

# Chapter 7



## Implementation Plan

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# Introduction

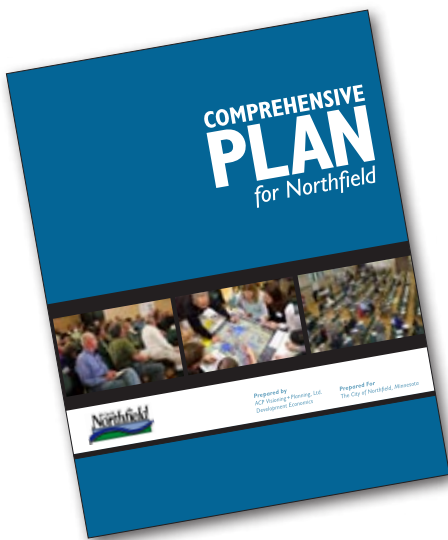
This section of the Master Plan identifies several strategies necessary for future development of the Northfield Business and Industrial Park sites. It will be important to engage the community with each step of the planning and development process to ensure that the vision being carried forward reflects the community's desires. Recommendations outlined in this section of the Master Plan with focus on the North Site, as it is already annexed into the City of Northfield and until the South Site is annexed it has limited development potential.

## Infrastructure Phasing and Financing

In order to fund the improvements necessary to allow for the development of the master plan, the City will need to examine a comprehensive approach to phasing and funding infrastructure. Such an approach should consider the tools identified in following sections of the Implementation Plan.

## Comprehensive Plan

Implementing the vision of this plan will require amendments to the City's comprehensive plan. The Northfield Business and Industrial Park Master Plan can be adopted as a supporting document to the comprehensive plan or specific goals and policies can be included within the comprehensive plan to reflect the vision of the plan. The City's public facility master plans for water, sewer, and transportation which are supporting documents of the comprehensive plan will need to be amended periodically to identify projects necessary to allow for development of the area.



## *Land Development Code*

In order to facilitate development of individual properties, specific standards and controls will need to be in place to ensure the vision of the plan is carried through. The vision of this plan will be implemented through the City of Northfield's Land Development Code. The study area sites for the master planning effort are located in Floating Zoning District ED-F (Economic Development Floating District). The Economic Development Floating District (ED-F) is applied to areas of the city appropriate for employment with an urban campus type character with a focus on sustainable, high quality development that is designed in a way to preserve the city's natural resources while simultaneously promoting economic development. This district will provide opportunities for corporate administrative offices and medium sized research and development firms to locate in the city. Land uses within the district should be designed to minimize impact on any residential uses by appropriate buffering and overall subdivision design. High standards of appearance and design will be required and maintained with restrictions on outdoor storage and activities with undesirable characteristics.

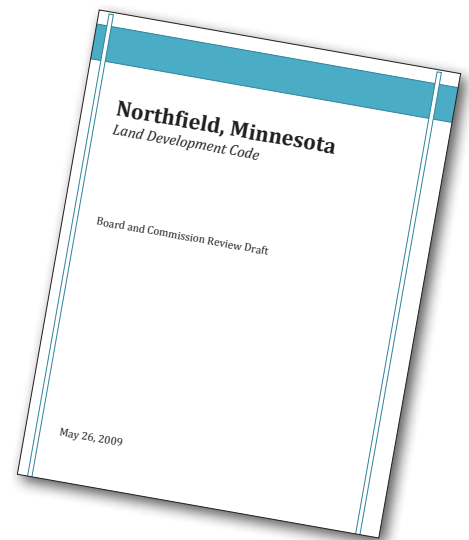
Amendments to the City's Development Code should be conducted upon adoption of the Northfield Business and Industrial Park Master Plan. Amendments will include specific recommendations and development guidelines outlined in this Master Plan document. Those recommendations will be determined through another zoning ordinance process following the adoption of the Master Plan.

## *Annexation*

In order to consider development of the South Site it is strongly recommended that the City initiate an agreeable annexation approach with Bridgewater Township to bring properties into the City. Coupled with this approach will be the need to outreach to the community as annexations are voter approved. Until such time, development on the South Site is limited.

## *Marketing Plan*

The City should initiate the preparation of a marketing plan to reach out to potential developers and end users of the Northfield Business and Industrial Park sites. This plan outlines several strategies for consideration, however, it is recommended the City consult with a professional market and branding firm(s) to assist the City with the future marketing of the business parks.



# Phasing

## *Introduction*

The primary intent of the Northfield Business and Industrial Park Master Plan is to communicate and detail the vision for the two candidate sites. With that said, it is important to begin identifying strategies to make the vision a reality. This section describes phasing strategies and key catalytic projects that relate to phasing.

Successful implementation of the Master Plan will occur if all elements of the plan are considered throughout the implementation process and careful stewardship of the plans fundamental goals are adhered to and supported by community leaders. Many factors evolve over time and can change the priorities in implementing the plan. As funding becomes available the project scope will be refined, the budgets will be adjusted, and the order of development events may shift. Having the plan as a development tool will keep implementation on track as various other factors shift over time.

The implementation plan addresses factors affecting both candidate sites, however the focus of implementation efforts should be applied toward the North Site, as it has already been annexed into the City of Northfield and the future of the south site is still uncertain.

## *Catalytic Projects*

The following catalytic projects have been identified for the North Site and are presented in no particular priority. These projects have been identified since their planning, design and development will affect great change on the site and can build momentum for implementing the Master Plan. Other projects and recommendations that are included in the Master Plan can be implemented independently as funding and opportunities arise.

### State Highway 19/County Road 23 Interchange

Improved access and visibility into the North Site is critical to the success of the future business park and to the ability to attract early development interest on the site. Current site access and circulation are not safe or adequate to accommodate heavy truck use that can be expected for future businesses. This project will require land acquisition to provide the land for an improved intersection. It will also require on-going coordination and negotiation with the Minnesota Department of Transportation as well as Dakota and Rice Counties. The City of Northfield should begin discussions with these agencies upon the approval of the Master Plan.

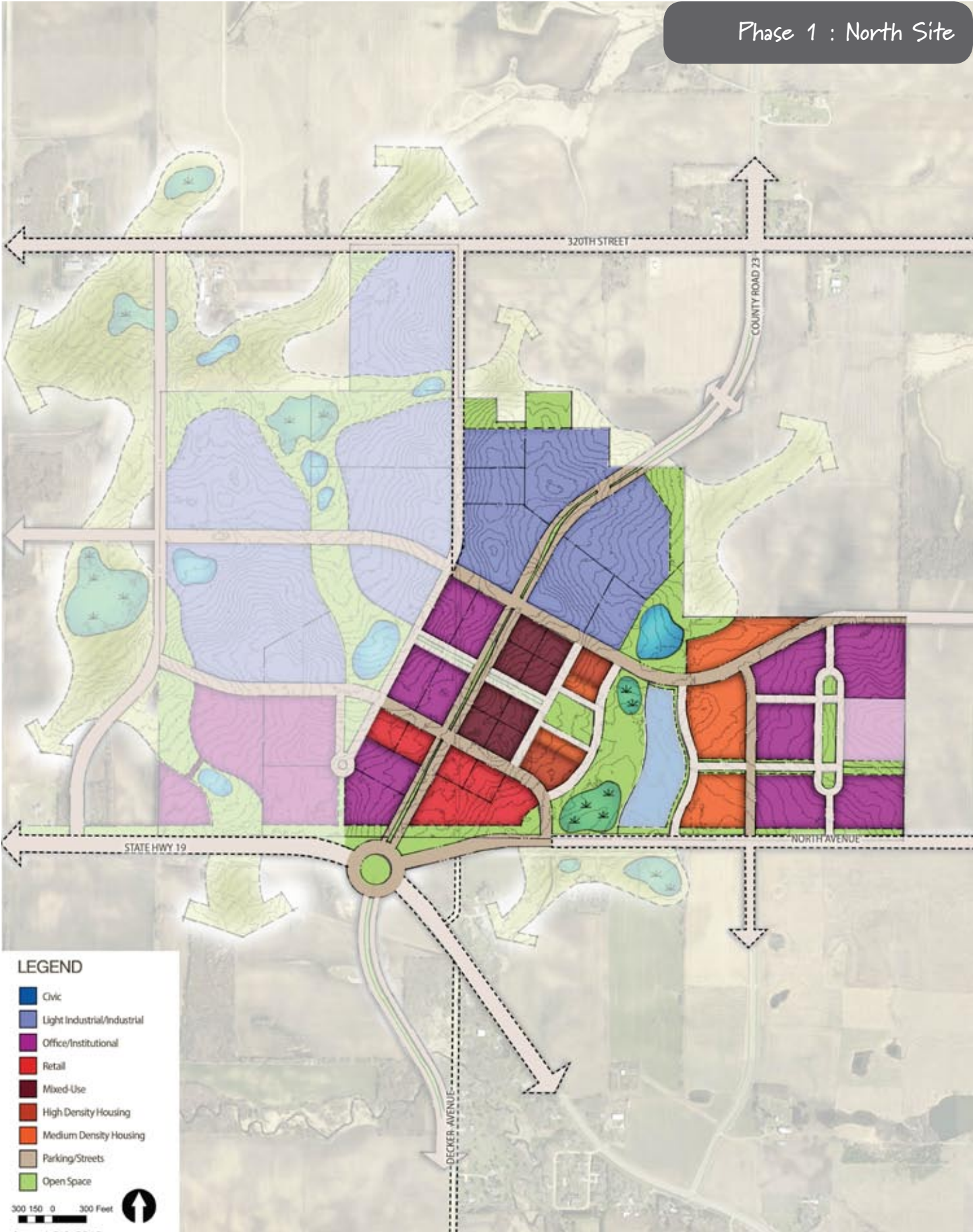
### County Road 23

The future alignment and development of County Road 23 is another critical component to the success of the Northfield Business Park. County Road 23 (Dakota County) is planned to be the only arterial roadway within the business park and provides critical access to future development sites. Without this roadway built to minimum arterial standards, access and circulation for future businesses is compromised. With it, the business park will attract future businesses and provide adequate access and circulation to development sites. A portion of the planned roadway can and should be built as deep into the site as possible. Future land acquisition will be necessary to complete the roadway as planned to the north and to the south of the site. This project will require on-going coordination and negotiation with Dakota and Rice Counties.

