3,690	3,800	3,914	4,032	4,153	4,277	4,406	4,538	4,674	4,814	4,959	5,107	5,261	
TOTAL ADMINISTRATIVE		46,203	53,602	54,863	55,799	56,756	57,734	58,735	59,758	60,805	61,875	62,970	64,090	65,237	66,409	67,610	68,838	70,095	71,382	72,699	74,047	
MAINTENANCE EXPENSE																						
General Repairs	1%	8,000	8,080	8,161	8,242	8,325	8,408	8,492	8,577	8,663	8,749	8,837	8,925	9,015	9,105	9,196	9,288	9,381	9,474	9,569	9,665	
Grounds Maintenance and Snow	1%	8,500	8,585	8,671	8,758	8,845	8,934	9,023	9,113	9,204	9,296	9,389	9,483	9,578	9,674	9,771	9,868	9,967	10,067	10,167	10,269	
Elevator Maintenance	1%	2,000	2,020	2,040	2,061	2,081	2,102	2,123	2,144	2,166	2,187	2,209	2,231	2,254	2,277	2,299	2,322	2,345	2,369	2,392	2,416	
Misc. Supplies / Equipment	1%	2,500	2,525	2,550	2,576	2,602	2,628	2,654	2,680	2,707	2,734	2,762	2,789	2,817	2,845	2,874	2,902	2,931	2,961	2,990	3,020	
TOTAL MAINTENANCE		21,000	21,210	21,422	21,636	21,853	22,071	22,292	22,515	22,740	22,967	23,197	23,429	23,663	23,900	24,139	24,380	24,624	24,870	25,119	25,370	
UTILITIES EXPENSES																						
Electric	2%	7,000	7,140	7,283	7,428	7,577	7,729	7,883	8,041	8,202	8,366	8,533	8,704	8,878	9,055	9,236	9,421	9,609	9,802	9,998	10,198	
Gas & Oil	2%	11,000	11,220	11,444	11,673	11,907	12,145	12,388	12,636	12,888	13,146	13,409	13,677	13,951	14,230	14,514	14,805	15,101	15,403	15,711	16,025	
Water/Sewer	2%	40,000	40,800	41,616	42,448	43,297	44,163	45,046	45,947	46,866	47,804	48,760	49,735	50,730	51,744	52,779	53,835	54,911	56,010	57,130	58,272	
Refuse	2%	5,500	5,610	5,722	5,837	5,953	6,072	6,194	6,318	6,444	6,573	6,706	6,839	6,975	7,115	7,257	7,402	7,550	7,701	7,855	8,012	
TOTAL UTILITIES		63,500	64,770	66,065	67,387	68,734	70,109	71,511	72,942	74,400	75,888	77,406	78,954	80,533	82,144	83,787	85,463	87,172	88,915	90,694	92,508	
TAXES & INSURANCE																						
Real Estate Taxes	3%	2,034	80,000	82,400	84,872	87,418	90,041	92,742	95,524	98,390	101,342	104,382	107,513	110,739	114,061	117,483	121,007	124,637	128,377	132,228	136,195	
Mn State Taxes	2%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
TOTAL TAXES & INSURANCE		2,034	80,000	82,400	84,872	87,418	90,041	92,742	95,524	98,390	101,342	104,382	107,513	110,739	114,061	117,483	121,007	124,637	128,377	132,228	136,195	
CAPITAL IMPROVEMENTS																						
Replacement Reserves	0%	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	
TOTAL CAPITAL IMPROVEMENTS		5,000																				
TOTAL OPERATING EXPENSES		159,131	246,318	251,836	257,135	262,567	268,133	273,838	279,685	285,677	291,820	298,118	304,573	311,191	317,976	324,932	332,064	339,378	346,877	354,567	362,453	
NET OPERATING INCOME (NOI)		399,920	449,768	458,199	460,000	461,741	463,419	465,031	466,574	468,044	469,440	470,756	471,991	473,140	474,199	475,166	476,036	476,804	477,468	478,023	478,464	
Debt Service		275,000	435,570	435,570	435,570	435,570	435,570	435,570	435,570	435,570	435,570	435,570	435,570	435,570	435,570	435,570	435,570	435,570	435,570	435,570	435,570	
Debt Coverage Ratio		1.45	1.03	1.05	1.06	1.06	1.06	1.07	1.07	1.08	1.08	1.08	1.09	1.09	1.09	1.09	1.09	1.09	1.10	1.10	1.10	
CASH FLOW		124,920	14,198	22,629	24,430	26,171	27,849	29,461	31,004	32,474	33,870	35,186	36,421	37,570	38,629	39,596	40,466	41,234	41,898	42,453	42,894	
RETURN ON INVESTMENT (ROI)		8.95%	1.02%	1.62%	1.75%	1.88%	2.00%	2.11%	2.22%	2.33%	2.43%	2.52%	2.61									

PROJECT

Name	Mississippi Ridge
Location	Clearwater
State	Minnesota
Type	52 Market Rate

PHYSICAL PROPERTIES

Gross Building Area	67500 SF
Age	New

PROJECT DEVELOPMENT COST

Land Purchase	\$	400,000
General Conditions	\$	430,000
Site Improvements	\$	600,000
Building Construction Cost	\$	5,000,000
Soft Cost	\$	465,000
TOTAL DEVELOPMENT COST	\$	6,895,000

INVESTMENT ASSUMPTION

For-profit Borrower			
Balance to Mortgage	80%	\$	5,500,000
Cash Equity		\$	795,000
Tax Increment Equity		\$	600,000
Total Equity	20%	\$	1,395,000

LOAN FINANCING ASSUMPTION

CONVENTIONAL			
Debt Service Coverage Ratio			1.20
Interest Rate			5.00%
Term in Years			20
TIF Annual Payment 20 years	\$		49,440
Annual Mortgage Payment	\$		435,570
Total	\$		485,010

GROSS INCOME POTENTIAL

APARTMENT RENT SCHEDULE							
UNIT	DESCRIPTION	NUMBER OF UNITS	UNIT SQ. FT.	TOTAL SQ. FT.	RENT PER MO.	RENT PER SQ.FT/MO.	ANNUAL RENT/YEAR
B	1 Bdrm 1 Bath	10	729	7,290	\$ 950	\$ 1.30	\$ 114,000
B.1	1 Bdrm 1 Bath	6	742	4,452	\$ 950	\$ 1.28	\$ 68,400
B.2	1 Bdrm 1 Bath	4	707	2,828	\$ 910	\$ 1.29	\$ 43,680
C	2 Bdrm 2 Bath	28	977	27,356	\$ 1,195	\$ 1.22	\$ 401,520
C.1	2 Bdrm 2 Bath	4	1,005	4,020	\$ 1,195	\$ 1.19	\$ 57,360
TOTALS		52		45,946			\$ 684,960

ANCILLARY INCOME						
DESCRIPTION	NUMBER OF UNITS			INCOME PER UNIT	INCOME PER MONTH	INCOME PER YEAR
Parking Income						
Tuck under garage parking	36			\$ 65	\$ 2,340	\$ 28,080
Detached garage parking	26			\$ 55	\$ 1,430	\$ 17,160
Other Parking	0			\$ -	\$ -	\$ -
Misc. Income						
Damages Income					\$ 50	\$ 50
Late Rent Fee					\$ 40	\$ 40
Interest Income					\$ -	\$ -
Laundry Income				\$ 20	\$ -	\$ -
					\$ -	\$ -
TOTALS					\$ 3,860	\$ 45,330

INCOME STATEMENT - SUMMARY OF YEARS 1 TO 20																					
APARTMENT INCOME	Rent Increase	Year 1:	Year 2:	Year 3:	Year 4:	Year 5:	Year 6:	Year 7:	Year 8:	Year 9:	Year 10:	Year 11:	Year 12:	Year 13:	Year 14:	Year 15:	Year 16:	Year 17:	Year 18:	Year 19:	Year 20:
Gross Rent	1%	684,960	691,810	698,728	705,715	712,772	719,900	727,099	734,370	741,714	749,131	756,622	764,188	771,830	779,548	787,344	795,217	803,169	811,201	819,313	827,506
% of Vacancy	25%																				
Rent Vacancy		(171,240)	(41,509)	(34,936)	(35,286)	(35,639)	(35,995)	(36,355)	(36,718)	(37,086)	(37,457)	(37,831)	(38,209)	(38,592)	(38,977)	(39,367)	(39,761)	(40,158)	(40,560)	(40,966)	(41,375)
Employee Rent Credit	1%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Allowances	0%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
NET APARTMENT INCOME		513,720	650,301	663,791	670,429	677,134	683,905	690,744	697,651	704,628	711,674	718,791	725,979	733,239	740,571	747,977	755,456	763,011	770,641	778,348	786,131
ANCILLARY INCOME	Rent Increase	Year 1:	Year 2:	Year 3:	Year 4:	Year 5:	Year 6:	Year 7:	Year 8:	Year 9:	Year 10:	Year 11:	Year 12:	Year 13:	Year 14:	Year 15:	Year 16:	Year 17:	Year 18:	Year 19:	Year 20:
Tuck Under Parking	1%	28,080	28,361	28,644	28,931	29,220	29,512	29,807	30,106	30,407	30,711	31,018	31,328	31,641	31,958	32,277	32,600	32,926	33,255	33,588	33,924
Detached Parking	1%	17,160	17,332	17,505	17,680	17,857	18,035	18,216	18,398	18,582	18,768	18,955	19,145	19,336	19,530	19,725	19,922	20,121	20,323	20,526	20,731
Other Parking	2%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Misc. Income	2%	90	92	94	96	97	99	101	103	105	108	110	112	114	116	119	121	124	126	129	131
NET ANCILLARY INCOME		45,330	45,784	46,243	46,706	47,174	47,647	48,125	48,607	49,094	49,586	50,083	50,585	51,092	51,604	52,121	52,643	53,171	53,704	54,242	54,786
TIF Income		0	24,000	49,440	49,440	49,440	49,440	49,440	49,440	49,440	49,440	49,440	49,440	49,440	49,440	49,440	49,440	49,440	49,440	49,440	49,440
EFFECTIVE GROSS INCOME		559,050	720,085	759,474	766,576	773,748	780,992	788,308	795,698	803,162	810,700	818,314	826,004	833,770	841,615	849,538	857,540	865,622	873,785	882,030	890,357
OPERATING EXPENSES	Yearly Expense Increase	Year 1:	Year 2:	Year 3:	Year 4:	Year 5:	Year 6:	Year 7:	Year 8:	Year 9:	Year 10:	Year 11:	Year 12:	Year 13:	Year 14:	Year 15:	Year 16:	Year 17:	Year 18:	Year 19:	Year 20:
PAYROLL & RELATED																					
Resident Manager / Unit	1%	15,000	15,150	15,302	15,455	15,609	15,765	15,923	16,082	16,243	16,405	16,569	16,735	16,902	17,071	17,242	17,415	17,589	17,765	17,942	18,122
Payroll / Work Comp	3%	6,394	6,586	6,783	6,987	7,197	7,412	7,635	7,864	8,100	8,343	8,593	8,851	9,116	9,390	9,671	9,962	10,260	10,568	10,885	11,212
TOTAL PAYROLL & RELATED		21,394	21,736	22,085	22,441	22,806	23,178	23,558	23,946	24,343	24,748	25,162	25,586	26,019	26,461	26,914	27,376	27,849	28,333	28,828	29,334
ADMINISTRATIVE																					
Management Fees	5%	27,953	34,804	35,502	35,857	36,215	36,578	36,943	37,313	37,686	38,063	38,444	38,828	39,217	39,609	40,005	40,405	40,809	41,217	41,629	42,046
Advertising	3%	3,000	3,090	3,183	3,278	3,377	3,478	3,582	3,690	3,800	3,914	4,032	4,153	4,277	4,406	4,538	4,674	4,814	4,959	5,107	5,261
Legal/Accounting	3%	1,250	1,288	1,326	1,366	1,407	1,449	1,493	1,537	1,583	1,631	1,680	1,730	1,782	1,836	1,891	1,947	2,006	2,066	2,128	2,192
Insurance	3%	10,000	10,300	10,609	10,927	11,255	11,593	11,941	12,299	12,668	13,048	13,439	13,842	14,258	14,685	15,126	15,580	16,047	16,528	17,024	17,535
Telephone	3%	1,000	1,030	1,061	1,093	1,126	1,159	1,194	1,230	1,267	1,305	1,344	1,384	1,426	1,469	1,513	1,558	1,605	1,653	1,702	1,754
Other Administrative	3%	3,000	3,090	3,183	3,278	3,377	3,478	3,582	3,690	3,800	3,914	4,032	4,153	4,277	4,406	4,538	4,674	4,814	4,959	5,107	5,261
TOTAL ADMINISTRATIVE		46,203	53,602	54,863	55,799	56,756	57,734	58,735	59,758	60,805	61,875	62,970	64,090	65,237	66,409	67,610	68,838	70,095	71,382	72,699	74,047
MAINTENANCE EXPENSE																					
General Repairs	1%	8,000	8,080	8,161	8,242	8,325	8,408	8,492	8,577	8,663	8,749	8,837	8,925	9,015	9,105	9,196	9,288	9,381	9,474	9,569	9,665
Grounds Maintenance and Snow	1%	8,500	8,585	8,671	8,758	8,845	8,934	9,023	9,113	9,204	9,296	9,389	9,483	9,578	9,674	9,771	9,868	9,967	10,067	10,167	10,269
Elevator Maintenance	1%	2,000	2,020	2,040	2,061	2,081	2,102	2,123	2,144	2,166	2,187	2,209	2,231	2,254	2,276	2,299	2,322	2,345	2,369	2,392	2,416
Misc. Supplies / Equipment	1%	2,500	2,525	2,550	2,576	2,602	2,628	2,654	2,680	2,707	2,734	2,762	2,789	2,817	2,845	2,874	2,902	2,931	2,961	2,990	3,020
TOTAL MAINTENANCE		21,000	21,210	21,422	21,636	21,853	22,071	22,292	22,515	22,740	22,967	23,197	23,429	23,663	23,900	24,139	24,380	24,624	24,870	25,119	25,370
UTILITIES EXPENSES																					
Electric	2%	7,000	7,140	7,283	7,428	7,577	7,729	7,883	8,041	8,202	8,366	8,533	8,704	8,878	9,055	9,236	9,421	9,609	9,802	9,998	10,198
Gas & Oil	2%	11,000	11,220	11,444	11,673	11,907	12,145	12,388	12,636	12,888	13,146	13,409	13,677	13,951	14,230	14,514	14,805	15,101	15,403	15,711	16,025
Water/Sewer	2%	40,000	40,800	41,616	42,448	43,297	44,163	45,046	45,947	46,866	47,804	48,760	49,735	50,730	51,744	52,779	53,835	54,911	56,010	57,130	58,272
Refuse	2%	5,500	5,610	5,722	5,837	5,953	6,072	6,194	6,318	6,444	6,573	6,704	6,839	6,975	7,115	7,257	7,402	7,550	7,701	7,855	8,012
TOTAL UTILITIES		63,500	64,770	66,065	67,387	68,734	70,109	71,511	72,942	74,400	75,888	77,406	78,954	80,533	82,144	83,787	85,463	87,172	88,915	90,694	92,508
TAXES & INSURANCE																					
Real Estate Taxes	3%	2,034	80,000	82,400	84,872	87,418	90,041	92,742	95,524	98,390	101,342	104,382	107,513	110,739	114,061	117,483	121,007	124,637	128,377	132,228	136,195
Mn State Taxes	2%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL TAXES & INSURANCE		2,034	80,000	82,400	84,872	87,418	90,041	92,742	95,524	98,390	101,342	104,382	107,513	110,739	114,061	117,483	121,007	124,637	128,377	132,228	136,195
CAPITAL IMPROVEMENTS																					
Replacement Reserves	0%	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
TOTAL CAPITAL IMPROVEMENTS		5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
TOTAL OPERATING EXPENSES		159,131	246,318	251,836	257,135	262,567	268,133	273,838	279,685	285,677	291,820	298,118	304,573	311,191	317,976	324,932	332,064	339,378	346,877	354,567	362,453
NET OPERATING INCOME (NOI)		399,920	473,768	507,639	509,440	511,181	512,859	514,471	516,014	517,484	518,880	520,196	521,431	522,580	523,639	524,606	525,476	526,244	526,908	527,463	527,904
Debt Service		305,000	485,010	485,010	485,010	485,010	485,010	485,010	485,010	485,010	485,010	485,010	485,010	485,010	485,010	485,010	485,010	485,010	485,010	485,010	485,010
Debt Coverage Ratio		1.31	0.98	1.05	1.05	1.05	1.06	1.06	1.07	1.07	1.07	1.08	1.08	1.08	1.08	1.08	1.09	1.09	1.09	1.09	1.09
CASH FLOW		94,920	(11,242)	22,629	24,430	26,171	27,849	29,46													

