



TECHNICAL MEMORANDUM

To: City of Monticello
From: Tammy Omdal
Date: September 20, 2021
Re: Chelsea Commons Small Area Guide Plan

EXECUTIVE SUMMARY

This technical memorandum provides information on financing considerations and options to support the preparation of the Chelsea Commons Small Area Guide Plan (the "Plan"). The focus of the financial planning for Chelsea Commons Area (CCA) by Northland was as follows:

- to prepare estimated taxable market value of private improvements for different development scenarios,
- to review estimated public improvement costs as developed by City consultants and staff, and
- to identify sources of funding for public improvements for different improvement scenarios.

Public Improvements and Operation and Maintenance Costs

For the public improvements in CCA, there were three scenarios prepared: Baseline; Good; and Great. This technical memorandum focuses on these three scenarios and the public finance tools available to assist with the financing of the public improvements.

The estimated public improvement (capital) costs for the three scenarios are shown in Table A. These amounts will change as the City and its planning and engineering consultants continue to refine the project and cost estimates. The preliminary costs estimates shown below do not include potential acquisition costs for park/pond area not covered by dedication of land or attributable to demand/compliance with City requirements. See Exhibit A for cost estimates by specific projects for each scenario.

Table A – Project Costs Estimates

Baseline improvements	\$11,872,500
Good improvements	+ \$4,569,500
<u>Great improvements</u>	<u>+ \$10,339,000</u>
Combined Total	\$26,781,000

In addition to the capital costs, the City has estimated annual operation and maintenance costs for the three scenarios, as shown in Table B. For purposes of the Plan, the current estimated operating costs (shown in today's dollars) are estimated to increase by 2.0% annually.

Table B – Operating Cost Estimates

Baseline improvements	\$176,500
Good improvements	+ \$402,900
<u>Great improvements</u>	<u>+ \$156,000</u>
Combined Total	\$735,400

Private Development

For the private development, based on plans prepared by the City, the following is assumed:

- 859 housing units to be added between years 2021-2033
- 370,100 SF of commercial-retail to be added between years 2021-3037

The taxable market value increase (future value) from private development in CCA is estimated at \$122.4 million. The corresponding increase in the City's net tax capacity is estimated at \$1.62 million by year 2030. See Exhibit B for details on private development estimates. The increase in net tax capacity from private development in CCA provides the City with the opportunity to leverage this tax base to fund public improvements within CCA.

PUBLIC FINANCE TOOLS

Before discussing the financing considerations and specific options for the public improvements, this section provides a general overview of the finance tools available to the City to assist with the development of CCA.

Special Assessments

Most forms of public infrastructure can be financed with special assessments. This includes streets, water and sanitary sewer improvements, sidewalk and trails, storm sewer, street lighting/streetscape, parks and open spaces, and parking.

Statutory authority (Minnesota Statutes, Section 429.091) allows the City to issue General Obligation Improvement Bonds, if at least 20% of the cost of the improvements is assessed to benefited property owners. Project costs not assessed to benefiting property can be paid from any other legal available source of revenue. Other sources of revenue may include, but are not limited to, property tax abatement, debt service levy, tax increment, and parking revenue, for example.

If the special assessments to be levied are less than 20% of the cost of the improvements, and if the improvements to be financed are for the addition or reconstruction of streets, turn lanes, bicycle lanes, sidewalk paths, and other improvements having a substantial public safety function, the City may issue General Obligation Street Reconstruction Bonds (Minnesota Statutes 475.58, Subd. 3B) supported by the pledge of tax revenues. Certain limitations and other statutory requirements apply to this authority that would need to be considered.

Except in the case of the uses listed above, street reconstruction and bituminous overlays do not include the portion of project cost allocable to widening a street or adding curbs and gutters where none previously existed.

Special assessments can also be used to build and maintain public parking facilities. This finance power comes from different statutory authority (Minnesota Statutes, Section 459.14) and is subject to slightly different requirements than Section 429.091. General obligation bonds for parking facilities cannot be issued unless the City has levied special assessments (or will levy) against benefited property an amount equal to at least 50% of the bonds.

Special Service District

Special service districts can be used to finance public improvements, including park improvements and public parking facilities. Authority for special service districts comes from Minnesota Statutes, Sections 428A.01 through 428A.10. A special service district is essentially a taxing district that allows costs to be spread across a defined area of commercial-industrial property (may not include residential).