### North Avenue

North Avenue plays an important role, providing access to the Northfield Hospital and to future development sites within the business park. The extension of North Avenue to either the future roundabout at SH 19/CR 23 (if this option is approved by MNDOT and Dakota and Rice Counties) or to CR 23, is critical to the future success of the business park. It also provides necessary access to the hospital from SH 19. Design and engineering of utility extensions within the North Avenue right of way are already underway. These studies should continue westward as funding becomes available.

Phase 1 : North Site



# Phasing - North site

The following are specific recommendations related to the phasing of development on the North Site.

## Phase 1

### Roadways

- » Develop a portion of County Road 23 as an arterial per the general alignment and cross section outlined in the master plan and consistent with standards outlined in the 2008 Northwest Northfield Highway Corridor Study Report to service the center of the site and the primary access point into the site off SH 19
- » Develop an improved intersection at CR 23 and SH 19. The plan illustrates a large roundabout intersection, based upon direction from the Steering Committee. An improved intersection along SH 19 is critical for safe and convenient access to the site
- » Develop a system of collector streets as identified in the phasing plan to disperse traffic throughout the site

### Utilities

- » Extend utilities in North Avenue west to the Sorem property
- » Build additional water and sewer lines within the street rights of way as streets are constructed to serve development sites

### Land Acquisition

- » Land acquisition will be necessary to construct an improved intersection at CR 23 and SH 19

### Open Space/Stormwater Improvements

- » Develop adequate infiltration areas and stormwater ponds as identified on the phasing plan to mitigate stormwater runoff created by new development

### Water Tower

- » It has been determined that a water tower must be constructed to adequately service the new development. This water tower will also service off-site needs.

### Grading

- » Site grading may be required to provide adequate access to each development site as a result of roadway and stormwater facilities construction

### Development Program

- » The development sites that become serviceable based upon Phase 1 public improvements include a diverse set of land uses occupying approximately 170 acres. The land uses include office, industrial, retail, lodging, mixed-use, and housing

### Job Creation

- » An estimated 2,700 jobs could be created if all sites were developed in Phase 1

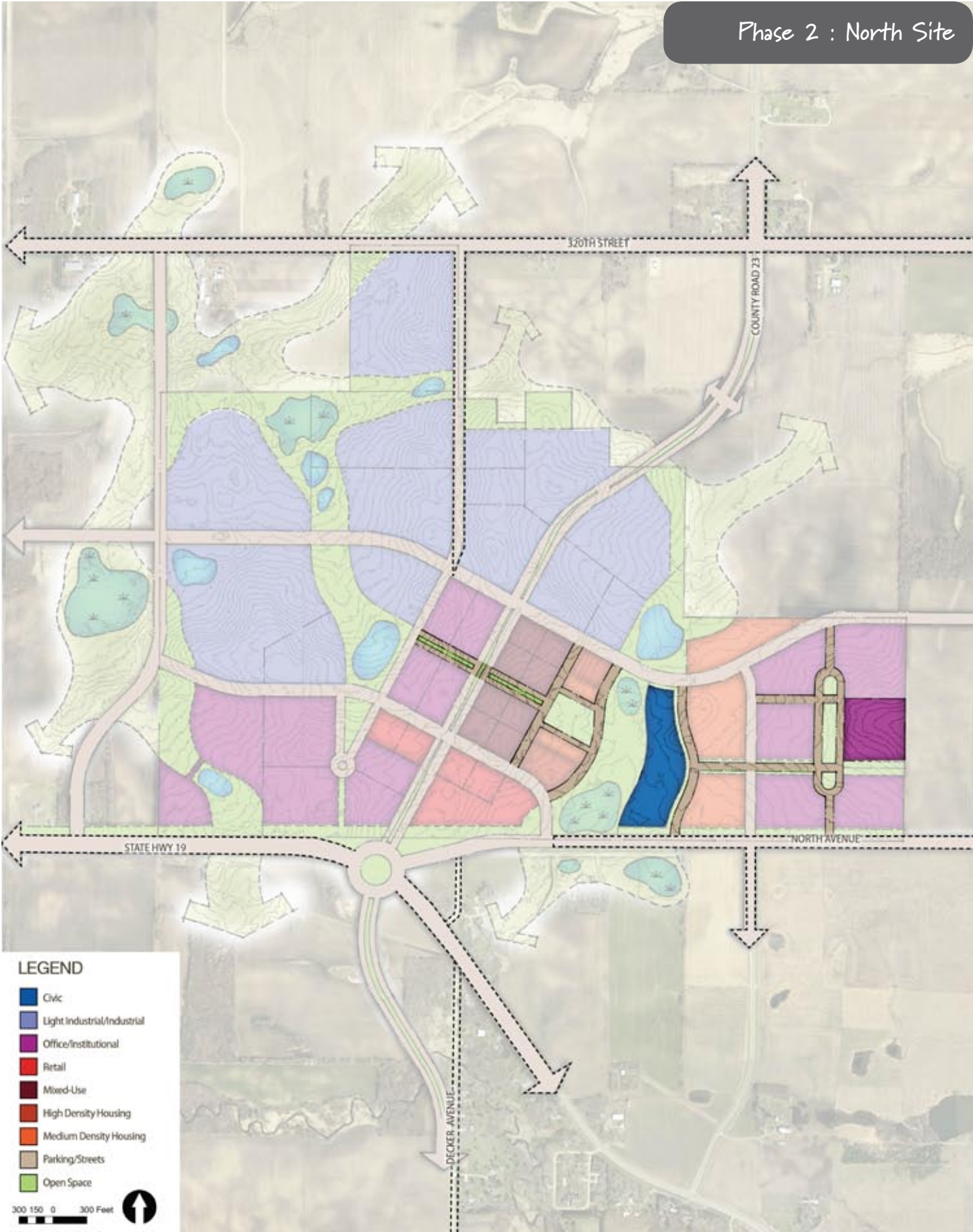
### Estimated Costs

- » Costs to construct public improvement necessary to provide services for Phase 1 are estimated to be approximately \$12,000,000. All costs are estimated with 2010 unit costs.

### Estimated Annual Tax Revenue Generation

- » At full build-out the development program is estimated to generate approximately \$1,900,00 in annual tax revenue to the City of Northfield.

Phase 2 : North Site



## Phase 2

### Roadways

- » Develop local roads to service additional sites. These roads may be negotiated with the developer of the sites being serviced to fund and construct

### Utilities

- » Build water and sewer lines within the street rights of way as streets are constructed to serve development sites

### Open Space/Stormwater Improvements

- » Develop adequate infiltration areas and stormwater ponds as identified on the phasing plan to mitigate stormwater runoff created by new development

### Grading

- » Site grading may be required to provide adequate access to each development site as a result of roadway and stormwater facilities construction

### Development Program

- » The development sites that become serviceable based upon Phase 2 public improvements include approximately 17 acres of office and civic land uses

### Job Creation

- » An estimated 315 jobs could be created if all sites were developed in Phase 2

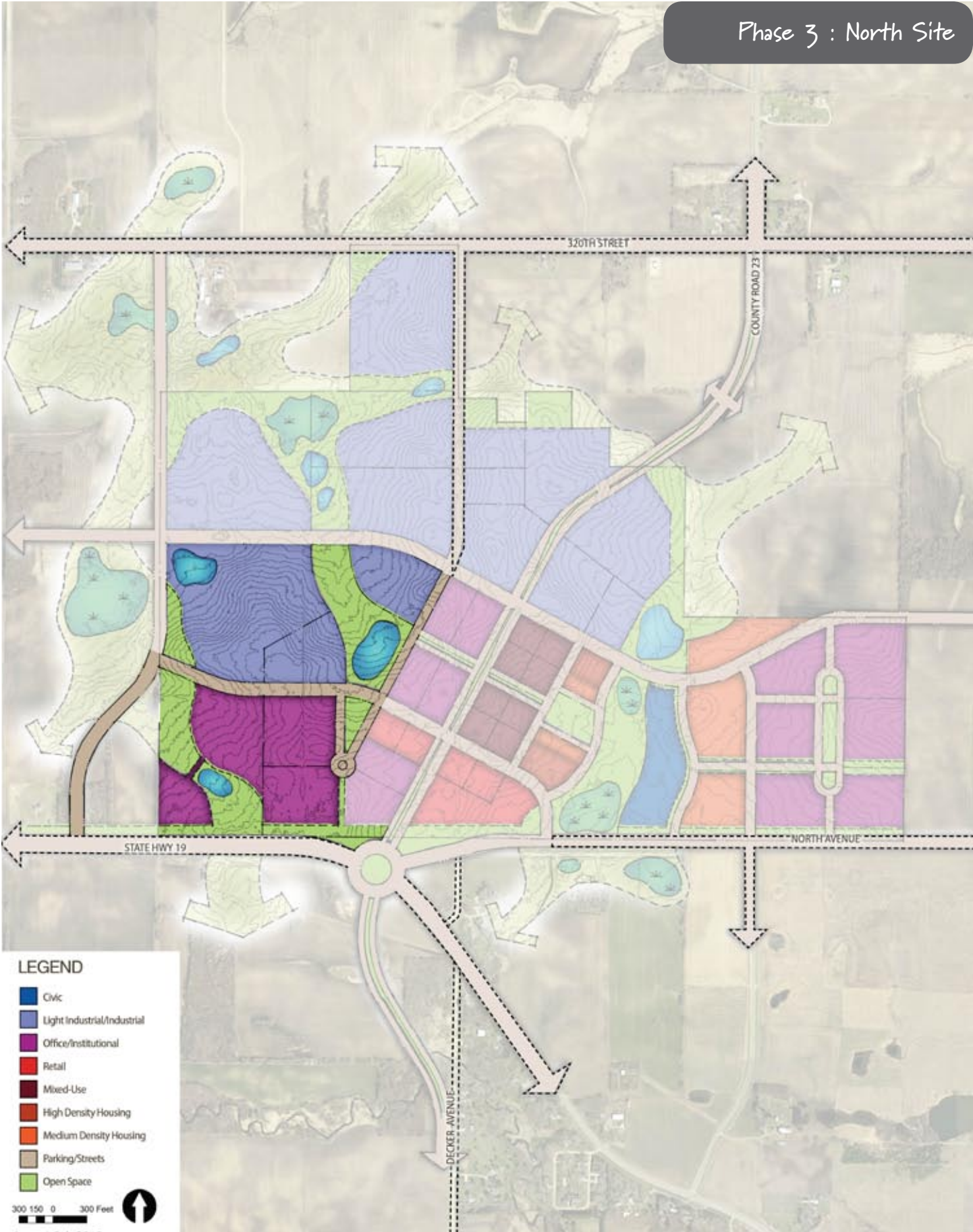
### Estimated Costs

- » Costs to construct public improvement necessary to provide services for Phase 2 are estimated to be approximately \$5,000,000. All costs are estimated with 2010 unit costs.