Clearwater Development Inc.

PO Box 370

Clearwater MN 55320

May 28, 2020

City of Clearwater
Mayor and City Council
605 County Rd 75
Clearwater MN 55320

Dear Mayor and Council,

This letter is in regard to the TIF application for Mississippi Ridge Apartments for \$600,000. Our hope is to build a 52 unit building that while not age restricted is targeted towards 50 plus age group. This hopefully will allow a transitional place for residents of Clearwater to move to when the maintenance of a single-family home becomes more than someone wants to maintain. It provides a natural place for residents of Clearwater Estates to move to that keeps them connected socially without much travel to their old neighborhood. In early discussions of the project with Kevin Kress the previous Administrator, it fit with a need he felt the City had with other aging residents creating a place for them to live at and stay connected to the City instead of moving out of town. This also cleans up a blighted part of Main St as a redevelopment project.

Tax increment financing is required for this project to be viable for a number of reasons. The simplest is that rents that can be charged in Clearwater are not as high as they are in other communities, however construction costs are the same. This makes the project not economically viable without assistance from the City. SAC and WAC for the City is higher than some other Cities which add to the per unit cost. Redevelopment of the site adds additional costs to the project with demolition of the buildings and grounds and changing the water main for Clearwater Estates to Eagle Drive. The site development costs are also increased because of the proximity to the City wellhead which changes how we handle stormwater for the site. The project needs to appraise at a value to meet the loans with the bank based on an income basis. With rents for what we are able to charge this will be very hard to meet an appraised value to cover the loan value without using the TIF as an income stream for the project.

In building this project the City has some benefits in the short and long term as well:

- Creates a new option for existing and new residents to live.

- Creates a net increase in residents to be involved in the City and businesses.
- Pay as you go TIF limits any risk to the City.
- Reinvestment is made on Main St. eliminating the existing blight.
- SAC/WAC is estimated at \$274,076.92 per the fee schedule.
- Water and Sewer usage fees for existing apartments in town average \$750 per year per unit, so this is \$39,000 on ongoing revenue for the various funds ($\$274,076 + \$39,000 * 12 \text{ years} = \$742,076$).
- Construction costs are approximately \$7 Million which brings about \$3.5 million in construction labor to the City.
- Cleans up the water main for Clearwater Estates.
- The City collects administrative fees off the TIF.
- When the TIF district expires the City receives full tax revenue.

Our hope is to build this project and create a new phenomenal property within the City of Clearwater, but we cannot without your help. Please contact me with any questions and I look forward to further discussing with you at the Council meeting.

Sincerely,

Clearwater Development Inc.

Michael Gohman
President
320-248-0718
mike@wgohman.com

cc: Annita Smythe – City Administrator

**CITY OF CLEARWATER
WRIGHT AND STEARNS COUNTIES, MINNESOTA**

A special meeting of the City Council of the City of Clearwater, Minnesota, was called to order by Mayor Lawrence at 7:00 p.m. via Zoom Web Conference on Thursday, May 28, 2020.

The following Council Members were present: Lawrence, Petty, Crandall, Kruchten, and Scott.

The following Council Members were absent: None.

A motion to adopt the following resolution was made by _____ and seconded by _____.

.....

**RESOLUTION 2020-33
APPROVING SITE PLAN FOR ANDRA K SALON & SPA
615 SMITH STREET – PID #104-036-002010**

WHEREAS, the City of Clearwater has received a request for Site Plan Approval from Miller Architects and Builders for the construction of a new salon and spa to be located at 615 Smith Street; and

WHEREAS, the Clearwater Planning Commission reviewed the application request at a meeting on May 26, 2020; and

WHEREAS, the Clearwater Planning Commission subsequently adopted Resolution PZ20-06 outlining their findings and recommending approval of the Site Plan, subject to the following conditions:

1. The applicant shall work with City staff to address comments from the City Engineer.
2. The applicant shall work with the Clearwater Fire Department and Building Official to ensure that the project meets State Fire and Building Codes.

Prior to Grading Permit:

1. Provide lighting cut sheets to show compliance with the downcast and shielded lighting requirement.
2. A shared access easement document acceptable to the City must be recorded with Wright County.

Prior to Building Permit:

3. No signage has been approved. The applicant must submit a sign permit and final sign plan for staff approval;

and

WHEREAS, staff recommends the city council approve the site plan with the conditions required by the Planning Commission, with the following exceptions:

- 1) A shared access easement document acceptable to the City must be recorded with Wright County *prior to issuance of the Certificate of Occupancy*;

- 2) A sign permit must be obtained from the city *prior to the construction of or placement of any signage at the site.*

NOW, THEREFORE, BE IT RESOLVED, that the Clearwater City Council hereby adopts the findings and recommendations as shown in Planning Commission Resolution PZ20-06 and incorporates them by reference.

BE IT FURTHER RESOLVED that the Clearwater City Council hereby approves the Site Plan subject to compliance with the conditions outlined in Resolution PZ20-06 but with the adjustments recommended by the city staff as outlined above.

Council members voting in favor:

Opposed or Abstained:

Adopted by the City Council this 28th day of May, 2020.

ATTEST:

APPROVED BY:

Annita M. Smythe, City Administrator

Andrea Lawrence, Mayor

TO: Clearwater Planning and Zoning Committee

FROM: Kevin Shay, Landform

DATE: May 19, 2020 for the May 26, 2020 Planning and Zoning Committee Meeting

RE: Site Plan Review for Andra K Salon to construct a hair salon on the south corner of Smith Street and Ash Street (PID# 104036002010)

REVIEW DEADLINE: July 10, 2020

1. Application Request

Miller Architects and Builders is requesting site plan review approval to allow construction of a building containing retail space to be used for a hair salon on the south corner of Smith Street and Ash Street.

2. Background

The site is currently an undeveloped vacant lot.

3. Context

Level of City Discretion in Decision-Making

The City's discretion in approving or denying a site plan is limited to whether or not the proposed request meets the standards outlined in the City Code. If it meets these standards, the City must approve the site plan.

Zoning and Land Use

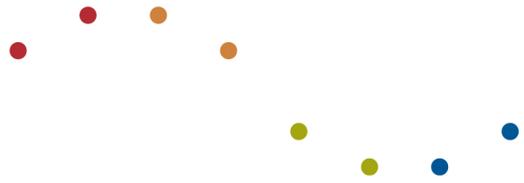
The property is designated as Medium Density Residential on the Clearwater Future Land Use Plan Map in the 2015 Clearwater Comprehensive Plan. The property is currently zoned C-4 General Commercial on the zoning map. The inconsistency between land use and the zoning has been noted and will be corrected by the City at a later date.

Surrounding Properties

The property to the east is guided medium density residential and zoned C-4 General Commercial. The property to the south is guided public/institutional and zoned C-4 General Commercial. The property to the north is guided high density residential and zoned R-6 Residential High Density. The property to the west is guided medium density residential and zoned C-4 General Commercial.

Natural Characteristics of the Site





The Comprehensive Plan shows that there are no wetlands on site and the property is not located in a floodplain or shoreland overlay. There are a few existing trees on the site.

4. Analysis of Request

The applicant is proposing to construct a 3,182 sq. ft. building to be used for a hair salon on the 40,400 sq. ft. site.

Building and Architecture

Miller Architects and Builders are proposing a building constructed of steel siding and manufactured stone veneer which complies with the required material types of Section 117-1066 of the Zoning Ordinance.

Access

Access to the proposed development is provided from both Smith Street and Ash Street. The access from Ash Street has a portion of the access located on the adjacent lot. A shared access easement is required to provide access rights for both properties. This has been included as a condition of approval.