Statutory authority (Minnesota Statutes, Section 428A.06) allows the City to issue General Obligation Special Service District Bonds, if the bonds are payable primarily out of the proceeds of the service charge" from the special service district when issued to finance the construction of public improvements within the district. Debt service not supported by the special service district service charge can be supported by other revenues sources, such as property tax abatement. In addition, revenues from a special service district can be used to pay for the maintenance of improvements (i.e., maintenance of a parking facility) and other services within the district.

Tax Abatement

Tax abatement works like a simpler and less powerful version of tax increment financing. Within tax increment financing districts, the City controls the entire (increase in) property tax revenue from new development (not including the state property tax and certain other local property taxes). Under the abatement statute, the city, county, and school district have independent authority to grant tax abatement. The term "abatement" is actually misleading. Abatement suggests that the taxes will be waived. In reality, tax abatement allows local governments to levy a property tax. The tax abatement levy is based upon the total abated taxes on the properties subject to abatement. The revenue from tax abatement can be retained for use by the City or returned to a property owner as reimbursement for development expenditures.

Statutory authority (Minnesota Statutes, Section 469.1814) allows the City to issue General Obligation Tax Abatement Bonds, if the principal amount of the bonds is supported by the collection of abated taxes. The proceeds of the bonds may be used to pay for public improvements that benefit the property, land acquisition, reimbursement to the property owner for improvements to the property, and the costs of issuing the bonds.

Tax abatement can be applied to all or a portion of the tax capacity value of a parcel, not just the value created by new development as with tax increment financing. The value subject to abatement is

determined by the city. The determination of abatement area is a combination of value needed to generate the necessary revenues and a “nexus” between the parcels and the activities funded by tax abatement.

A city has a finite amount of tax abatement capacity. In any year, the total taxes abated by a political subdivision may not exceed 10% of the net tax capacity of the political subdivision for the taxes payable year to which the abatement applies, or \$200,000, whichever is greater. If one political subdivision declines to abate, then the abatement levy can be made for a maximum of 20 years. If the city, county, and school district all abate, then the maximum period drops to 15 years. Taxes cannot be abated for property located within a tax increment financing district.

Based on the City’s pay 2021 net tax capacity, the City has the authority to certify approximately \$3.2 million (10% of net tax capacity of \$31,793,963) in annual tax abatement levy. Based on tax abatements approved by resolutions, the City has plans to certify an average annual tax abatement levy of approximately \$0.66 million between years 2022-2032. The City has significant capacity to approve additional tax abatements and issuance of general obligation tax abatement bonds. For example, the City has the authority to approve additional tax abatement to support an estimated \$48.0 million in bonding.

Tax Increment Financing (TIF)

Tax increment financing does not appear to be a public finance tool that will be applicable to development in CCA, with possible exception of development of affordable housing units and potential pooling of tax increment from other established TIF districts in the City.

Tax increment financing can be used to pay for project costs within the boundaries of a TIF district, with some limited exceptions for pooling. Project costs generally include site improvements, parking facilities, utility improvements, and land acquisition. In the case of a housing TIF district, TIF may be used to pay for cost of constructing the housing. There are defined limitations on the ability to spend TIF on project costs that occur outside of the boundaries of a TIF district. To establish a TIF district requires certain findings, and the findings are specific to the type of TIF district that is to be established.

Tax increment financing is the primary development finance tool available to Minnesota cities. 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. The overview that follows highlights some of the considerations in creating and using TIF within CCA.

TIF District Qualifications

The most important consideration in evaluating the use of TIF is the legal ability to establish a district. There is likely only one type of TIF district that may have application for CCA and that is the establishment of a housing TIF district or districts.

A housing TIF district is intended for housing occupied, in part, by persons or families that meet specific income criteria. The criteria are different for owned and rental housing. For owner occupied

property, 95% of the housing units must be initially purchased and occupied by individuals whose family income is less than or equal to the income requirements for qualified mortgage bond projects under section 143(f) of the Internal Revenue Code (IRC). For households of one or two people, the threshold under the IRC is 100% of the greater of the area median gross income or the statewide median gross income. For larger households, the threshold is 115% of the median income.