### Estimated Annual Tax Revenue Generation

- » At full build-out the development program is estimated to generate approximately \$68,000 in annual tax revenue to the City of Northfield.

Phase 3 : North Site



## Phase 3

### Roadways

- » Develop collector streets and local roads to service the southwestern portions of the site
- » Develop an additional access intersection on to SH 19 just west of the property line. This will provide important access to and egress from the site, particularly for truck traffic from the industrial sites

### Utilities

- » Build water and sewer lines within the street rights of way as streets are constructed to serve development sites

### Land Acquisition

- » Land acquisition will be necessary to complete the collector streets and access on to SH 19

### Open Space/Stormwater Improvements

- » Develop adequate infiltration areas and stormwater ponds as identified on the phasing plan to mitigate stormwater runoff created by new development

### Grading

- » Site grading may be required to provide adequate access to each development site as a result of roadway and stormwater facilities construction

### Development Program

- » The development sites that become serviceable based upon Phase 3 public improvements include approximately 99 acres of office and industrial land uses

### Job Creation

- » An estimated 1400 jobs could be created if all sites were developed in Phase 3

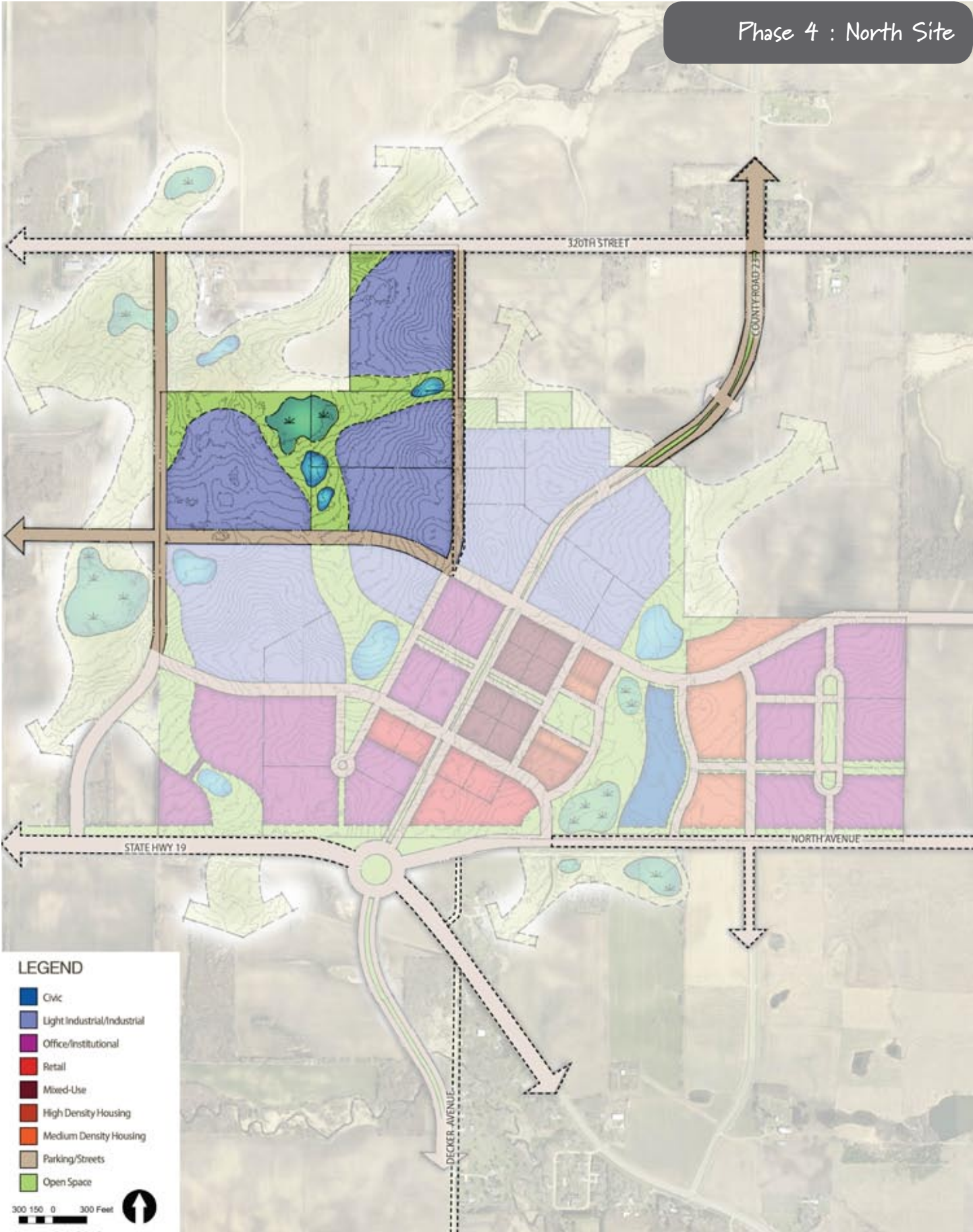
### Estimated Costs

- » Costs to construct public improvement necessary to provide services for Phase 3 are estimated to be approximately \$4,000,000. All costs are estimated with 2010 unit costs.

### Estimated Annual Tax Revenue Generation

- » At full build-out the development program is estimated to generate approximately \$500,000 in annual tax revenue to the City of Northfield.

Phase 4 : North Site



## Phase 4

### Roadways

- » Develop collector streets to provide access to 320th Street East
- » Continue the development of CR 23 as an arterial to connect north to 320th Street East

### Utilities

- » Build water and sewer lines within the street rights of way as streets are constructed to serve development sites

### Land Acquisition

- » Land acquisition will be necessary to complete the construction of CR 23 north to 320th Street East

### Open Space/Stormwater Improvements

- » Develop adequate infiltration areas and stormwater ponds as identified on the phasing plan to mitigate stormwater runoff created by new development

### Grading

- » Site grading may be required to provide adequate access to each development site as a result of roadway and stormwater facilities construction

### Development Program

- » The development sites that become serviceable based upon Phase 4 public improvements include approximately 100 acres of industrial land uses

### Job Creation

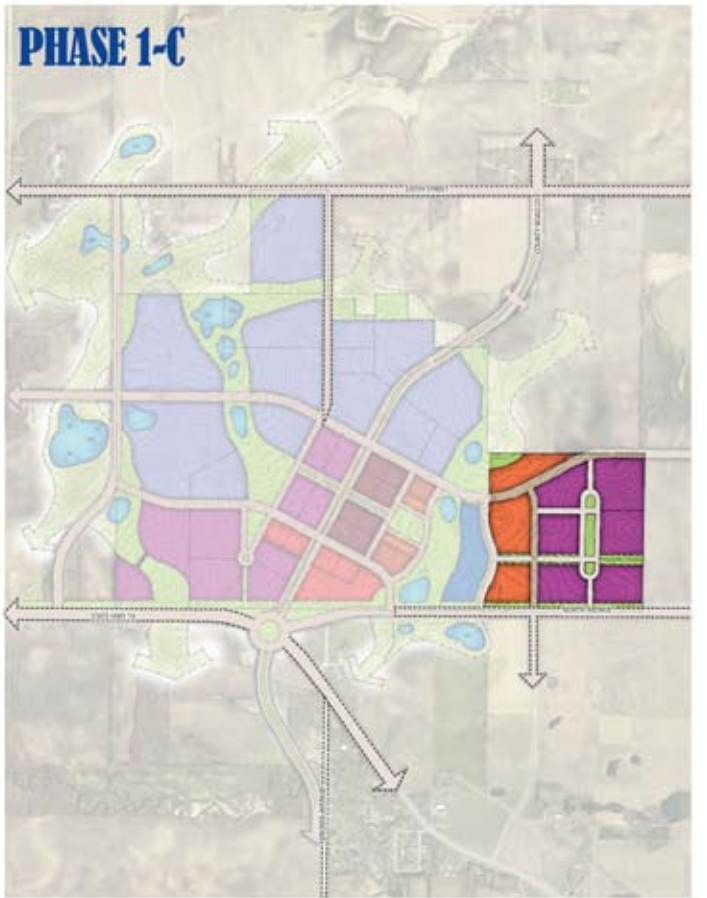
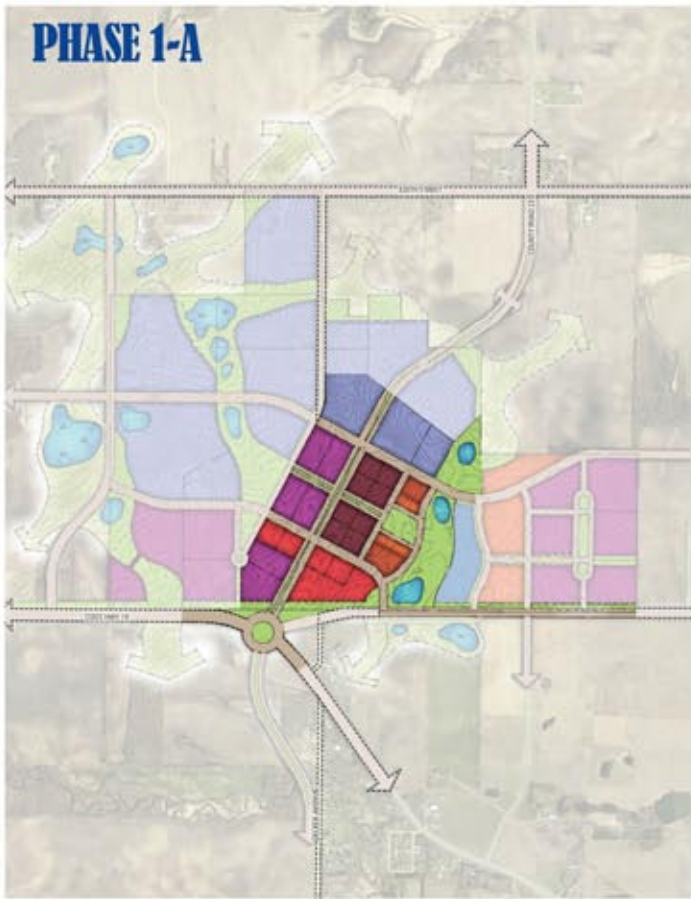
- » An estimated 635 jobs could be created if all sites were developed in Phase 4

### Estimated Costs

- » Costs to construct public improvement necessary to provide services for Phase 4 are estimated to be approximately \$6,000,000. All costs are estimated with 2010 unit costs.