Parking

Section 117-1168 of the Zoning Ordinance requires parking spaces for each use located in the principal structure. The beauty shop use requires two spaces for each beauty chair. The applicant is providing 16 beauty chairs which will require 32 parking spaces.

The applicant has provided 34 parking spaces, which satisfies the 32 required spaces. Staff also reviewed the dimensional standards for the parking spaces and setbacks in Section 117-1164 and finds that the plans meet or exceed the dimensional requirements of the Zoning Ordinance.

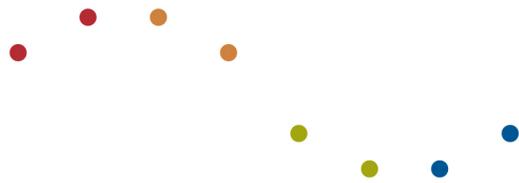
Landscaping

Section 117-1131 of the Zoning Ordinance requires that the applicant submit a tree preservation plan. The tree preservation plan shows a few trees on the site that will remain undisturbed.

Section 117-1130 of the Zoning Ordinance requires one tree per 100 lineal feet of site perimeter or one tree per 1,000 sq. ft. of gross building floor area, whichever is greater. The site perimeter requires the greater number of trees at 8. Fifty percent of the required number of trees may be substituted with the use of shrubs in combination with other landscape design elements. The applicant is providing 8 trees and various shrubs around the base of the building. The proposed landscaping is greater than the required number. Staff finds that the plans comply with the landscaping requirements.

Lighting

Section 117-1036 of the Zoning Ordinance requires that all exterior lighting shall be so directed so as not to cast glare toward or onto the public right-of-way or neighboring residential uses or districts. The lighting shall not read more than ½ foot candle from the centerline of the street or a ½ foot candle from a property line adjacent to any property. The proposed lighting plan shows lighting that



appears to comply. The applicant will need to provide the detail sheets for the lighting to ensure that it is downcast and shielded.

Trash Enclosure

The applicant has proposed a trash enclosure on the west side of the building. The trash enclosure is consistent with the performance standards of Section 117-1106 of the Zoning Ordinance. The details show that the trash enclosure is fully enclosed and will be constructed using composite wood boards.

Signage

The applicant has indicated that a monument sign is planned along Smith Street and an entrance sign is planned along Ash Street. Any proposed signs will be handled by a separate permit and reviewed under the commercial district standards. Staff has included a condition that the applicant obtain sign permits and approval of a final sign plan from staff that is in compliance with Article XII of the Zoning Ordinance prior to the installation of any signs.

Other Reviews

The City Engineer reviewed the plans on May 19, 2020. Staff has included a condition that the applicant work with staff to address comments contained in the report in a manner that is satisfactory to the City.

The applicant will need to comply with applicable requirements from the Building Inspector.

Site Plan

The Planning Commission and City Council shall evaluate the effects of the proposed site plans. This review shall be based upon, but not be limited to the following:

1. *Compliance with and effect upon the comprehensive plan and public facilities plans.*

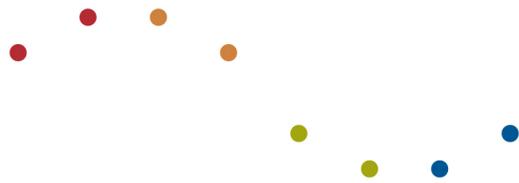
The use complies with the Comprehensive Plan and public facilities plans.

2. *The establishment, maintenance or operation of the use, event or activity will promote and enhance the general public welfare and will not be detrimental to or endanger the public health, safety or welfare.*

The establishment of the use will promote and enhance the general public welfare and will not be detrimental to or endanger the public health safety or welfare.

3. *The use event, or activity will not be injurious to the use and enjoyment of other property in the immediate vicinity for the purposes already permitted.*

The use will not be injurious to the use and enjoyment of other property in the immediate vicinity for the purposes already permitted.



- 4. The establishment of the use, event or activity will not impede the normal and orderly development and improvement of surrounding property for uses permitted in the district.*

The establishment of the use will not impede the normal and orderly development and improvement of surrounding property for uses permitted in the district.

- 5. Adequate public facilities and services are available or can be reasonably provided to accommodate the use, event or activity which is proposed.*

Adequate public facilities and services can be reasonably provided to accommodate the use.

- 6. The use, event or activity shall, in all other respects, conform to the applicable regulations of the district in which it is located.*

The use complies to the applicable regulations of the C-4 district.

- 7. The use, event or activity and site conform to the performance standards as outlined in section 117-128 (conditional use permit, general performance standards) and all other applicable provisions of this chapter.*

The used conforms to the performance standards of Section 117-128 as discussed in this staff report.

- 8. The request complies with all other applicable sections of this Code.*

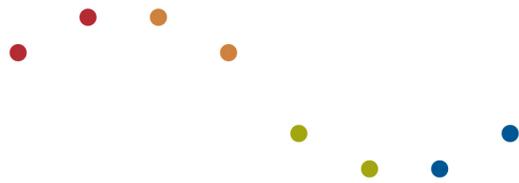
The request complies with all other applicable sections of this code as discussed in this staff report.

5. Summary

Provided that the applicant revises plans as noted in the staff conditions, the applicant meets the requirements of the city code.

6. Recommendation

Recommend approval of the resolution approving the site plan to allow construction of a hair salon building south of Smith Street and Ash Street (PID# 104036002010) subject to staff conditions.



Attachments

1. Planning Commission Resolution and Findings of Fact
2. City Engineer's Memo dated May 19, 2020
3. Wright County Property Location Map
4. Site Plan dated April 29, 2020
5. Landscape Plan dated May 6, 2020
6. Architectural Elevations dated April 29, 2020

**PLANNING AND ZONING COMMISSION
CITY OF CLEARWATER**

RESOLUTION NO. PZ_****

**RESOLUTION RECOMMENDING APPROVAL OF A SITE PLAN FOR A HAIR SALON AT
THE PROPERTY TO THE SOUTH OF SMITH STREET AND ASH STREET
(PID# 104036002010)**

WHEREAS, Miller Architects and Builders (“the applicant”) has requested approval of a site plan for development of a hair salon on property legally described as follows:

Lot 1, Block 2, Smith Nelson 2nd Addition lying Northerly of the following described line: Commencing at the most Southerly corner of said Lot 1 of Block 2, Smith Nelson 2nd Addition; thence North 27 degrees 09 minutes 14 seconds West assumed bearing along the Westerly line of said Lot 1 for a distance of 175.00 feet to the point of beginning of the line to be described; thence North 62 degrees 50 minutes 40 seconds East a distance of 242.00 feet to the Easterly line of said Lot 1 and there terminating, Wright County, Minnesota.

WHEREAS, Division 15, Sec. 117-788 of the Clearwater Zoning Ordinance does provide for said use; and

WHEREAS, the Planning Commission reviewed the site plan request on May 26, 2020; and

WHEREAS, the Planning Commission has reviewed the site plan request and has made the following findings:

1. Compliance with and effect upon the comprehensive plan and public facilities plans.

Planning Commission Finding:

2. The establishment, maintenance or operation of the use, event or activity will promote and enhance the general public welfare and will not be detrimental to or endanger the public health, safety or welfare.

Planning Commission Finding:

3. The use event, or activity will not be injurious to the use and enjoyment of other property in the immediate vicinity for the purposes already permitted.

Planning Commission Finding:

4. The establishment of the use, event or activity will not impede the normal and orderly development and improvement of surrounding property for uses permitted in the district.

Planning Commission Finding:

5. Adequate public facilities and services are available or can be reasonably provided to accommodate the use, event or activity which is proposed.

Planning Commission Finding:

6. The use, event or activity shall, in all other respects, conform to the applicable regulations of the district in which it is located.

Planning Commission Finding:

7. The use, event or activity and site conform to the performance standards as outlined in section 117-128 (conditional use permit, general performance standards) and all other applicable provisions of this chapter.

Planning Commission Finding:

8. The request complies with all other applicable sections of this Code.

Planning Commission Finding:

WHEREAS, The Planning Commission has extensively reviewed the applicable code, considered the findings as well as the comments, and input of the Applicants, the Property Owner, the neighboring residents and the general public.

NOW, THEREFORE, BE IT RESOLVED BY THE CLEARWATER PLANNING COMMISSION THAT; the Planning Commission does hereby recommend the issuance of a site plan for a hair salon at the property to the south of Smith Street and Ash Street (PID# 104036002010), subject to the following conditions:

1. The applicant shall work with City staff to address comments from the City Engineer.
2. The applicant shall work with the Clearwater Fire Department and Building Official to ensure that the project meets State Fire and Building Codes.

Prior to Grading Permit:

1. Provide lighting cut sheets to show compliance with the downcast and shielded lighting requirement.
2. A shared access easement document acceptable to the City must be recorded with Wright County.

Prior to Building Permit:

3. No signage has been approved. The applicant must submit a sign permit and final sign plan for staff approval.

DATED THIS 26th DAY OF MAY 2020

ATTEST:

Planning Chair

Deputy City Clerk/Zoning Administrator



Real People. Real Solutions.

2040 Highway 12 East
Willmar, MN 56201-5818

Ph: (320) 231-3956
Fax: (320) 231-9710
Bolton-Menk.com

MEMORANDUM

Date: May 19, 2020
To: Honorable Mayor Lawrence-Wheeler, Members of the City Council and
Members of the Planning Commission – Clearwater, Minnesota
From: Justin L. Kannas, P.E.
City Engineer
Subject: Andra K Salon & Spa – Site Plan Review
Clearwater, Minnesota
BMI Project No: Clearwater – General

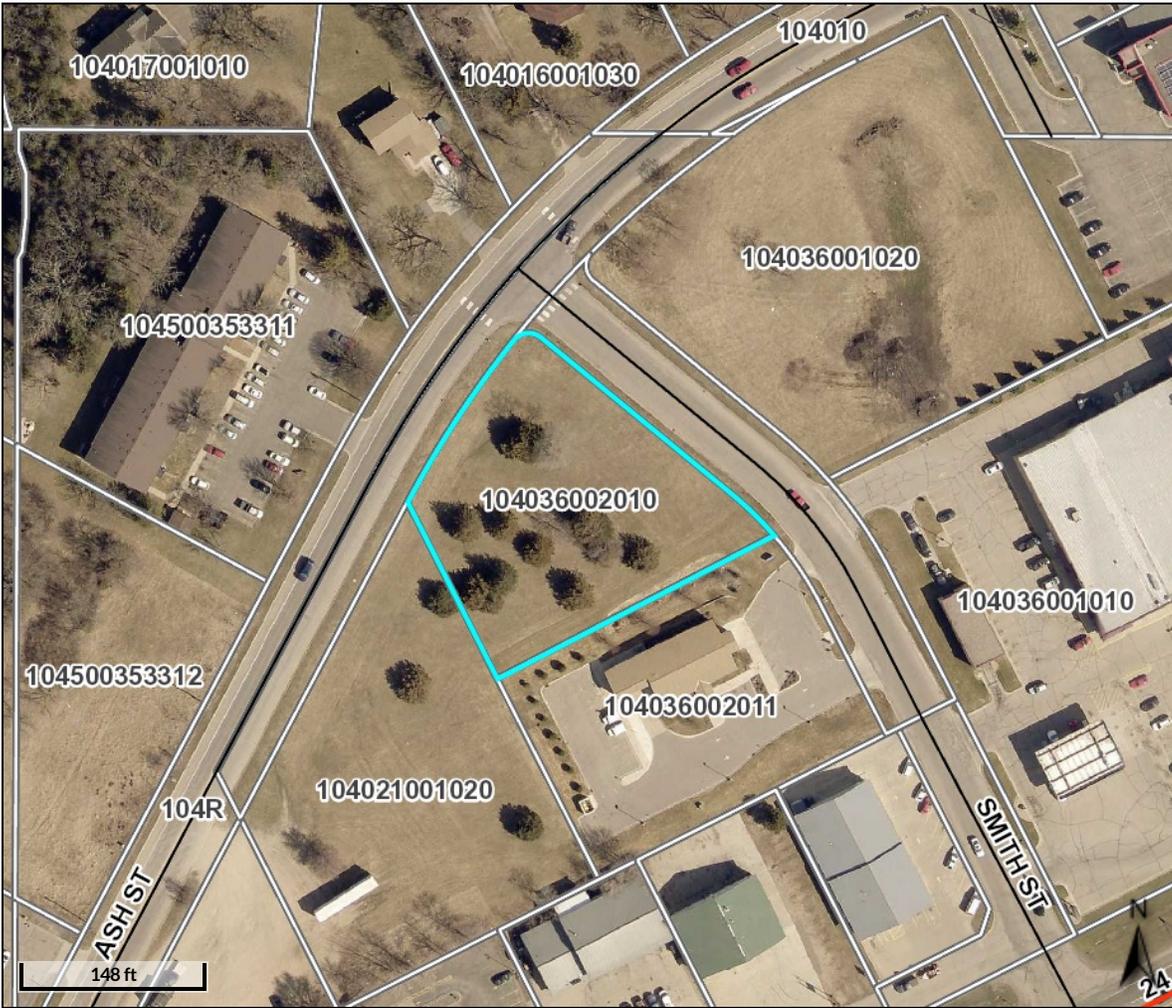
I have reviewed the plans dated April 27, 2020 for the above referenced project and have the following comments:

- 1) A shared access agreement shall be executed for the 2 parcels that share the common driveway off of Ash St. The agreement shall be recorded against both parcels.
- 2) All work within the public right of way shall be completed according to the City of Clearwater Development Guidelines.
- 3) Inspection will be required on all work located within public right of way. The applicant or contractor shall contact John Schmidt, Public Works Director, to schedule an inspection a minimum of 24 hours in advance of the work being completed.