The income requirements for a housing TIF district with rental housing are tied to section 142(d) of the IRC. There are two options for income restrictions: (1) 20% or more of the residential units are occupied by individuals whose income is 50% or less of area median gross income, or (2) 40% or more of the residential units are occupied by individuals whose income is 60% or less of area median gross income. While the owned housing test applies to the initial purchase, the rental requirements apply for the duration of the tax increment financing district. No more than 20% of the square footage of buildings that receive TIF assistance may consist of commercial, retail, or other nonresidential uses. The tax increment must be used solely to finance the cost of the “housing project” as defined by the statute. The cost of public improvements directly related to the housing project and the allocated administrative expenses of the city may be included in the cost of a housing project. The maximum duration for a housing TIF district is 25 years from the date of receipt of the first increment.

TIF Pooling

The term “pooling” refers to the ability to spend money outside of the boundaries of the TIF district. The use of TIF pooling from other established TIF districts within the City, as administered the Monticello Economic Development Authority (the “EDA”), may be applicable for development in the CCA. The EDA has evaluated its available for funds for TIF pooling. A decision to use TIF pooling in the CCA will have an impact on other areas of the City that the EDA may otherwise determine to use pooled tax increment funds.

TIF Bonding

Tax Increment Bonds may be issued to finance costs authorized in a tax increment financing plan. These costs may be public improvements or activities associated with the private development of property. The nature of eligible costs varies according to the type of TIF district.

Statutory authority (Minnesota Statutes, Section 469.178) allows the City to issue General Obligation Tax Increment Financing Bonds, if not less than 20% of the cost of the improvement or the improvement program is estimated to be received from tax levies upon the increased value or property within an established TIF district for the development of which the improvement is undertaken.

Municipal Utilities Revenue and Utility Trunk Fees

Municipal utility improvements (sanitary sewer, water, and storm sewer) related to the development of the CCA can be paid for with revenues from the municipal utilities. The net revenues of the utilities can be pledged to the repayment of general obligation bonds. Statutory authority (Minnesota Statutes, Section 444) allows the City to issue General Obligation Revenue Bonds supported by net revenues derived from facilities service charges or from other nontax revenues pledged for their payment, pursuant to the provisions in the governing statute.

For purposes of projecting revenue to assist with financing project costs for the CCA, it is assumed that municipal utilities revenue and utility trunk fees will not be a source of revenue. This assumption may be revisited as project planning continues.

Local Sales and Use Tax

To impose a general local sales and use tax, the City must receive authorization through the Minnesota Legislature. To receive this authorization, the City must complete certain steps, including passing a resolution with proposed tax rate and other details, including, a detailed description of the capital project to be funded (up to five projects may be included) with the tax, among other items that need to be in the resolution.

The City must submit the approved resolution and supporting documents to the senate and house tax committee chairs by January 31. Once legislative approval is given, the City would need to revise and reaffirm the resolution. The resolution must be passed at least 90 days before a general election.

The City must hold a vote at a general election within two years of legislative approval. Each project must have a separate question for approval. Voters must approve by a majority vote. If passed by the voters, there are additional steps that would be needed in the process prior to implementing the approved general local tax.

To issue General Obligation Revenue Bonds supported by the pledge of sales tax revenue the authorizing language for the local sales and use tax must provide the authority for the issuance of the bonds.

Other Revenues

City may pursue other revenue sources, including state grants or special legislation specific to the CCA. The City may also determine to sell property or resources (soil) on City owned land within the CCA and use the revenue to pay for public improvement costs.

DEVELOPMENT CONCEPT FOR CCA

The CCA includes approximately 100.8 acres of land, with the City currently owning 6.74 acres of land and a purchase agreement on an additional 35.6 acres (which includes right-of-way for Dundas Road). The Plan anticipates development of a mix of housing, and commercial and retail development.

Preliminary public infrastructure concepts estimate the total combined cost of improvements, including all envisioned public improvements, to be approximately \$26.8 million, based on the "Great" development scenario (see Table A on page 1). This estimate does not include private development costs. And, as previously noted, the preliminary costs estimates do not include potential acquisition costs for park/pond area not covered by dedication of land or attributable to demand/compliance with City requirements. Options for financing the public infrastructure costs may come from any one or combination of financing tools identified in this memorandum.