### Estimated Annual Tax Revenue Generation

- » At full build-out the development program is estimated to generate approximately \$300,000 in annual tax revenue to the City of Northfield.

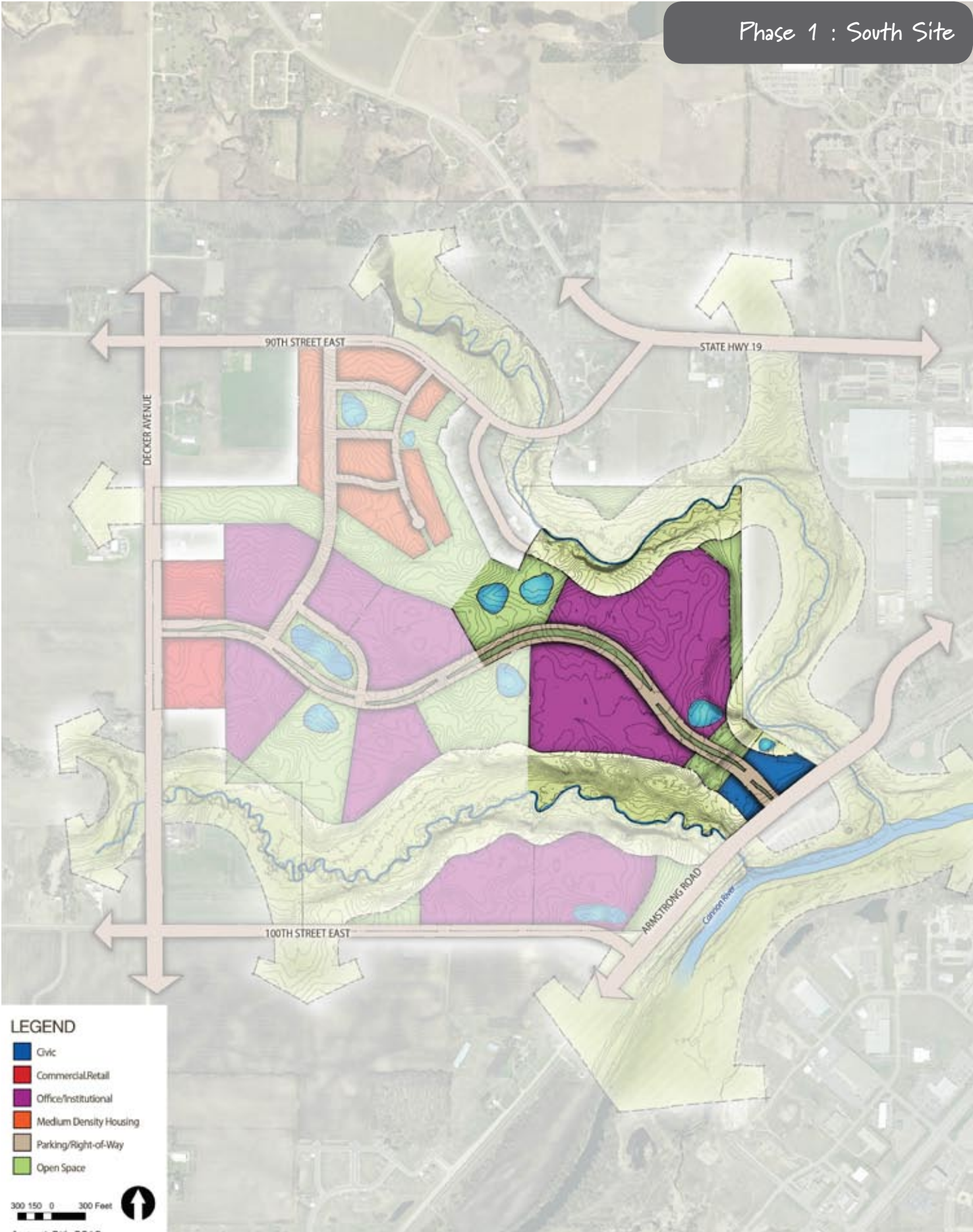


## Phase 1 – Sub-Phase Options

The planning team provided options to break down Phase 1 of public improvements on the North Site into sub-phases to illustrate how the development of public improvements could be done in a way to minimize costs while maximizing development opportunity. This plan will not get into the details of each sub-phase but recommends the following general strategies:

- » Develop an improved intersection off SH 19 and the trunk road system to support a diverse mix of land uses and variable parcel sizes in the first phase.
- » Improved access, circulation and visibility is critical to success of the business park
- » Utilize existing infrastructure as much as possible to minimize public improvement costs
- » Follow up phases should respond to market demand and available funds to construct public improvements
- » Each phase of development should provide flexibility of parcel sizes and land uses

Phase 1 : South Site



# Phasing - South Site

The following are specific recommendations related to the phasing of development on the South Site.

## Phase 1

### Roadways

- » Develop the primary collector/parkway from Armstrong Road going west into the site

### Utilities

- » Build water and sewer lines within the street rights of way as streets are constructed to serve development sites

### Open Space/Stormwater Improvements

- » Develop adequate infiltration areas and stormwater ponds as identified on the phasing plan to mitigate stormwater runoff created by new development

### Grading

- » Site grading may be required to provide adequate access to each development site as a result of roadway and stormwater facilities construction

### Streambank Enhancement

- » Restore and enhance stream banks along Heath Creek and Spring Brook adjacent to site development

### Development Program

- » The development sites that become serviceable based upon Phase 1 public improvements include approximately 58 acres of office and civic land uses

### Job Creation

- » An estimated 1,500 jobs could be created if all sites were developed in Phase 1

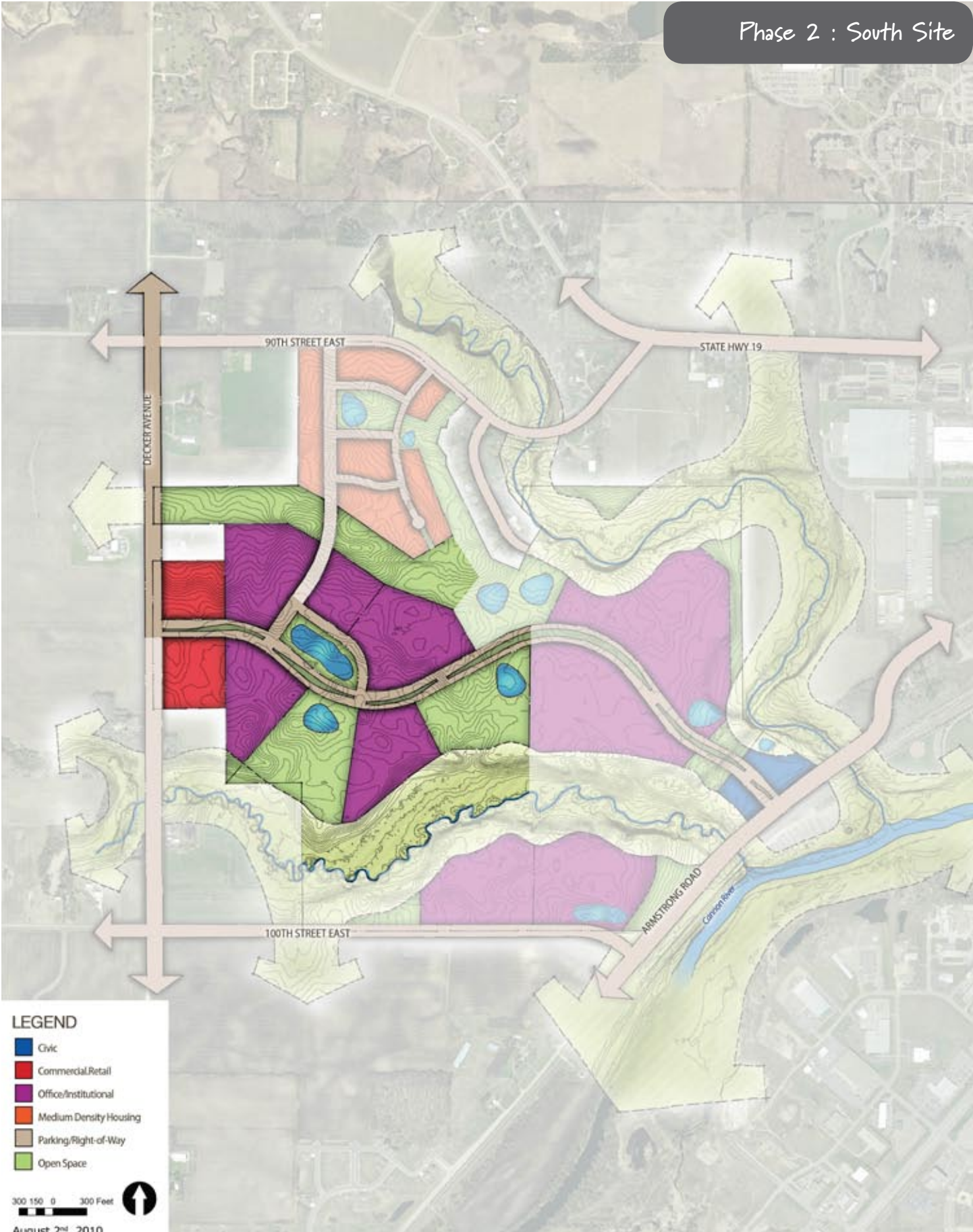
### Estimated Costs

- » Costs to construct public improvement necessary to provide services for Phase 1 are estimated to be approximately \$2,500,000. All costs are estimated with 2010 unit costs.