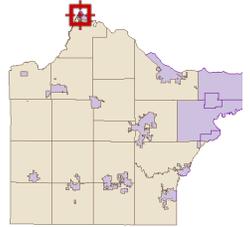
I recommend approval of the site plans contingent upon the above comments and comments as submitted by other City Staff. The applicant shall submit revised plans for approval by the City Engineer prior to construction beginning.

JLK/jk

cc: Annita Smythe, City Administrator, City of Clearwater
John Schmidt, Public Works Director, City of Clearwater
Deb Petty, Deputy Clerk, City of Clearwater
Kevin Shay, City Planner, Landform



Overview



Legend

Roads

-  CSAHCL
-  CTYCL
-  MUNICL
-  PRIVATECL
-  TWPCCL

Highways

-  Interstate
-  State Hwy
-  US Hwy

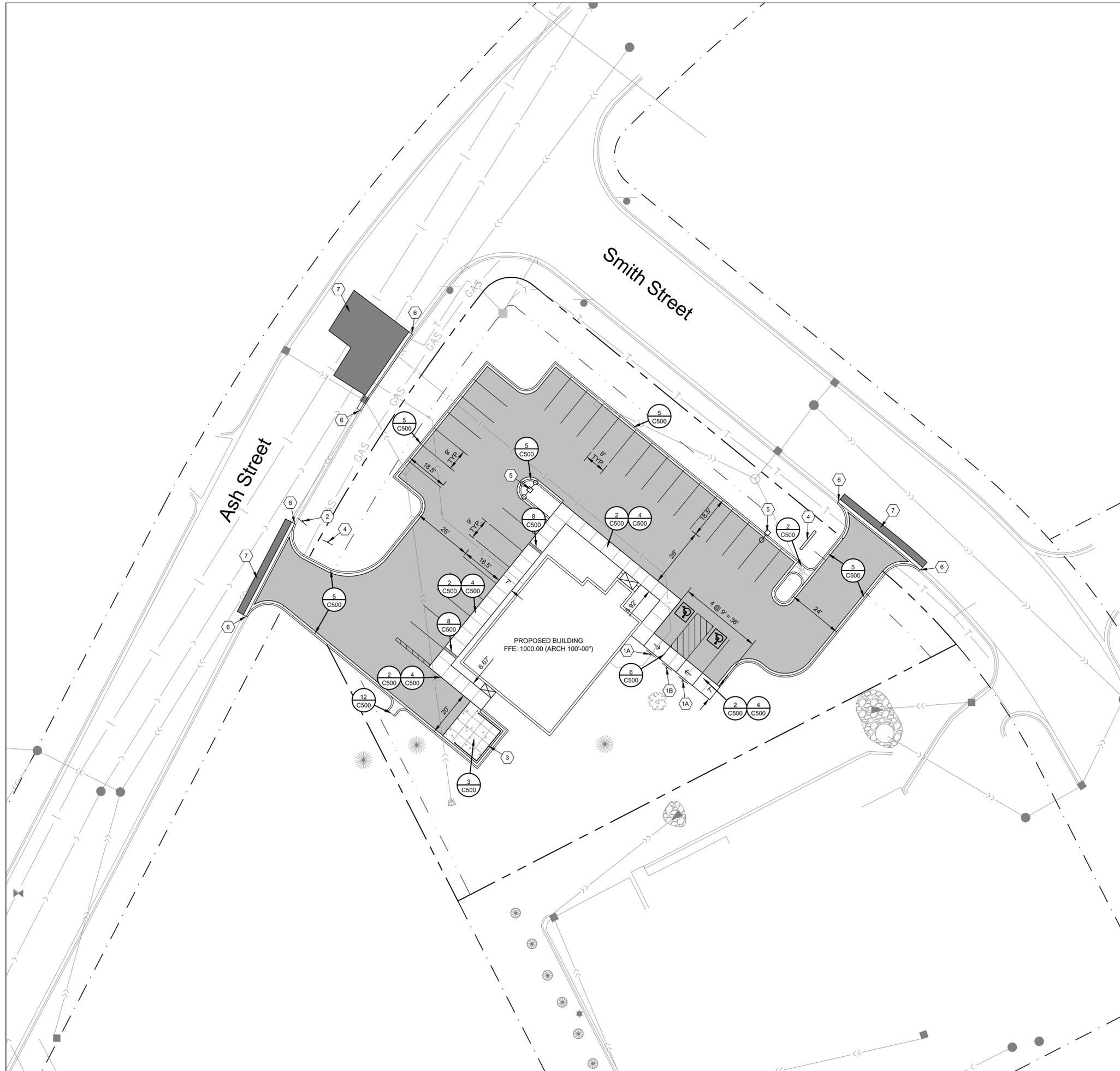
City/Township Limits

-  c
-  t
-  Parcels

Parcel ID	104036002010	Alternate ID	n/a	Owner Address	LFK ENTERPRISES LLC
Sec/Twp/Rng	35-123-027	Class	233 - COMM LAND & BLDGS		723 CASCADE RD
Property Address		Acreage	n/a		SOUTH HAVEN, MN 55382
District	0402 CITY OF CLEARWATER 742 W				
Brief Tax Description	Sect-35 Twp-123 Range-027 SMITH NELSON 2ND ADDN Lot-001 Block-002 EX TR DES ON DOC 1100090(002011)				
	<i>(Note: Not to be used on legal documents)</i>				

Date created: 5/20/2020
 Last Data Uploaded: 5/20/2020 4:10:39 AM

Developed by  Schneider
 GEOSPATIAL



SYMBOL LEGEND

-  NEW BITUMINOUS PAVEMENT
SEE DETAIL 1/C500
-  MATCH EXISTING PAVEMENT SECTION
-  NEW LIGHT-DUTY CONCRETE PAVEMENT
SEE DETAIL 2/C500
-  NEW HEAVY-DUTY CONCRETE PAVEMENT
SEE DETAIL 3/C500
-  NEW STOOP
SEE STRUCTURAL

KEY NOTES

- 1. NEW SIGN AND POST, DETAIL 7/C500
 - A ADA PARKING
 - B ACCESS AISLE
- 2. REINSTALL SALVAGED SIGN AND POST
- 3. TRASH ENCLOSURE, SEE ARCHITECTURAL
- 4. SIGN, SEE ARCHITECTURAL
- 5. LIGHT POLE, SEE ELECTRICAL
- 6. MATCH EXISTING CURB PROFILE
- 7. MATCH EXISTING PAVEMENT SECTION

Miller
ARCHITECTURE, INC.

320.251.4109 | 320.251.4693 fx
3335 West St Germain Street
PO Box 1228
St Cloud, MN 56302

I hereby certify that this plan, specifications or report was prepared by me or under my direct supervision and that I am a duly licensed Professional Engineer under the laws of the state of Minnesota.

Thomas J. Herkenhoff
Signature : Thomas J. Herkenhoff, P.E.
Reg. No. : 25520 Date : 04/27/20

Larson Engineering, Inc.
3524 Labare Road
Clearwater, MN 55110
651.481.9120 (F) 651.481.9201
www.larsonengr.com

© 2020 Larson Engineering, Inc. All rights reserved.

**ANDRA K SALON & SPA
NEW BUILDING
615 SMITH STREET
CLEARWATER, MINNESOTA 55320**

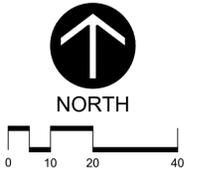
REVISIONS

Issue ID	Issue Name	Issue Date

SHEET TITLE
PAVING PLAN

DRAWN BY: N.J.N.	DATE: 04/27/20	PROJ. NO. 12206064.000
----------------------------	--------------------------	----------------------------------

SHEET NO.
C200



I hereby certify that this plan, specification, or report was prepared by me or under my direct supervision and that I am a duly Licensed Architect under the laws of the State of MINNESOTA.