Options to Finance CCA Public Improvement Costs

There are different options for how the City could finance public improvement costs and assist private development. As the City reviews options, one of the considerations for the City is the amount of risk and cost the City is willing to assume. For example, while the authority exists to issue general obligation bonds to finance public improvements, the City will assume risk that any pledged revenues (special assessments and tax abatement, for example) will be sufficient to pay debt service without having to levy ad valorem taxes.

Special assessments can be levied against benefited property to pay all or a portion of the public infrastructure costs that directly benefit private property. The City could determine to reimburse a developer for the payment of the special assessment from tax increment financing or property tax abatement. Under this scenario, the property owner (developer) assumes the risk that tax increment or abatement will be sufficient to reimburse the special assessments paid. The City would have the authority to issue general obligation improvement bonds to finance the improvements. The bonds could be supported by a combination of special assessments and other revenue sources.

Special service district establishment for the CCA may not be as useful of a tool for assisting development due to the planned amount of residential development for this area compared to commercial development. Residential property can be included in a special service district but cannot be levied a service charge. The City should be aware of the authority and options for a special service district should it prove to be a useful tool.

Tax abatement will be a useful tool for the CCA for certain projects. The use of TIF is generally preferable, when available, because TIF provides a greater amount of revenue to assist with project costs. However, due to the condition of the property and planned development in the CCA, TIF is not likely to be a tool available to the City. Property tax abatement may be the most feasible tool available to finance certain project costs in the CCA. The City may approve a property tax abatement project for the parcels within the CCA and other benefiting parcels within the City at large, provided the parcels to be included are not within a TIF district.

Tax increment financing will not likely be as useful of a tool for the CCA. Based on preliminary assumptions, the only type of TIF district that could be established is a housing TIF district (or multiple housing districts). There would need to be an affordable housing component to have authority to establish a housing TIF district (or districts).

Municipal utilities revenue and utility trunk fees may be used to support the issuance of debt to finance improvements in the CCA. In considering the use of utilities revenue, the City will want to evaluate the impact on existing customers, if any, and land use development plans that may impact the collection of trunk fees.

Sales and use tax and other revenues may be used to finance improvements in the CCA. As noted, collection of sales and use tax is subject to statutory requirements. Other revenues may include land sale proceeds or sale of soil on City owned land, for example. The City may also determine to pursue potential state grants or other state funding, and special legislation specific to the CCA.

The Exhibits C, D, E, and F to the memorandum provide details on preliminary estimated source of financing project costs, by scenario, and projected property tax impact of the City financing improvements within CCA.

Funding Operating Costs for CCA

The City has prepared estimates for increase in operating and maintenance costs for service within CCA. These operating costs will need to be paid from current revenues, as opposed to bonds repaid by debt levy, and are included in the analysis completed by Northland. The source of revenue is projected to come from ad valorem tax levy for purpose of the analysis and tax impact. However, the City may determine to pursue special service district fees (requires petition by commercial property owners), or charges for services, among other potential sources of revenue the City may consider.

OTHER INFORMATION

In addition to the information within this memorandum and exhibits, an updated presentation of information (updated as of September 20, 2021) is attached. The presentation is based on the original document presented to the City Council and other boards and commissions on August 5, 2021. The presentation was updated to reflect adjustments to project costs and to include estimated operations and maintenance costs, among other updates.