### Estimated Annual Tax Revenue Generation

- » At full build-out the development program is estimated to generate approximately \$500,000 in annual tax revenue to the City of Northfield.

Phase 2 : South Site



## Phase 2

### Roadways

- » Develop extension of the primary collector/parkway west to Decker Avenue/CR 23
- » Develop Decker Avenue/CR 23 roadway improvements north to SH 19
- » Develop local roads to service development sites

### Utilities

- » Build water and sewer lines within the street rights of way as streets are constructed to serve development sites

### Open Space/Stormwater Improvements

- » Develop adequate infiltration areas and stormwater ponds as identified on the phasing plan to mitigate stormwater runoff created by new development

### Grading

- » Site grading may be required to provide adequate access to each development site as a result of roadway and stormwater facilities construction

### Streambank Enhancement

- » Restore and enhance stream banks along Spring Brook adjacent to site development

### Development Program

- » The development sites that become serviceable based upon Phase 2 public improvements include approximately 80 acres of office and retail land uses

### Job Creation

- » An estimated 2,000 jobs could be created if all sites were developed in Phase 2

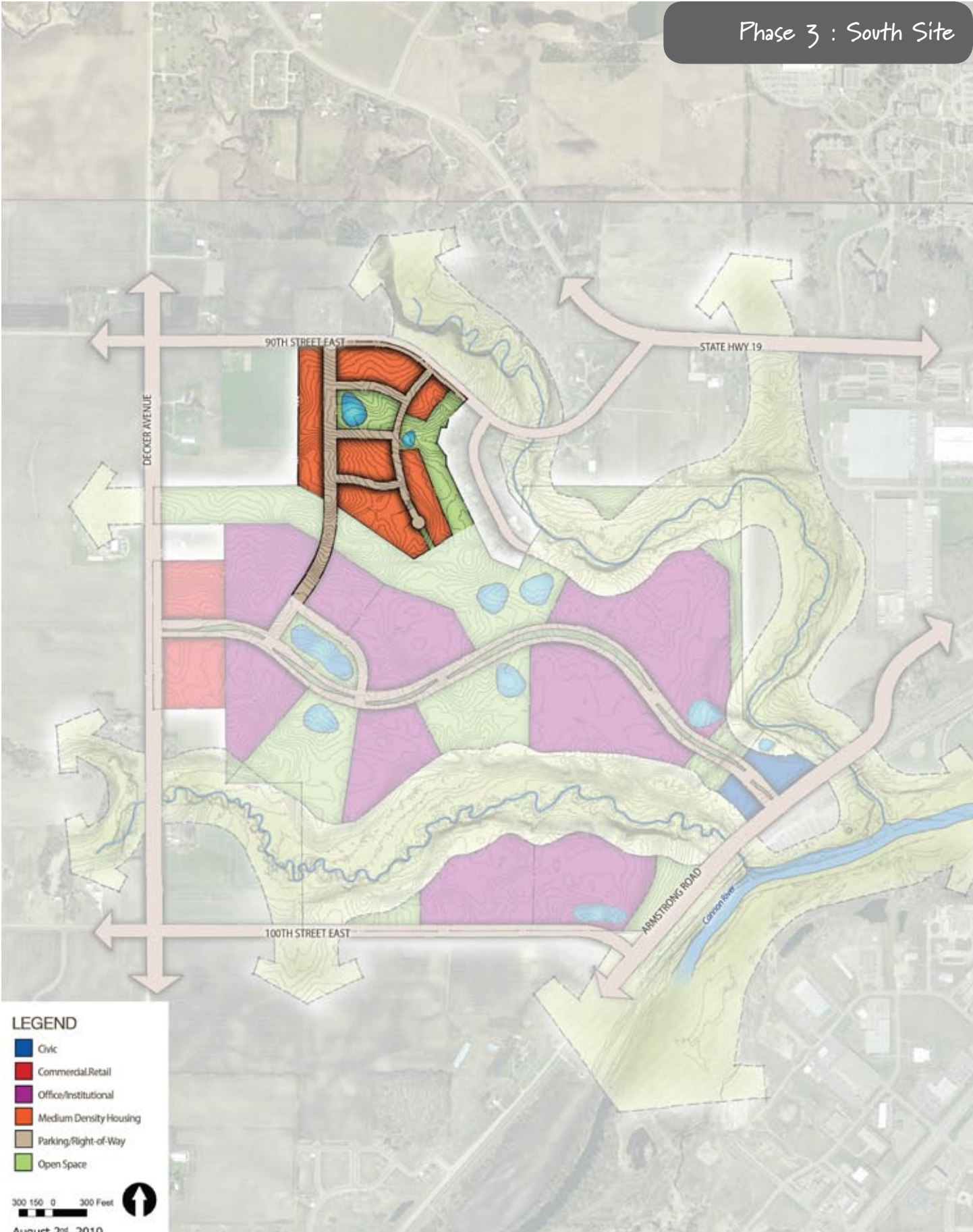
### Estimated Costs

- » Costs to construct public improvement necessary to provide services for Phase 2 are estimated to be approximately \$8,000,000. All costs are estimated with 2010 unit costs.

### Estimated Annual Tax Revenue Generation

- » At full build-out the development program is estimated to generate approximately \$825,000 in annual tax revenue to the City of Northfield.

Phase 3 : South Site



## Phase 3

### Roadways

- » Develop local roads to service development sites

### Utilities

- » Build water and sewer lines within the street rights of way as streets are constructed to serve development sites

### Open Space/Stormwater Improvements

- » Develop adequate infiltration areas and stormwater ponds as identified on the phasing plan to mitigate stormwater runoff created by new development

### Grading

- » Site grading may be required to provide adequate access to each development site as a result of roadway and stormwater facilities construction

### Development Program

- » The development sites that become serviceable based upon Phase 3 public improvements include approximately 25 acres of residential land uses

### Job Creation

- » N/A

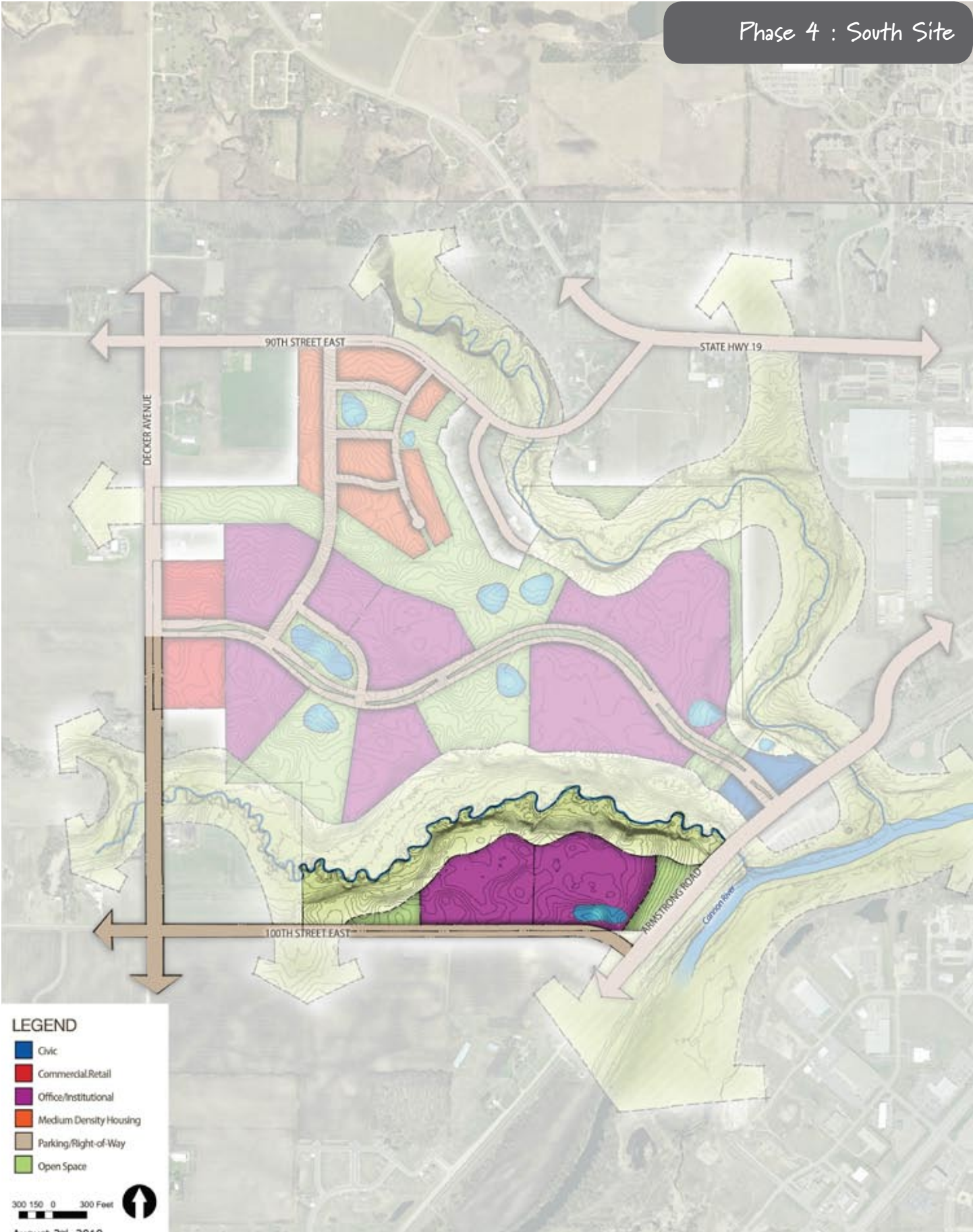
### Estimated Costs

- » Costs to construct public improvement necessary to provide services for Phase 3 are estimated to be approximately \$3,000,000. All costs are estimated with 2010 unit costs.

### Estimated Annual Tax Revenue Generation

- » At full build-out the development program is estimated to generate approximately \$500,000 in annual tax revenue to the City of Northfield.