Bradley A. Torok
Signature: BRADLEY A. TOROK

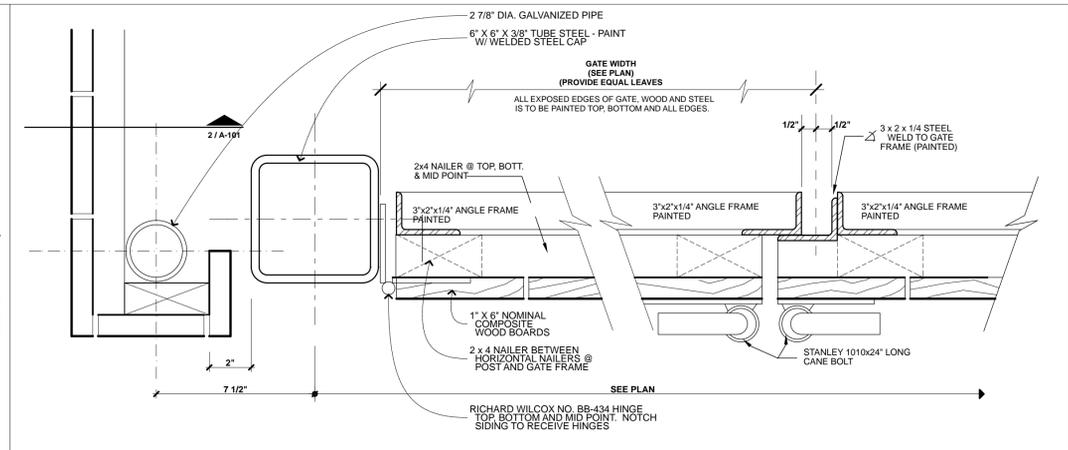
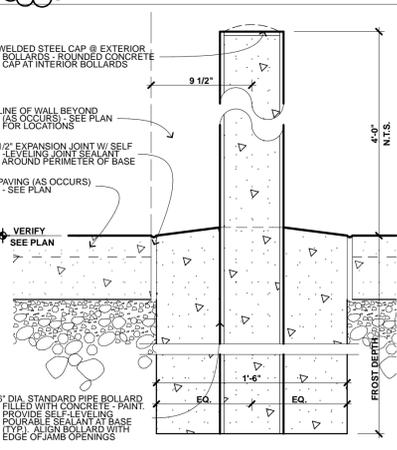
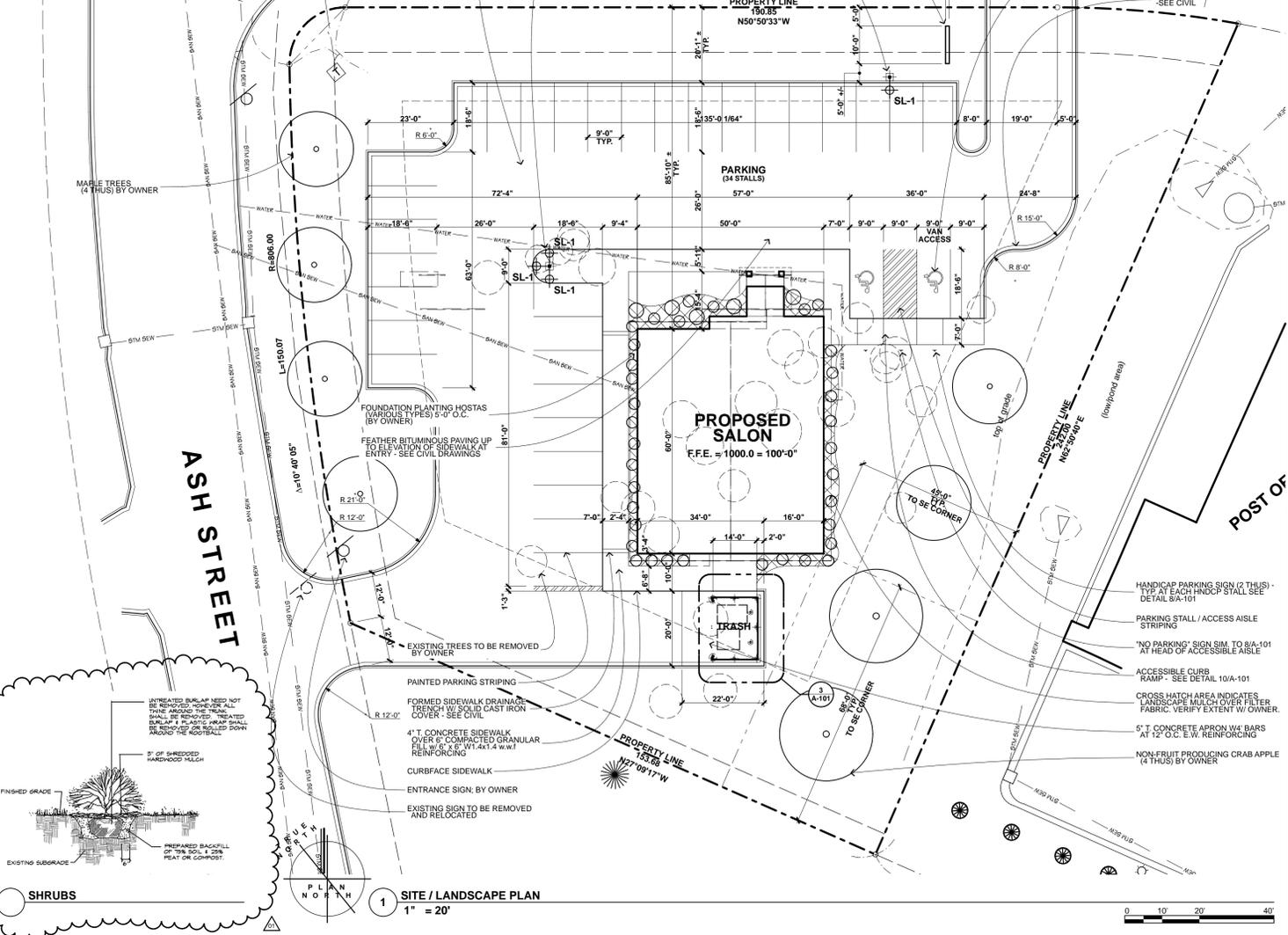
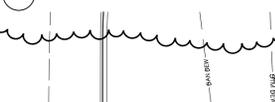
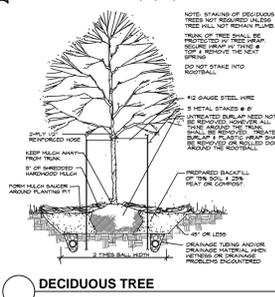
Reg. No.: 24202 Date: 04/27/2020

ANDRA K SALON & SPA

NEW BUILDING

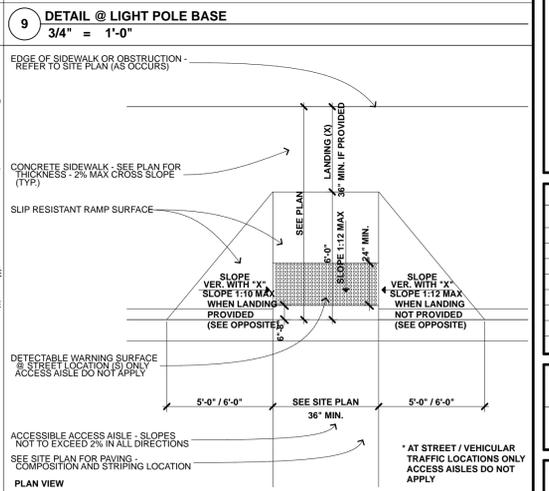
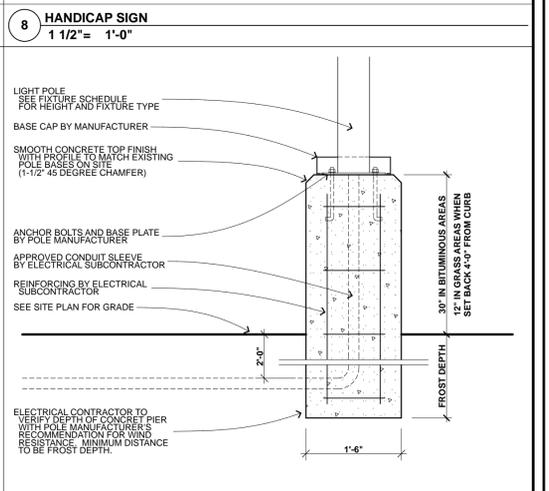
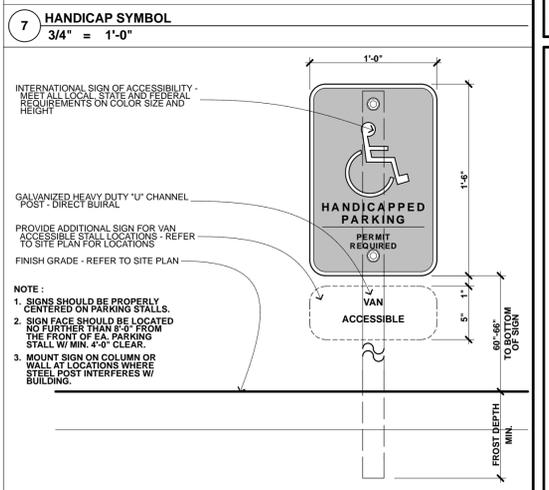
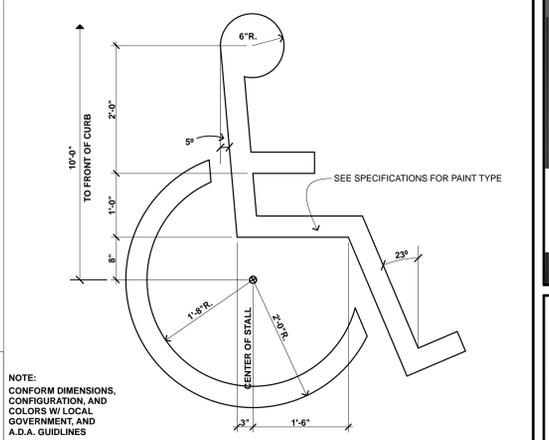
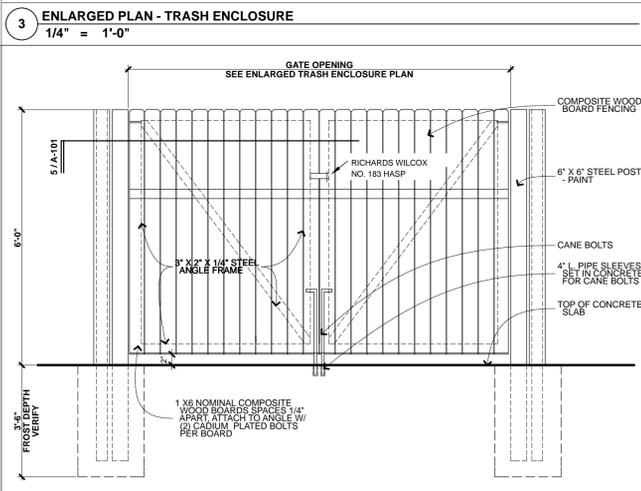
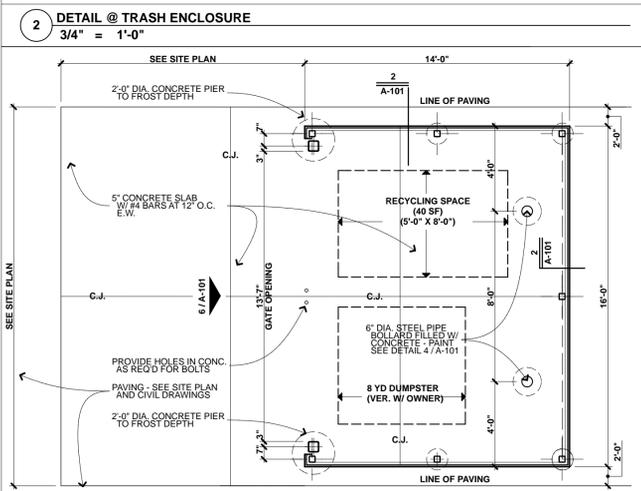
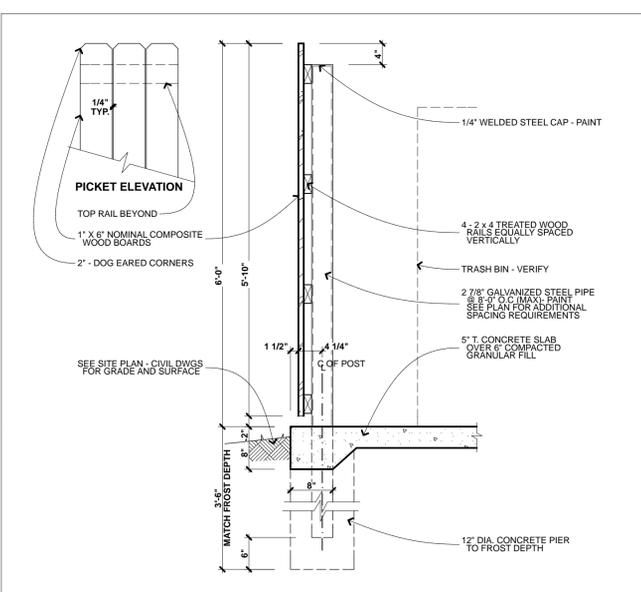
615 SMITH STREET
CLEARWATER, MINNESOTA 55320

PLANTING SCHEDULE							
TYPE	QTY	KEY / NOTE	COMMON NAME / BOTANICAL NAME	SIZE	B&B	PREFERRED CULTIVARS	REMARKS
NEW PLANTINGS TREES	4	MAPLE	VARIEGATED NORWAY MAPLE / "Acer platanoides 'Variegatum'"	1/2"	YES	-	REQUIRED BY ORDINANCE - PROVIDED AND INSTALLED BY OWNER
NEW PLANTINGS SHRUBS	4	CRAB	CRAB, SPRING SNOW / "Malus 'Spring Snow'"	1/2"	YES	-	REQUIRED BY ORDINANCE - PROVIDED AND INSTALLED BY OWNER
NEW PLANTINGS	VER	HOSTA	HOSTA 'UNDULATA'	2 QT	-	-	-



GENERAL NOTES - SITE PLAN

- THE GENERAL CONTRACTOR SHALL STAKE OUT BUILDING AND PAVING SURFACES PRIOR TO THE COMMENCEMENT OF CONSTRUCTION. NOTIFY THE ARCHITECT OF ANY DISCREPANCIES BETWEEN THE PLANS AND IN-FIELD DIMENSIONS FOR RESOLUTION.
- CONTRACTORS SHALL COMPLETELY FAMILIARIZE THEMSELVES WITH THE SITE CONDITIONS PRIOR TO SUBMITTING BIDS.
- VERIFY THE LOCATIONS OF ALL UTILITY LINES PRIOR TO CONSTRUCTION. CONTACT DIGGERS HOTLINE FOR FURTHER INFORMATION.
- PROVIDE SITE GRADING TO ACHIEVE POSITIVE DRAINAGE AWAY FROM THE BUILDING AND ENTRANCES. SEE CIVIL DRAWINGS FOR SITE ELEMENTS. IN-PLACE ELEMENTS DAMAGED BY CONSTRUCTION OPERATIONS TO BE REPLACED TO MATCH EXISTING CONDITIONS.
- NEW SIDEWALKS TO MATCH EXISTING ELEVATIONS WHERE NEW ABUTS EXISTING.
- ALL DISTURBED AREAS TO RECEIVE SEED (U.N.O.).
- PATCH EXISTING PAVING WHERE NEW CONSTRUCTIONS ABUT EXISTING. PATCH AGGREGATE BASE AND SUB-BASE AS OCCURS TO MATCH ADJACENT EXISTING CONDITIONS. MATCH EXISTING PAVING ELEVATIONS WHERE NEW ABUTS EXISTING.
- PROVIDE CURBSIDE SIDEWALKS AT LOCATIONS WHERE NEW SIDEWALKS ABUT PAVING / HARD SURFACED AREAS.
- DIMENSIONS ARE TO FACE OF CURB EDGE OF PAVING (U.A.O.).
- SIDEWALK AND HANDICAP ACCESS RAMPS TO BE CONSTRUCTED WITH A 2% MAX. CROSS SLOPE AND 5% MAX SLOPE IN THE DIRECTION OF TRAVEL AT ACCESS PATH TO ENTRY.
- TOP OF SIDEWALK / STOOP SLAB OUTSIDE OF ENTRY / EXIT DOORS SHALL BE HELD 1/8" BELOW FINISHED FLOOR.
- SEE FLOOR PLAN FOR STOOP LOCATIONS.
- LANDSCAPING / PLANTING PROVIDED BY OWNER.
- PROVIDE SITE LIGHTING PHOTOMETRIC PLAN IDENTIFYING LIGHTING LEVELS AT PARKING AREAS. VERIFY LIGHT LEVELS W/ OWNER PRIOR TO FINAL SITE LIGHTING PLACEMENT.



REVISIONS

Issue ID	Issue Name	Issue Date
01	AD-1	05.06.2020

SHEET TITLE
SITE PLAN

DRAWN BY: DATE: PROJ. NO.
BAT & BLI 4/27/2020 30165

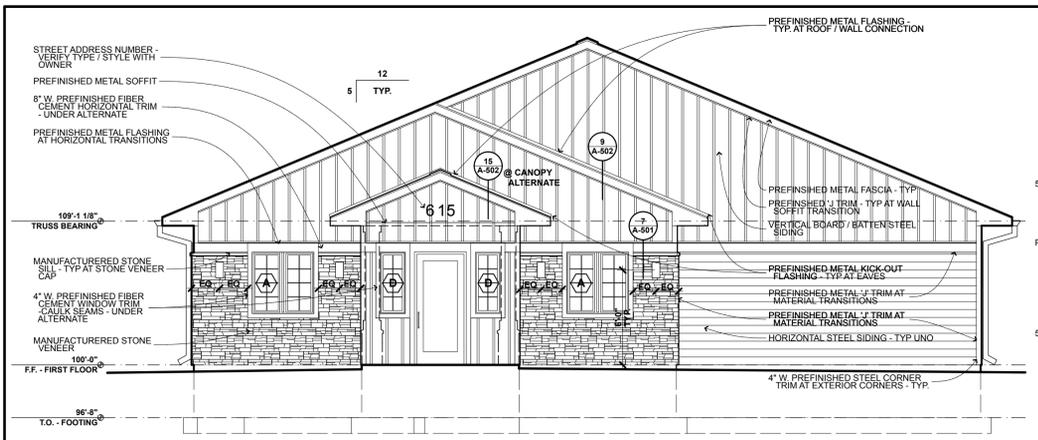
SHEET NO.
A-101

I hereby certify that this plan, specification, or report was prepared by me or under my direct supervision and that I am a duly Licensed Architect under the laws of the State of MINNESOTA.

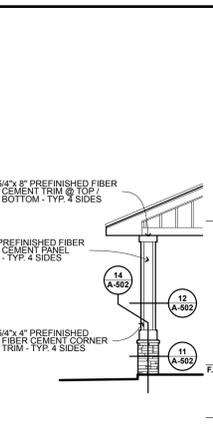
Bradley A. Torok
Signature: **BRADLEY A. TOROK**

Reg. No.: 24202 Date: 04/27/2020

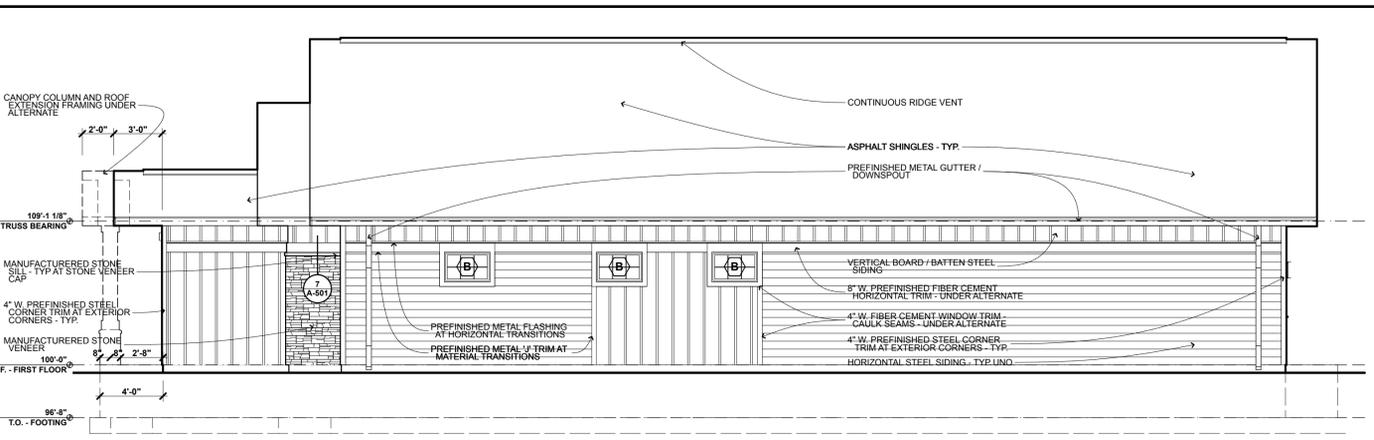
ANDRA K SALON & SPA
NEW BUILDING
615 SMITH STREET
CLEARWATER, MINNESOTA 55320



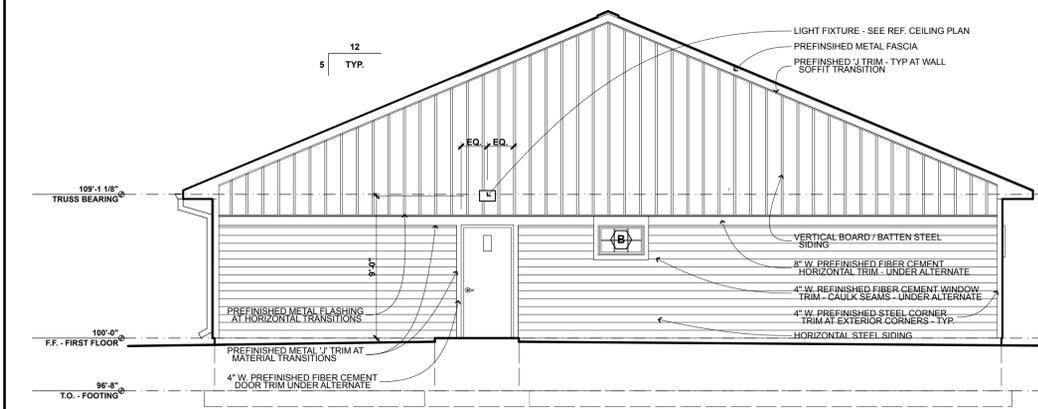
1 NORTH ELEVATION
3/16" = 1'-0"



2 CANOPY COL. ELEVATION
3/16" = 1'-0"
UNDER ALTERNATE

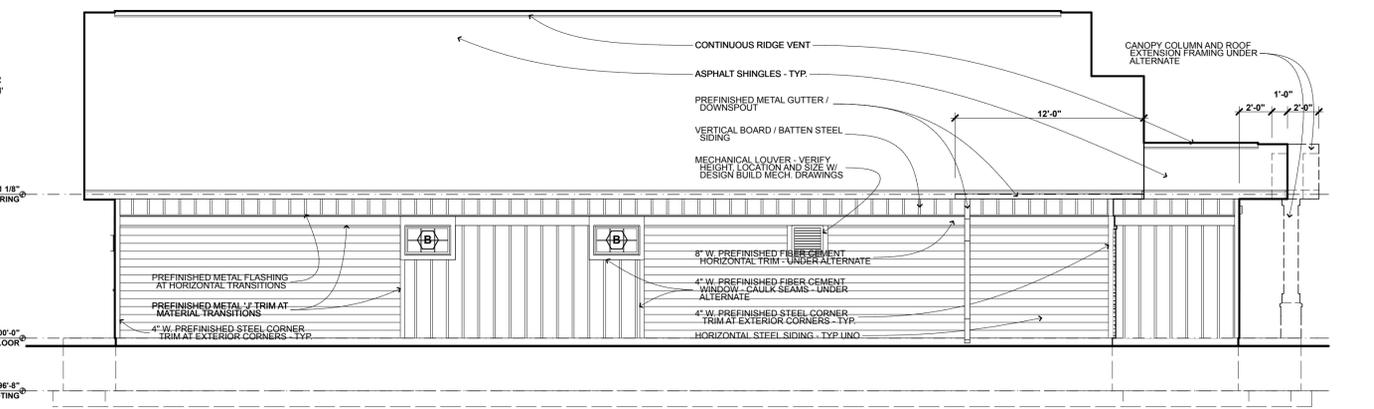


3 WEST ELEVATION
3/16" = 1'-0"

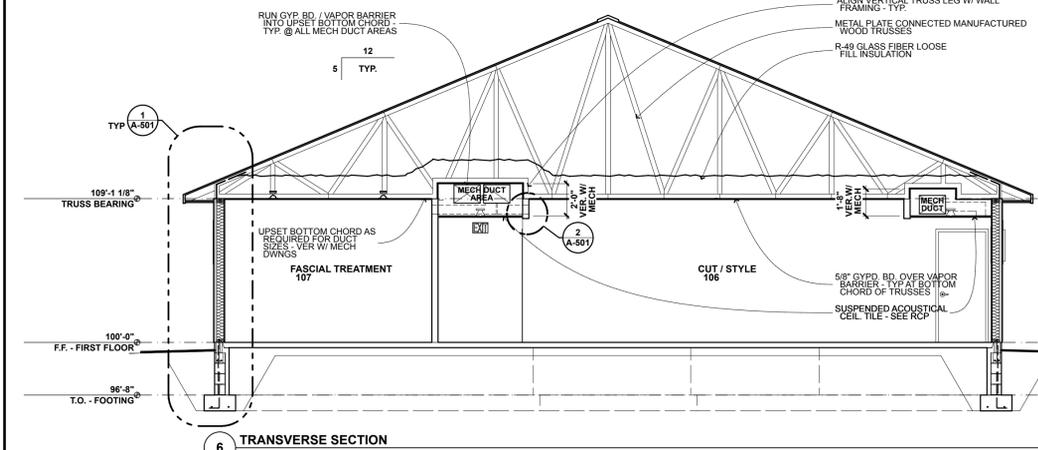


4 SOUTH ELEVATION
3/16" = 1'-0"

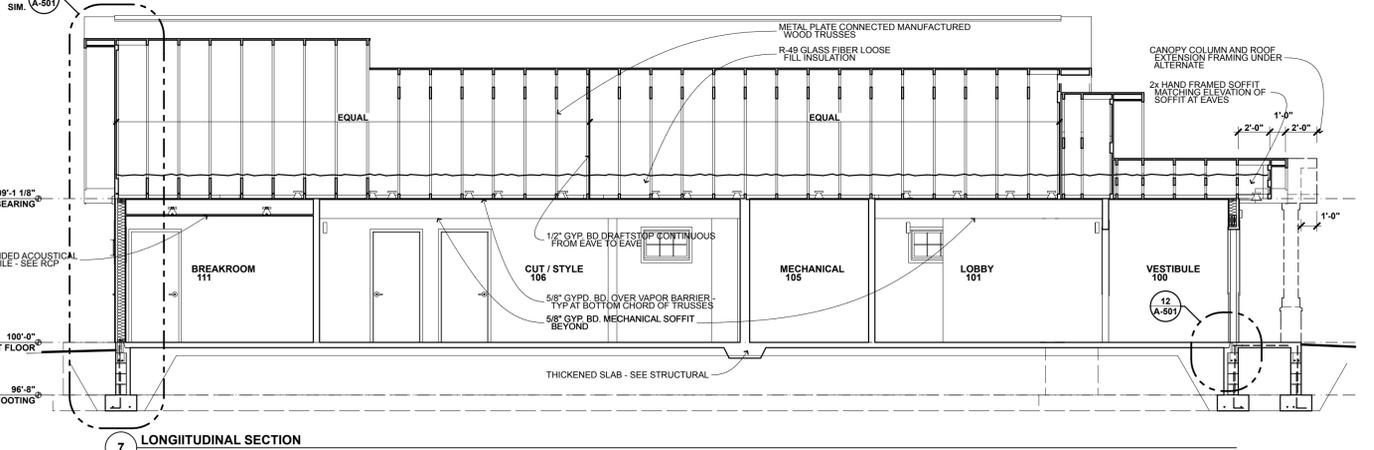
***NOTE:**
PREFINISHED FIBER CEMENT TRIM UNDER ALTERNATE BASE BID TO HAVE METAL 'J' TRIM AT MATERIAL TRANSITIONS