Phase 4 : South Site



## Phase 4

### Roadways

- » Develop Decker Avenue/CR 23 roadway improvements south to 100th Street East
- » Develop 100th Street East roadway improvements from Armstrong Road west to Decker Avenue/CR 23

### Utilities

- » Build water and sewer lines within the street rights of way as streets are constructed to serve development sites

### Open Space/Stormwater Improvements

- » Develop adequate infiltration areas and stormwater ponds as identified on the phasing plan to mitigate stormwater runoff created by new development

### Grading

- » Site grading may be required to provide adequate access to each development site as a result of roadway and stormwater facilities construction

### Streambank Enhancement

- » Restore and enhance stream banks along Spring Brook adjacent to site development

### Development Program

- » The development sites that become serviceable based upon Phase 4 public improvements include approximately 28 acres of office land uses

### Job Creation

- » An estimated 750 jobs could be created if all sites were developed in Phase 4

### Estimated Costs

- » Costs to construct public improvement necessary to provide services for Phase 4 are estimated to be approximately \$4,500,000. All costs are estimated with 2010 unit costs.

### Estimated Annual Tax Revenue Generation

- » At full build-out the development program is estimated to generate approximately \$250,000 in annual tax revenue to the City of Northfield.

# Public Finance

## Introduction

One of the keys to implementing the Northfield Business and Industrial Park Master Plan (the “Plan”) is the ability to finance the public improvements needed to facilitate the desired private development and land use. Given the scope and time horizon of the Plan, it is not possible to offer a specific implementation finance plan. Instead, this section of the Plan describes the critical improvements and finance tools needed to implement the Plan. It is intended to serve as a guide for future action by the City.

Unless otherwise noted, the comments pertain to both the North and South sites.

## Critical Improvements

The Plan identifies and estimates the costs of public improvements. Several general recommendations apply to financing these improvements. Careful financial planning is required. The Plan describes four phases of development and related public improvements for both the North and South sites. More detailed financial planning is needed to guide the implementation of this Plan. Some critical financial planning issues are:

- » How does the construction of infrastructure coordinate with development? What improvements should be built in advance of development?
- » The City has limited financial resources available to implement the Plan. These resources include utility reserves/revenues, utility connection charges and property taxes. Financial planning will help the City to evaluate the potential demand on these resources for improvement alternatives.
- » Financial planning is needed to evaluate the financial feasibility of initially providing improvements to both the North and South sites.
- » Current City policy requires the developer to build the infrastructure within a development area. This approach may not work in the business park area. Unless a “master developer” is willing to prepare larger areas for development, the City will face the need to build (and finance) the improvements needed to open land for development. Financial planning allows the City to better understand the financial implications of this approach.

The remainder of this section explores the implementation issues associated with specific public investments.

## Connection to City Utility System

The City must make utility improvements to extend sanitary sewer and water service to the business park sites. Strategies for undertaking and financing the connection to the City utility system include:

1. These improvements should be made prior to the initial development project. Creating utility capacity to serve the area allows the City to react promptly to development proposals.
2. The full extension to the North site is tied to decisions about the Highway 19/ County Road 23 intersection.
3. The improvements can be from utility funds, the issuance of bonds or a combination

of both.

4. These costs should not be assessed to business park property, increasing the cost of development.
5. Reserve funds could be replenished from capital charges (SAC and WAC) paid by future development.

### Water Tower

A water tower will eventually be needed to serve the North Site and other development to the west. Financing of the water tower is similar to the North Avenue watermain:

1. The water tower should be financed from water utility funds and/or the issuance of bonds.
2. The improvements should not be assessed to business park property.
3. Costs to construct the water tower should be spread over those who will benefit from it. The project should not have to bear all of the cost.

### Stormwater Management Systems

The Plan creates an area-wide approach to stormwater management improvements. This approach may require improvements to be made up front to serve both current and future development. One of the finance options discussed in the planning process was a storm sewer improvement district. Under State Law, a storm sewer improvement is a special taxing district. The area within the district is defined by ordinance. A property tax is levied on property in the district to raise revenues needed for the construction and maintenance of the improvements. Several factors shape the use of a storm sewer improvement district:

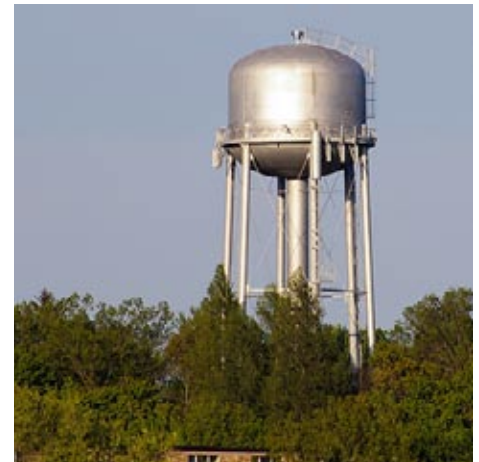
1. Will the district cover the entire site or will each phase have a separate district?
2. Are the improvements built all at once (up front)?
3. Assuming that improvements precede development (and the tax base needed to pay for the improvements), what other funds are needed to make this approach feasible? Any analysis of a storm sewer improvement district requires assumptions about the timing, type and scale of future development. These assumptions shape the projection of tax base and revenue capacity of a district.

These questions should be explored as more detailed infrastructure and development planning takes place.

### County Road 23

The Arterial Road shown in the Phasing Plan is the extension of County Road 23 (Dakota and Rice counties). A portion of the costs will be paid by the County and a portion must be paid by the City. The construction of the County Road 23 improvements raises a variety of issues:

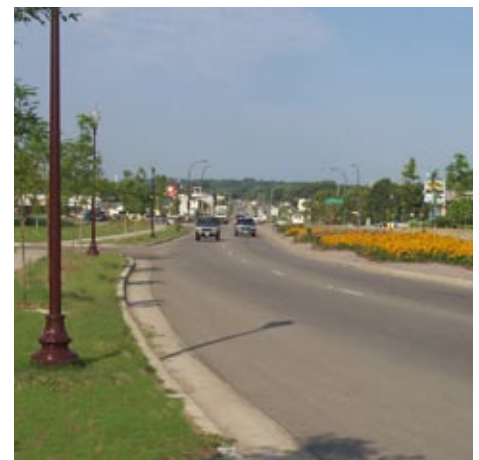
1. When and how will the necessary right-of-way be acquired?
2. If the County will not build the road on a schedule that supports the City's plans, is it important for the City to build it?
3. How would the City pay for the entire project if action was needed before the County was ready? If so, would the County agree to pay its share at a future date?
4. Should some of these costs be assessed to adjacent properties? To the North/South site overall?



*A new water tower will eventually be needed.*



*Stormwater pond*



*Arterial street*



Construction

Finance options for arterial roads include:

1. The City can issue general obligation improvement bonds if at least 20% of the cost of the project to the City is assessed. Some assessments may be possible against adjacent property.
2. The City can spend municipal state aid road construction revenues on this project if the road is added to the City's state aid street system. Future revenues can be leveraged with state aid road bonds.
3. Another option would be the creation of a special service district (SSD). In simple terms, a SSD is a special taxing district that can be used to finance improvement to areas of commercial-industrial property. The costs of the road improvements would be spread over the taxable value of commercial-industrial property in the site. Bonds supported by SSD revenues can be used to finance the improvements. (It should be noted that a SSD can be used to finance any other the improvements discussed in the Plan. More information about SSD can be found later in this section.)

### Improved Intersection at County Road 23 and State Highway 19

The Phase One improvements for the North site include a roundabout at the intersection of County Road 23 and State Highway 19. Many of the same finance issues for arterial roads also apply to the CR 23/STH 19 intersect improvements.

1. What portion of these improvements are funded by the State and what costs will be local?
2. Are these intersection improvements part of a broader plan to finance road improvements in the North Site?
3. If some local costs are assessed, what properties get assessed and for how much?

### Site Improvements

The Phasing Plan contains cost estimates for the infrastructure (street, sanitary sewer, water, storm sewer and other improvements) needed to allow the property to develop ("Local Streets" in the cost estimates). As noted earlier, additional planning is needed to evaluate options for building and financing these improvements. Issues to be considered in this evaluation include:

1. Given the incremental nature of future development and the environment for commercial-industrial development, it seems unlikely that requiring developers to build this infrastructure is a reasonable strategy. Infrastructure cannot be built on a parcel-by-parcel basis. The evolution of the Plan should consider the scope of improvement projects that best facilitate development.
2. Some of these costs are related to "oversizing" of utilities and street to serve a broader area. The oversizing costs are typically not assessed to the adjacent property. What costs can be attributed to oversizing and what will be assessed? Are some oversizing costs "City" expenses? Are some to be assessed to future phases?
3. The keys for describing the financial implications of financing these improvements are the amount of assessable costs and the timing of development. Money will be borrowed to make the improvements. If costs are assessed and payable, then the property owner carries the cost until development. If the City defers payment,

the City must provide monies to support the debt until property develops and assessments paid.

4. Assessing costs to benefitted property increases the cost of development in Northfield. At what level does the amount of assessment combined with the cost of land become a financial barrier to development?

## *Parks/Open Space*

The Plan anticipates the acquisition of land for public parks and open space through park dedication. Implementation of this element of the Plan raises several financial issues:

1. More detailed land use planning is needed to more clearly define the location and amount of park land to be acquired. If that amount is in excess of current park dedication policies, then the City needs some other form of funding to acquire this property.
2. The Plan seeks the acquisition of specific areas rather than pieces from all property as it is platted. This approach requires a combination of land dedication and cash payment in lieu of dedication. Coordination of acquisition and development is needed to project a flow of funds for implementation.
3. Land shown for parks and open space include area for stormwater infiltraton and detention. Cost estimates for these improvements are included in the Phasing Plan. The Phasing Plan does not include any improvement costs for parks and open space used for recreational purposes.



*Park/open space*

## *Tools for City Actions*

State Law provides a broad array of powers and tools that may assist the City in undertaking the public investments needed to implement the Plan these initiatives. The following section provides a brief discussion of the tools currently available to the city. This information is designed as a point of reference in continued financial planning.

## *Overview of Statutory Authority*

Every statutory power contains a unique set of authorizations and restrictions. Understanding these provisions is a key to effective use. In some cases, the city may have several options. For example, public improvements can be financed with special assessments, special service districts, housing improvement areas, tax abatement and tax increment financing. To evaluate the use of potential statutory powers, the city should find the answers to the following questions.

### Who can use the powers?

Most municipal powers are granted directly to the city. In these cases, the city council can act without the involvement of any other body. Some development powers reside solely with another entity, such as the housing and redevelopment authority and the economic development authority.