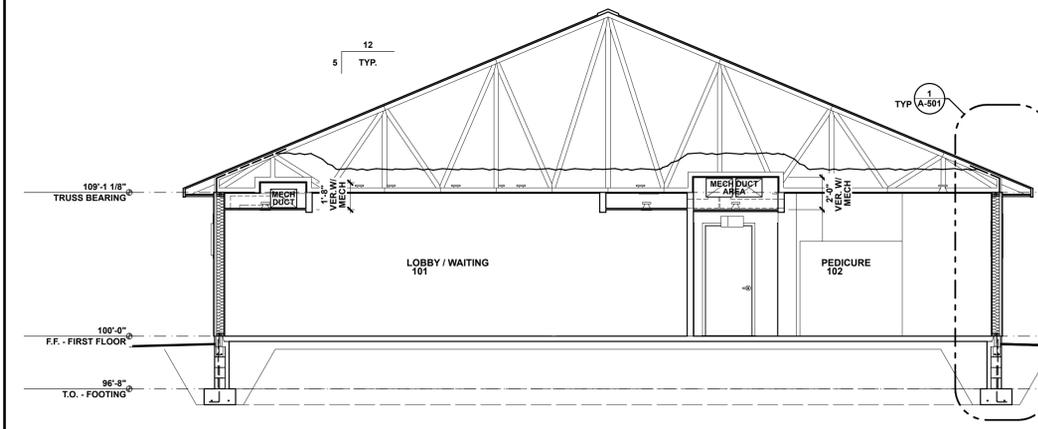
5 EAST ELEVATION
3/16" = 1'-0"



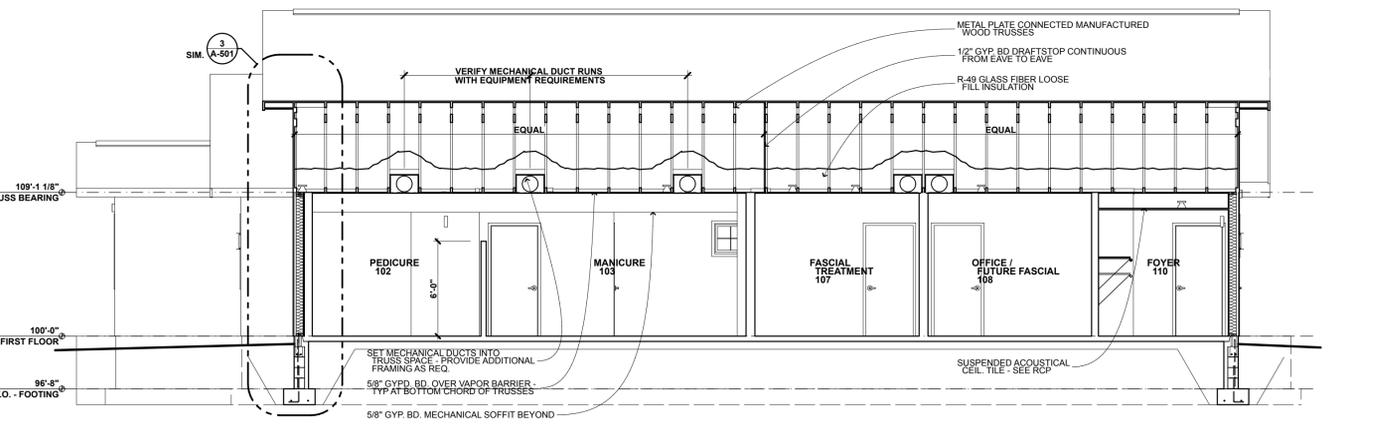
6 TRANSVERSE SECTION
3/16" = 1'-0"



7 LONGITUDINAL SECTION
3/16" = 1'-0"



8 LONGITUDINAL SECTION
3/16" = 1'-0"



9 LONGITUDINAL SECTION
3/16" = 1'-0"

REVISIONS

Issue ID	Issue Name	Issue Date

SHEET TITLE
BUILDING ELEVATIONS

DRAWN BY:	DATE:	PROJ. NO.
BAT & BLI	4/27/2020	30165

SHEET NO.
A-401

CITY COUNCIL
CITY OF CLEARWATER

ORDINANCE NO. 2020-02

ORDINANCE AMENDING CHAPTER 10 (ANIMALS) OF THE CITY CODE
TO ALLOW THE KEEPING OF CHICKENS

THE CITY OF CLEARWATER ORDAINS:

Section 1. Amendment of the City Code. Chapter 10 of the City Code of the City of Clearwater, Minnesota, is hereby amended to redefine “poultry” as excluding chickens, and by adding Division III – Chickens. The attached document outlines in red the full changes adopted herein by the City Council.

Section 2. Effective Date. This ordinance shall be in full force and effect upon its passage and summary publication, which is hereby authorized by the City Council.

ADOPTED THIS 28th DAY OF MAY 2020

ATTEST:

Andrea Lawrence, Mayor

Annita M. Smythe, City Administrator

Chapter 10

ANIMALS*

* **State Law References:** General authority relative to animals, Minn. Stats. § 412.221, subd. 21; animal health, Minn. Stats. ch. 35; dogs and cats, Minn. Stats. ch. 347; cruelty to animals, Minn. Stats. § 343.20 et seq.; stray animals and companion animals, Minn. Stats. ch. 346

Article I. In General

Sec. 10-1. Definitions.
Sec. 10-2. Violations.
Sec. 10-3. Dog or animal biting; quarantine.
Sec. 10-4. Disposition of diseased dogs or animals.
Sec. 10-5. Other animals.
Sec. 10-6. Vicious animals.
Sec. 10-7. Restrictions on food and drink establishments.
Secs. 10-8--10-32. Reserved.

Article II. Dogs and Cats

Division 1. Generally

Sec. 10-33. Impounding; redemption and other disposition.
Sec. 10-34. Limit on number of dogs and cats.
Sec. 10-35. Kennels.
Sec. 10-36. Restrictions regarding behavior of dogs.
Sec. 10-37. Dog waste and its removal.
Sec. 10-38. Dogs in Heat
Sec. 10-39. Dangerous and Potentially Dangerous Dogs
Secs. 10-40--10-62. Reserved.

Division 2. License

Sec. 10-63. License required; fee.
Sec. 10-64. Date of payment of license fee; method of licensing.
Sec. 10-65. Receipts and tags.
Sec. 10-66. Duplicate tags.
Sec. 10-67. Offenses involving tags.
Sec. 10-68—10-92. Reserved.

Article III. Chickens

Sec. 10-93. Purpose.
Sec. 10-94. General provisions.
Sec. 10-95. Chicken enclosures.
Sec. 10-96. Chicken permits.
Sec. 10-97. Violations.
Sec. 10-98. Chicken Oversight Committee.
Secs. 10-99—10-130. Reserved.

ARTICLE I.

IN GENERAL

Sec. 10-1. Definitions.

The following words, terms and phrases, when used in this chapter, shall have the meanings ascribed to them in this section, except where the context clearly indicates a different meaning:

At large means off the premises of the owner and not under the control of the owner, or other competent person, either by leash not exceeding six feet in length or otherwise restrained.

Household means a single-family residence, apartment or manufactured home.

Commercial Kennel means a place where more than three dogs thereof are kept for the business of selling, boarding for a fee, breeding for sale, or some other enterprise intended primarily for profit-making purposes. The term “commercial kennel” shall not include pet stores, pet grooming shops, or animal hospitals.

Owner means any person, firm, or corporation owning, harboring or keeping a dog, cat or other animal specified herein.

Poultry means domesticated birds kept for their eggs, meat, or feathers, including turkeys, ducks, geese, quail and other similar fowl. For purposes of this chapter 10, chickens shall be excluded from the definition of Poultry, and regulated as outlined in Article III of this chapter.

Pound means the duly licensed facility designated by the city to be the place of confinement for any animal authorized to be impounded under this chapter.

Poundmaster means the person in charge of the city pound.
(Ord. No. 4.03, § 1.0, 3-21-1983)

Sec. 10-2. Violations.

Upon notification to the city clerk-treasurer or other authorized person of violations of subsection 10-36(b) and section 10-3, the city clerk-treasurer or other authorized person may act to have the dog or animal impounded and/or quarantined immediately. Any owner who does not comply with the requirements of this article, or who resists attempts to enforce this article, shall be guilty of a petty misdemeanor.
(Ord. No. 4.03, § 5.0, 3-21-1983, Amended 7-2-2012)

Sec. 10-3. Dog or animal biting; quarantine.

Whenever any dog or other animal has bitten any person, the owner or custodian of any such dog or animal, having been so notified, either orally or in writing, shall immediately quarantine the dog or animal at the owner's home or other suitable place of confinement, as directed by the responsible officer of the city, for a period of 14 days after the occurrence.

During the quarantine period, the animal shall be securely confined in a building or in a yard enclosed by a fence so constructed that the animal cannot escape or otherwise leave the enclosure, and which will not permit other animals or persons to enter, for the purpose of preventing the animal from biting or otherwise coming in contact with persons or other animals.

Upon a reasonable suspicion that the dog may be rabid, the dog shall be subjected to the necessary tests by a doctor of veterinary medicine for the purpose of determining if it is infected with rabies.

The confinement, testing, treatment, in addition to all other expenses incurred as the result of a dog biting a person shall be the expense of the owner of the animal.

(Ord. No. 4.03, § 2.2, 3-21-1983, Amended 7-2-2012)

State Law References: Dog bites, Minn. Stats. § 346.51.

Sec. 10-4. Disposition of diseased dogs or animals.

If a dog or animal quarantined under section 10-3 is found to be sick or diseased, the operator of the quarantine facility shall immediately report in writing to the county health officer the condition of the dog or animal. The health department may then take possession of the dog or animal for the purpose of determining if it is suffering from rabies. A diseased dog or animal may either be destroyed or euthanized, if the county health officer determines such action necessary for the protection of public health and safety, as recommended by a licensed veterinarian.

(Ord. No. 4.03, § 2.3, 3-21-1983)

Sec. 10-5. Other animals.

It shall be unlawful for any owner to keep, harbor or confine within the limits of the city any wild animals, or any animal creating a nuisance or health hazard, or any horses, cows, sheep, pigs, goats, poultry (excluding chickens), or any other large domesticated animals.

(Ord. No. 4.03, § 2.4, 3-21-1983)

Sec. 10-6. Vicious animals.

It shall be unlawful for any owner to keep, harbor or confine within the city any animal, known to be vicious, which animal known to its owner has, on at least one prior occasion, without provocation attacked, bitten or scratched any person unless said person was unlawfully on the premises of the owner of said animal.

(Ord. No. 4.03, § 2.5, 3-21-1983)

Sec. 10-7. Restrictions on food and drink establishments.