### How do the powers function?

Every municipal development power carries certain requirements and implications for its use. For example, tax increment financing involves a complex set of statutory requirements. Property owners must petition to start the process for establishing a special service district. Tax abatement discussions should involve the County. These

are just some of the important issues that shape decisions on finding and using the right tools to implement the plan.

Does the power provide funding capacity?

Many statutes provide access to revenues and debt that can be used to finance implementation initiatives. Several questions can help guide the evaluation of the funding capacity in a given statute:

- » What revenues are authorized?
- » How can the revenues be used?
- » Can the city issue the bonds as “general obligations,” achieving the lowest interest rates?
- » Do the bonds count against the city’s debt limit?
- » What approvals are needed to authorize use of these powers?

Some key sources of statutory authority come from the following:

- » Constructing public improvements and levying special assessments - Chapter 429.
- » Constructing, operating, and maintaining water, sanitary sewer and storm water utility systems - Section 444.075.
- » Creating and using special service districts - Sections 428A.01 through 428A.101.
- » Creating and using housing improvement areas - Sections 428A.11 through 428A.21.
- » Establishing and using tax increment financing districts - Sections 469.174 through 469.1791.
- » Making and using tax abatement levies - Sections 469.1812 through 469.1815.
- » Powers granted to cities through housing and redevelopment authorities - Sections 469.001 through 469.047.
- » Powers granted to cities through economic development authorities - Sections 469.090 through 469.1081.
- » Lease financing for real and personal property - Section 465.71.

These statutes are available on the Internet at [www.revisor.leg.state.mn.us/stats](http://www.revisor.leg.state.mn.us/stats).

The following discussion highlights key finance tools, but the specific statutory requirements for using them are not fully described. In addition, the laws governing these programs change over time. Finance plans for actual projects should be made using appropriate technical and legal advice.

### *Special Assessments*

Public improvements are often financed using the power to levy special assessments (Minnesota Statutes Chapter 429). A special assessment is a means for benefiting properties to pay for all or part of the costs associated with improvements, and to spread the impact over a period of years. This tool can be applied to both the construction of new improvements and the rehabilitation of existing improvements.

Special assessments can be used to finance all of the public improvements resulting from the Plan. Eligible improvements include sanitary sewer, water, storm sewer, streets, sidewalks, street lighting, park, streetscape, and parking.

Special assessments provide a means to borrow money to finance public improvements. Chapter 429 conveys the power to issue general obligation improvement bonds to finance the design and construction of public improvements. Important factors in the use of improvement bonds include:

- » A minimum of 20% of the cost of the improvement must be assessed against benefited properties.
- » Beyond the 20% threshold, any other legally available source of municipal revenue may be used to pay debt service on improvement bonds.
- » Improvements bonds are not subject to any statutory debt limit.
- » Improvement bonds may be issued without voter approval.

Careful consideration must be given to setting the amount of the assessment. From a legal perspective, the amount of an assessment cannot exceed the benefit to property as measured by increased market value. There are also practical considerations. In growth areas, cities must decide how to allocate costs between current and future development. Assessment policies must consider how to make this allocation and the financial resources needed to carry future costs until development occurs. For reconstruction, the challenge becomes determining how much benefiting property owners should pay for enhancing an existing improvement. Within this limitation, several factors will shape the amount of the assessment.

- » The amount of the assessment must be 20% or more of the improvement cost to allow the issuance of bonds.
- » Local improvement policies and/or decisions made on previous projects often create parameters for assessments. Likewise, assessment decisions should be made with consideration of the potential implications for future similar projects.
- » The assessment must strike a balance between equity and feasibility. Properties that benefit from improvements should pay a fair share of the costs. The assessment must be affordable for both the property owner and the city. Reducing the assessment to the property requires the city to allocate other revenues to the project.

### *Utility Revenues*

The City operates three municipal utilities: water, sanitary sewer and storm water. The revenues from the operation of these utilities are available to pay for capital improvements in support of Plan implementation. The primary sources of funding come from:

- » Excess operating revenues can be used to pay for capital improvements on a cash basis or in support of debt.
- » Utility fund reserves can be used to pay for capital improvements.
- » The City collects connection charges from the platting of land. These monies are used to pay for utility system expansion.
- » State Law (Minnesota Statutes, Section 444.075) gives the authority to pledge these revenues to general obligation bonds for utility system improvements.

### *Storm Sewer Improvement District*

A storm sewer improvement district (Minnesota Statutes, Sections 444.14 through 444.21) is a special taxing district. The district is established by ordinance. The City

has the ability to levy a tax on all taxable property within the district. Revenues from the tax levy can be used to acquire, construct, reconstruct, extend, maintain, and otherwise improve storm sewer systems and related facilities within the district. The City may also issue general obligations bonds, secured by the district tax levy, to pay for improvements.

### *Street State Aid*

The City receives state aid for the construction and maintenance of the local streets. This aid can only be used for streets designated for inclusion in the local state aid street system. These revenues can also be pledged to pay debt service on bonds issued for the construction and maintenance of state aid streets (M.S. 162.18).

### *Tax Increment Financing*

Tax increment financing (TIF) is the primary development finance tool available to Minnesota cities (Minnesota Statutes, Sections 469.174 through 469.179). TIF is simple in concept, but complex in its application. Through tax increment financing, the property taxes created by new development (or redevelopment) are captured and used to finance activities needed to encourage the development. The challenge in using TIF lies with the complex and ever-changing statutory limitations. These complexities make it impractical to provide a thorough explanation of tax increment financing as part of this plan. Instead, this section highlights the use of TIF as it relates to the implementation of the Plan.

Under current State Law, TIF would have limited application for implementation of the Plan:

- » An Economic Development TIF districts can be used for industrial development. These districts can be established when the city finds it is necessary to (1) discourage commerce, industry, or manufacturing from moving their operations to another state or municipality; (2) increase employment; or (3) preserve and enhance the tax base of the state. The TIF Act defines specific types of industrial uses that are eligible for the establishment of this form of district. The primary uses are manufacturing, warehousing, research and development, and telemarketing.
- » A Housing TIF District can be established for a project, or a portion of a project, intended for occupancy, in part, by persons or families of low and moderate income.

Other current forms of TIF districts do not fit the conditions that exist within the North and South sites.

The use of TIF would likely be focused on incentives for a specific project, reducing the cost of development in Northfield. Limitations on the use of TIF prevent it from providing assistance in funding improvements needed to serve broad sections of this development area.

### *Tax Abatement*

Tax abatement acts like a simpler and less powerful version of tax increment financing. With TIF, the city controls the entire property tax revenue from new development. Under the abatement statute (Minnesota Statutes, Sections 469.1812 through 469.1815), the city, county and school district have independent authority to grant an abatement.

Abatement in Minnesota works more like a rebate than an abatement. The city (and other units abating taxes) adds a tax levy equal to the amount of taxes to be abated. The revenue from the abatement levy can be returned to the property owner or retained and used to finance development activities. Tax abatement can be used to finance the key development actions related to implementation of the Plan: land acquisition, site preparation and public improvements.

Unlike TIF, tax abatement is not tied to specific forms of development. It can be used in association with all forms of private development set forth in the Plan.

The statute grants the authority to issue general obligation bonds supported by the collection of abated taxes. The proceeds of the bonds may be used to pay for (1) public improvements that benefit the property, (2) land acquisition, (3) reimbursement to the property owner for improvements to the property, and (4) the costs of issuing the bonds. These bonds can be issued without an election and are not subject to the debt limit.

### *Special Service District*

A special service district is a tool for financing the construction and maintenance of public improvements within a defined area of commercial and industrial. Minnesota Statutes, Sections 428A.01 through 428A.10 govern the creation and use of special service districts. A special service district provides a means to levy taxes (service charge) and provide improvements and service to a commercial area.

The district can provide an alternative means of financing the construction of any of the public improvements discussed previously with special assessments. The service district approach avoids the benefits test imposed by special assessments; the test for the district is that the amount of service charges imposed must be reasonably related to the special services provided. The costs of improvements could be spread across a district or phase area rather than through assessments to individual properties.

Another important use of the special service district is the maintenance of public improvements. If some of the improvements described in the Plan require a level of maintenance above the typical public improvement, a special service district can become a source of revenue. Without a special service district, these costs are typically borne through the General Fund of the City.

The process to create a special service district and to levy taxes must be initiated by petition of property owners and is subject to owner veto. The use of a special service district requires a collaboration of property owners and the city.

The service charge applies solely to non-residential property. State Law limits the application of a service charge to only property that is classified for property taxation and used for commercial, industrial, or public utility purposes, or is vacant land zoned/ designated on a land use plan for commercial/industrial use. Other types of property may be part of the service district, but may not be subject to the service charge.

# Market Strategy

## Introduction

Speculative development is not practical in the immediate future (probably the next 24 months). First effort will be to seek companies who are looking for build-to-suit opportunities. It is critical that these buyers (or developers with tenants already in hand) build upon the vision for the project, so that the initial development phases support the marketing of future phases. If the first users of the site are in conflict with the vision of the project articulated in marketing efforts, no momentum will be created and the site will not achieve its full potential. So, the need to find “early adopters” who buy into the principles of the master plan is an essential ingredient to the development strategy.

The factors that will attract the best buyers and tenants to this project are the things that make this site and this plan stand out in a competitive market – the differentiators. The primary differentiators are described below with a summary of the ways in which they can be used to attract users.

## Differentiators

### Strong Vision

Developers and business owners are always seeking to reduce risk and uncertainty. The more defined the vision and master plan are, and the degree to which the community and the city agencies responsible for review and approval of development plans communicate openly about their backing of the plan, the more comfortable they will be about committing to develop their project at Northfield.

### City and Community Commitment

As noted above, the commitment of the City at all levels, from the Manager and the staff to elected officials is vitally important. Being able to promise personalized attention to interested developers and businesses and expediting reviews and approvals to the greatest extent possible, without compromising the integrity of the system or the vision, is truly a differentiator. Site selectors, the individuals and companies hired by corporate clients to find sites for developing new facilities and operations, often say that personalized treatment is one of their top criteria for selecting a particular venue. The financial aspects of the deal have to work as well, but the commitment of a city and the backing of the community can overcome many other obstacles and win the deal.