Except as otherwise provided by law, it shall be unlawful for the owner or operator of any establishment wherein the selling, handling, processing or preparation of food is done to permit any animal in such establishment.

(Ord. No. 4.03, § 2.6, 3-21-1983)

State Law References: Right to bring certain service dogs into places of public accommodation, Minn. Stats. § 256C.02.

Secs. 10-8--10-32. Reserved.

ARTICLE II.

DOGS AND CATS

DIVISION 1.

GENERALLY

Sec. 10-33. Impounding; redemption and other disposition.

(a) *Impoundment.* It shall be lawful for any peace officer, or any authorized person employed by the city, to take up and impound any dog found in the city without the currently effective tag provided for in section 10-65 or any dog found running at large at any time within the city in violation of subsection 10-36(b); and in enforcing this article such officers, or employees, may enter upon any private premises where they have reason to believe there is an unlicensed dog.

(b) *Redemption.* Dogs may be redeemed from the pound by the owner any time during office hours within 120 hours after seizure and impoundage upon a sworn statement of ownership, proof that a license has been duly issued for said dog, presentation of a receipt showing payment to the city clerk-treasurer of the impounding fee in the amount established by the city, and payment to the pound for all boarding and other fees incurred during the period of impoundment. The poundmaster shall thereupon release to the owner the dog claimed by them, unless the dog is being held for rabies observation pursuant to section 10-3. Owners of dogs who live outside of the city and who are not subject the licensing requirements of this chapter, and whose dog or dogs have been impound for running at large within the city, may redeem their dog within the same time limits as above by completing all of the redemption requirements except that of licensing. All unpaid cost incurred by the city for impounding shall be assessed to the owner's property.

(c) *Disposition of unredeemed, sick or injured dogs.* Any dog not redeemed as provided for in subsection (b) of this section, within the time specified therein, may be disposed of in any humane manner selected by the poundmaster. Any sick or injured dog which has been impounded may be disposed of in any humane manner if the poundmaster has been unable to locate the owner after reasonable effort and if, in his discretion, the humane action would be the destruction of the animal.

(Ord. No. 4.03, §§ 4.1--4.3, 3-21-1983; Ord. of 4-8-1988, § 4.2, Amended 7-2-2012)

Sec. 10-34. Limit on number of dogs and cats.

It shall be unlawful for any owner to harbor or keep in any household more than a total of four (4) dogs and cats together, over the age of four (4) months within the limits of the City of Clearwater.

(Ord. No. 4.03, § 2.0, 3-21-1983, Amended 7-2-2012)

Sec. 10-35. Commercial Kennels.

No person shall maintain a commercial kennel within the city limit without obtaining a kennel license from the City pursuant to the Zoning provisions of the City Code.

(Ord. No. 4.03, § 2.7, 3-21-1983, Amended 7-2-2012)

Sec. 10-36. Restrictions regarding behavior of dogs.

- (a) *Habitual Barking.* It shall be unlawful for any person to keep or harbor a dog which habitually barks or cries. Habitual barking shall be defined as barking or crying for repeated intervals of at least five minutes with less than one minute of interruption. Such barking or crying must also be audible off of the owner's or caretaker's premises. Repeated barking due to intentional provocation by an unrelated individual residing off the property of the owner is not considered habitual barking for the purposes of this ordinance, nor is barking related to a periodic external stimulus such as a non-domestic animal, machinery or unusual activity within the vicinity of the premises.
- (b) *Damage to Property.* It shall be unlawful for any person's dog or other animal to substantially damage any lawn, garden or other property (including animals), whether or not the owner has knowledge of the damage. Any animal causing damage to property may be impounded, or a complaint may be issued by any party aggrieved by an animal under this section, against the owner of the animal.
- (c) *Running at large.* It shall be unlawful for any owner or keeper of a dog, or the parents or guardians of any person under 18 years of age who owns a dog, to allow such dog to run at large at any time. All dogs must be leashed, tied, penned or fenced at all times.

(Ord. No. 4.03, § 2.1, 3-21-1983, Amended 7-2-2012)

Sec. 10-37. Dog waste and its removal.

(a) *Duty to dispose.* It shall be the duty of each person who owns, possesses or controls a dog to remove and dispose of any feces left by his dog on any sidewalk, street, park or other public area, or any other property owned by the city.

(b) *Method of removal and disposal.* For the purpose of this section, the means of removal shall be any tool, implement or other device carried for the purpose of picking up and containing such feces, unexposed to said person or the public. Disposal shall be accomplished by transporting such feces to a place suitable and regularly reserved for the disposal of human feces.

Sec. 10-38. Dogs in Heat

Any female dog in heat shall be confined in a building or other enclosure in such manner that it cannot come in contact with another dog except for planned breeding.
(7-2-2012)

Sec. 10-39. Dangerous and Potentially Dangerous Dogs.

(a) *Adoption by Reference of State Law and County Ordinance.* The provisions of Minnesota State Statutes Chapter 347 (§347.50-347-565) and Wright County Ordinance No. 10-01, as they may be amended from time to time, are hereby adopted by reference as fully as if set out herein, and shall be administered and enforced by Animal Control Officials as identified and designated pursuant to that law and ordinance.

1. *Conflict of Laws.* When any provisions of this ordinance, county ordinance or state laws applicable to dangerous or potentially dangerous dogs are in conflict, the provisions that impose the greater restrictions or protections shall apply.
2. *Penalty.* Any person who violates this ordinance, county ordinance or state law applicable to dangerous and potentially dangerous dogs shall be guilty of a misdemeanor.
(7-2-2012)

Secs. 10-40--10-62. Reserved.

DIVISION 2.

LICENSE

Sec. 10-63. License required; fee.

It shall be unlawful for any person to own, keep or harbor any dog or dogs over four months of age within the corporate limits of the city without have obtained a license therefore as herein provided. The fee shall be as established by the city for a nontransferable license.
(Ord. No. 4.03, § 3.1, 3-21-1983; Ord. of 4-8-1988, § 3.1)

Sec. 10-64. Date of payment of license fee; method of licensing.

It shall be the duty of the owner of a dog required to be licensed to pay to the city clerk-treasurer the prescribed fee within five days of acquiring ownership or possession of an unlicensed dog, or within ten days of establishing residence in the city. When applying for a dog license, the owner shall state the name, sex, breed, and color of the dog and proof of rabies vaccination for which the licensed is to be procured. To be accepted the certificate of vaccination must show on its face the effective vaccination period and be executed by a doctor qualified to practice veterinary medicine in the state in which the animal is vaccinated.
(Ord. No. 4.03, § 3.3, 3-21-1983; Ord. of 4-8-1988, § 3.3)

Sec. 10-65. Receipts and tags.

Upon payment of the required fee, the city clerk-treasurer, or other authorized person, shall execute a receipt, in duplicate, showing the name and place of residence of the person to whom issued, and the number of the dog tag delivered to such person. The city clerk-treasurer shall procure a sufficient number of suitable tags, which are consecutively numbered. One tag per dog licensed will be issued to the person paying the fee. The owner shall affix the tag by a permanent fastening to the collar of the dog so licensed, in such a manner that the tag may be seen easily, and the tag shall be worn constantly by such dog.
(Ord. No. 4.03, § 3.4, 3-21-1983; Ord. of 4-8-1988, § 3.4)

Sec. 10-66. Duplicate tags.

When any dog tag is lost, a duplicate may be issued by the city clerk-treasurer upon presentation of a receipt showing the payment of the license fee. A fee in the amount established by the city council shall be paid for each such duplicate tag.

(Ord. No. 4.03, § 3.5, 3-21-1983; Ord. of 4-8-1988, § 3.5)

Sec. 10-67. Offenses involving tags.

It shall be unlawful to counterfeit, or attempt to counterfeit, the tag provided for in section 10-65, or to remove from any dog a tag legally placed upon it with the intent of placing it upon another dog, or to place such tag upon another dog. It shall be unlawful for any person to transfer any tag issued, or to place a tag upon any dog other than the one for which it was issued. No refunds shall be made on any dog license fee because of the removal of the dog from the city or because of the death of the dog.

(Ord. No. 4.03, § 3.6, 3-21-1983; Ord. of 4-8-1988, § 3.6)

ARTICLE III.

CHICKENS.

Sec. 10-93. Purpose.

The purpose of this article is to define standards that regulate the keeping of chickens in city limits while protecting the health, safety and welfare of the community.

Sec. 10-94. General provisions.

The following general provisions will govern the keeping of chickens in city limits.

- (a) There are to be no more than five (5) chickens for properties under ½ acre or ten (10) chickens for properties greater than ½ acre in size.
- (b) All chickens will be kept within an enclosure that complies with Sec. 10-95.
- (c) Chickens will be allowed free range in fenced area or enclosed run space only.
- (d) No roosters are permitted.
- (e) There shall be no egg sales from residential properties.
- (f) Slaughtering and processing of chickens are prohibited in residential districts. Non-residential properties shall comply with the zoning requirements of the district in which they are located as they relate to processing of farm animals.
- (g) The keeping of chickens in city limits shall be prohibited without a city-issued permit and the payment of the required permitting fees. The permit should be readily available for review if so requested by law enforcement or other officials with authority to enforce this ordinance. Chicken permits are governed under Sec. 10-96.

- (h) Dead chickens must be disposed of according to the Minnesota Board of Animal Health rules which require chicken carcasses to be disposed of as soon as possible after death, usually within 48 to 72 hours. Acceptable methods of disposal include burial or off-site incineration, off-site rendering, or off-site composting. The city will not compost chicken carcasses.
- (i) The City Council may at its discretion appoint a Chicken Oversight Committee to be made up of community volunteers to review and respond to chicken complaints.

Sec. 10-95. Chicken enclosures.

All chicken enclosures shall comply with the following requirements.

- (a) Chickens will have a recommended shelter space of one (1) square foot per chicken.
- (b) Chicken enclosures will be constructed of home building materials and comply with any ordinances governing accessory structures and fencing.
- (c) Enclosures shall be fully enclosed to prevent any escape by chickens or entrance by migratory birds or predators.
- (d) Enclosures shall be kept clean and orderly.
- (e) Enclosures shall not be placed in the front yard or in a side yard that abuts a street. Enclosures shall not be placed closer than ten (10) feet to any property line and shall not be placed closer than twenty-five (25) feet to any dwelling unit other than on the owner's property.
- (f) Enclosures shall not be placed within any drainage or utility easement.
- (g) Screening and/or a hard surface may be required by the Zoning Administrator if problems occur with appearance, noise, odor, and sanitation.
- (h) Enclosures may not exceed one hundred twenty (120) square feet unless so authorized by an Administrative Permit.

Sec. 10-96. Chicken permits.

Property owners wishing to keep chickens at their property may apply for a (one time) required permit at City Hall (or Permits shall be good for (_____ year(s)). Property owners will be required to pay the permit fees as established by the City Council in the Fee Schedule ordinance. Renters who wish to keep chickens may do so only if the property owner has a valid chicken permit for the property. The property owner shall remain liable for compliance with all provisions of this Article III.

The City of Clearwater reserves the right to revoke any chicken permit if there are excessive complaints or ordinance violations at a specific property. Owners whose permits are revoked under this provision may appeal such revocation to the City Council upon written request. The City Council's decision will be final.

The City of Clearwater reserves the right to revoke or suspend all chicken permits and order removal of all chickens if a pandemic regarding fowl and poultry is declared by the state of Minnesota.

Sec. 10-97. Violations.

Violations of any provisions of this article may result in the revocation of the owner's Chicken Permit and a directive to the owner to remove all chickens from the premises. In addition, the City Council may levy fines for violations as established in the city's Fee Schedule ordinance. If the property owner still fails to bring the property into compliance after fines and permit revocation, the city may seek a court order to remove the chickens, and any costs associated with such action will be assessed to the property taxes of the property where the chickens were kept.

Sec. 10-98. Chicken Oversight Committee.

The City Council at its discretion may establish a Chicken Oversight Committee made up of community volunteers to assist with complaints the city receives under this Article III. The Chicken Oversight Committee may visit the property to determine if violations exist, work with the owner to remedy any violations, issue warnings, or refer the matter to city staff for further enforcement action under Sec. 10-97.

The Chicken Oversight Committee, if so appointed, will be considered volunteers of the city similar to other Boards and Commissions. There shall be no additional compensation for Committee members.