### Co-Branding

If the city government and the community leaders have accepted the vision for the business park, and are willing to stand behind it, the opportunity exists to leverage the “brand identity” of Northfield, and potentially St. Olaf and Carleton Colleges as well. The community and its two institutions of higher education have a national reputation for quality, integrity, community and sustainability that can be joined with the vision for a high quality, sustainably designed business park that will bring good jobs and a strong tax base to the community. The identity of the city as a college town reinforces the sense of an educated workforce being available which attract businesses looking for employees. The reputation Northfield has for a high quality of living in the region will attract businesses looking to relocate employees here. Quality of Life in Northfield is driven by the beautiful neighborhoods with well-maintained historic homes, the natural environment with trees and a river through the center of town, the charming downtown enlivened by the multi-generational community, the cultural and intellectual resources and activities available through the colleges, and a location close to, but not too close to the Twin Cities. Co-branding also allows the community to use the business park master plan as a way to communicate with the business community that the city government and the community stakeholders do want to see industrial and commercial growth in the community, with certain guidelines, and that they are “open for business.”

### Master Plan for Amenitized Business Park

The master plan for the Northfield Business Park includes a plan for good infrastructure, including telecommunication and data as well as convenient access. The planning for infrastructure improvements makes this more than raw land with potential for development. In addition, the plan defines a suite of amenities, including open space,

trails, retail and residential areas within the business park. These amenities make this business park a cutting-edge development that will be attractive to businesses that know what knowledge workers, and frankly all employees, want in their work environment today. Being able to deliver on these elements of the plan early in the phasing of the business park will be vital to the long-term success of the project.

#### Focus on Sustainability

As was described in the Market Analysis for the Northfield Business Park, there are very few developments of this type that can truly say that they are organized according to principles of sustainable development, much less eco-industrialism. It is well within reason to assume this business park can achieve certification within the LEED-ND® criteria, and it is becoming standard practice among the large industrial developers to build all their facilities to LEED standards. Being conversant with those standards and the benefits sustainable development practices bring to a building in terms of reduced operations and maintenance and extended lifecycle will create a strong marketing presence. The extent to which this business park can achieve a more integrated site with businesses coordinating their inputs and outputs, will depend on the types of users the marketing and sales team can attract to the project. The further along the continuum of sustainability the project moves, the higher the factor of differentiation.

#### Strong, integrated design guidelines

Design Guidelines are the tool by which the owners and the city can uphold the principles upon which the project was founded. They provide a clear statement to potential buyers and developers as to what is allowed and encouraged and what is prohibited and discouraged. They also provide a level of assurance to buyers that future development in the business park will be held to a certain defined standards, which protects their investment in the property. The design guidelines should be used as a marketing tool to reduce the sense of uncertainty a developer or business owner might feel and to demonstrate the level of commitment the City and stakeholders have made in defining what they believe in.

#### Opportunities to Integrate Uses

As mentioned above, the sustainability goals for the project encourage businesses within the park to work together to increase efficiency, reduce cost and decrease waste. Even without the benefits to the environment and the community, this approach should be attractive to businesses because of its economic sustainability. Another opportunity at the site, which will make it stand out in the region, is the potential for co-generated power, heating and cooling. Because of the size of the site, there is a potential for shared savings in energy costs by creating a central plant. One of the potential users of the site is a power plant, which could serve a dual purpose for the site and to the outside grid. The marketing efforts should target potential users and communicate the benefits of this approach to the community.

### Synergies with Existing Companies

There are several successful existing industrial companies in Northfield that can be used as a model for development in the community (e.g. Malt-O-Meal, Cardinal Glass and Northfield Community Hospital). These businesses may also serve to attract potential buyers at the new business park. For instance, suppliers to Malt-O-Meal or businesses that want to use some part of their downstream waste, businesses upstream or downstream in the supply chain to Cardinal Glass, or medical office users, medical manufacturers or other suppliers to the medical profession may be attracted to the hospital.

### Aggressive Use of State Programs

State incentive programs, such as JobZ, are very important factors in getting businesses to develop or expand in one location instead of another. Other communities understand this and use it as a marketing tool. Northfield must find creative ways to combine local, state and federal incentives, and private sources such as grants from foundations, if it hopes to compete and to stand out in the marketplace. The other differentiators, especially sustainability, may help to give this project access to incentives that other projects cannot use.

## Strategies

### Promote the "Vision"

- » Develop marketing materials, brochures, website information and other resources in order to promote the master plan and business opportunities in Northfield.
- » Market the business park opportunities in trade publications and journals related to business and industry, commercial development and planning.
- » Attend and actively promote the master plan and business park opportunities at industry conferences and professional organization events.
- » Seek speaking engagements at industry conferences and seminars, regional and statewide planning and economic development events, and campus forums to promote the master plan and business opportunities in Northfield.
- » Meet with existing Northfield businesses to promote and discuss the master plan and business development opportunities in the City of Northfield. Discuss ways to retain existing businesses through expansion within the business park.
- » Actively seek out businesses the City would like to attract to Northfield to promote the master plan and business development opportunities in Northfield.
- » Meet with brokers and site selectors to promote the master plan and discuss business development opportunities in Northfield.
- » Connect to the network of economic development organizations locally, for the state, the region, and nationally.
- » Connect to the groups of "site selectors" who consult with firms looking to relocate or expand to new markets. Pursue publication opportunities (newspapers, business journals, trade industry magazines, websites, blogs, social media sites, etc.)

#### Create Business Incentives

- » Establish a regional stormwater management program within the business park. The benefits of a regional system on the environment, quality of open space and business amenities are significant and a regional program puts less burden on the developer to design and construct stormwater management facilities on each development parcel.
- » Fund, design and develop the trunk system of public improvements (roads, utilities, stormwater management facilities, open space, parks and trails) within the business park. Gone are the days where the developer can be expected to fund and build these necessary services. The City will have to lead the development of these necessary public improvements to attract developers and businesses to the business park and compete with business development opportunities in other communities.
- » Establish and enforce standards for quality and sustainability. Many of the businesses that Northfield will be interested in attracting to the business park will be concerned about the level of service, quality of development, other tenants in the business park, and the level of commitment toward sustainable design practices within the business park.
- » Create financial incentive packages (public finance, tax incentives, etc.) that can be used to market the business park and assist in the financing of development.

#### Seek Partnership Opportunities

- » The City and/or landowners could partner with a master developer to plan, promote and develop the business park. A master developer can bring experience, funding and other resources to the development of the business park.
- » The City and/or landowners could partner with the local development community and financial institutions to organize a cooperative development partnership. This is a model that has been evolving in Europe with great success.
- » The City and/or landowners could seek partnership opportunities with existing Northfield businesses to promote the business park and catalyze development interest within the business park. Expansion of existing businesses could provide some of the first development in the park.
- » Seek partnership with utilities, the economic development community, brokers, and potentially big institutions.
- » The City and/or landowners could partner with the colleges to promote the business park and its sustainability goals, initiate development or create incentives to attract new development and business to the park.

## Audiences

The audiences for the marketing effort are as follows:

- » City Government: All of the agencies that interact with potential buyers and developers on the property must be familiar with the vision and goals of the project so that there is no “cognitive dissonance” or confusion created by mixed messages.
- » Community Leaders: Similarly, the leaders in the community that shape public opinion need to be supportive of the vision and goals of the project so that they will not deter good companies from locating here. These groups need to be marketed to as much as the end users.
- » Lead Generators: The economic development groups in the city, county, region and state need to be made aware of the project and encouraged to direct interested businesses to Northfield. Site selectors can be targeted for a similar message, as can alumni from the two colleges, since they can share the information among colleagues and give personal testimony as to the quality of the community.
- » End Users: This is a broad market, narrowed a bit by the target industries identified in the Market Analysis. Depending on resources, the trade publications and industry organizations for each of the target industries should be targeted by marketing efforts.

## Target Industries

The following target industries have been identified by the Comprehensive Economic Development Plan:

- » Logistics
- » Specialty Manufacturing
- » Environmental Technologies
- » Healthcare/Medical
- » Professional/Technical Services
- » Information Technology

In addition to these, two more industries:

- » Utilities: energy generation
- » Real Estate Rental and Leasing: senior housing/managed care facility

# Next Steps

The following is a list of recommendations that have been identified to move implementation of the business park forward. These are presented in no particular priority but each will be critical steps in the effort to see the vision of the Northfield Business Park become a reality.

## *Codify significant Master Plan recommendations*

Upon approval of the Northfield Business Park Master Plan, the City of Northfield should incorporate specific plan recommendations and/or design standards into City policy documents such as the Comprehensive Plan and Land Development Code. This will ensure compliance with the intent of significant recommendations within the Master Plan.

## *Resolve land ownership issues*

Current land ownership conditions – multiple owners with various expectations – adds a layer of complexity to the implementation of the Master Plan. The City may need to play a role in resolving any land ownership issues that would prohibit implementation of the plan.

## *Develop and implement a marketing plan*

The City should budget for and conduct a marketing plan for development of the business park. The marketing plan should provide specific strategies to promote the plan and attract development interest to the business park, building on the strategies outlined in the Market Strategy section of the Master Plan.

### *Coordinate and negotiate plans for State Highway 19 and County Road 23*

Development of key public improvements are critical to the future success of the business park – none more so than the development of a new interchange at SH 19 and CR 23. Additionally, the development of CR 23 into the site is necessary to provide access and circulation to development sites within the business park. The City should begin discussions with MnDOT, Dakota County and Rice County regarding the master plan and needed improvements on these two arterials upon approval of the Master Plan. These negotiations may take several years to come to terms on design and funding sources so getting an early start is important.

### *Seek funding sources*

The implementation plan identifies several public improvements necessary to service future development of the business park and outlines several public financing options. In order to reduce public improvement costs to the City and attract potential developers to the business park, the City should begin seeking potential funding sources and strategies upon approval of the Master Plan.

### *Land acquisition*

Some of the critical public improvements identified in the Master Plan will require land acquisition to provide the land necessary to build those improvements. In particular, an improved intersection at SH 19 and CR 23, development of CR 23/Decker Ave. will require land acquisition in order to complete these improvements.

### *Initiate design and engineering*

The Master Plan provides a vision for the future business park and it also provides a basis to conduct preliminary construction cost estimates. Further design and engineering will be necessary to establish more accurate budgets and provide the materials necessary to bid the projects for construction.

City of Northfield



Business & Industrial Park

**Master Plan**