Exhibit A

**Chelsea Area Commons Public Improvements
Project Cost Estimates**

Project Cost by Type of Improvement		Baseline	Good	Great	Total
Baseline	Pond Construction	7,043,000			7,043,000
Baseline	Water Quality/Fountain/Aeration	525,000			525,000
Baseline	Removal of portion of Dundas Road	375,000			375,000
Baseline	Relocation of Dundas Utilities	392,000			392,000
Baseline	Pond Pathway System	599,000			599,000
Baseline	Erosion Control Landscaping	690,000			690,000
Baseline	Major Gateways	366,500			366,500
Baseline	Basic Landscaping - incorporates seasonality and biome concept	539,000			539,000
Baseline	Public Parking Lot (South Side Lot) - Paved, Lighted	753,000			753,000
Baseline	Detailed Grading Plan (60-70% Level of Completion)	390,000			390,000
Baseline	Detailed Landscaping Plan	200,000			200,000
Good	Additional Fountains (Includes Enhanced Storm Water Treatment)		451,000		451,000
Good	Bridges (southerly first, then northerly)		593,000		593,000
Good	NW Plaza		155,000		155,000
Good	Docks, Landings, Peninsulas at lake		173,000		173,000
Good	Pathway Width and Multi-level Enhancements (additional pathway spurs/areas)		71,000		71,000
Good	Pavilion (ideal size is reception for up to 300 people)		2,760,000		2,760,000
Good	Major Gateways (2)		366,500		366,500
Great	Secondary Gateways			709,000	709,000
Great	Edmonson Reconstruction - Urban Section			4,097,000	4,097,000
Great	Edmonson Boulevard Parkway Improvements/Treatments			90,000	90,000
Great	Playground			1,035,000	1,035,000
Great	Public Parking Lot (North Side Lot if needed) - Paved, Lighted			382,000	382,000
Great	Splash/Bubbler Area (jumping water fountain/splash area at ground level)			500,000	500,000
Great	Pathway Surface Upgrades (boardwalk, cobblestone, pavers)			600,000	600,000
Great	Pathway Width and Multi-level Enhancements (additional pathway spurs/areas)			71,000	71,000
Great	Sound System/Music System/Wifi (speaker stations for ambient sounds)			50,000	50,000
Great	Roundabouts at Intersections (does not include any ROW acquisition)			2,805,000	2,805,000
Total		11,872,500	4,569,500	10,339,000	26,781,000

Project Costs by Type of Improvement		Baseline	Good	Great	Total
Ponding/Water Quality		8,857,000	173,000	-	9,030,000
Street and Utility Improvements		767,000	593,000	6,992,000	8,352,000
Public Realm		1,495,500	3,803,500	2,965,000	8,264,000
Parking		753,000	-	382,000	1,135,000
Total		11,872,500	4,569,500	10,339,000	26,781,000

Exhibit B

Chelsea Area Commons
Projected Private Development

Property Type	Property Location	Property Classification	Construction Completion Year	Housing Units	CI Building SF	Projected Tax Year 2030 Estimated Taxable Market Value	Projected Tax Year 2030 Estimated Net Tax Capacity
Apartments	01 Residential Apartments	APT	2021	55		12,558,442	156,981
Apartments	02 Residential Apartments	APT	2022	55		12,558,442	156,981
Commercial	04 Commercial Office	C	2022		5,100	465,804	8,566
Apartments	05 Residential Townhouses	APT	2022	94		24,529,736	306,622
Apartments	03 Residential Apartments	APT	2023	55		12,558,442	156,981
Commercial	06 Retail Commercial	C	2024		50,000	6,523,866	129,727
Apartments	07 Residential Apartments	APT	2024	150		34,250,296	428,129
Commercial	08 Retail/Hotel	C	2027		45,000	5,871,479	116,680
Apartments	09 Residential Apartments	APT	2028	75		13,125,000	164,063
Commercial	10 Retail Commercial	C	2029		20,000	-	-
Apartments	11 Residential Apartments	APT	2030	100		-	-
Apartments	12 Residential Apartments	APT	2031	75		-	-
Commercial	13 Commercial	C	2031		95,000	-	-
Apartments	13a Res Mixed	APT	2031	100		-	-
Apartments	14 Residential Apartments	APT	2033	100		-	-
Commercial	14a Retail/Restaurants	C	2034		65,000	-	-
Commercial	15 Retail/Restaurant	C	2035		45,000	-	-
Commercial	16 Retail/Restaurant	C	2036		25,000	-	-
Commercial	17 Retail/Restaurant	C	2037		20,000	-	-
						122,441,507	1,624,727

Note: Private development estimated to be constructed after year 2028 is not included in the projected tax year 2030 estimated taxable market value or estimated net tax capacity. For example, a project constructed in 2029, will not be valued for taxes payable until year 2031. While not included in the analysis by Northland, private development that is constructed in the future years will help to reduce the tax impact of City investment in CCA.

Exhibit C

**Chelsea Area Commons Public Improvements
Estimated Source of Funds for Project Costs**

	General Obligation Bonds			Other Revenues		Total Revenues
	Utility Revenue or Tax Abatement Bonds	Street Reconstruction Bonds	Improvement Bonds	Sale of Soil Material	Other Revenues	
Project Cost by Type of Improvement						
Baseline Pond Construction	4,043,000	0	0	3,000,000		7,043,000
Baseline Water Quality/Fountain/Aeration	525,000	0	0	0	0	525,000
Baseline Removal of portion of Dundas Road	0	375,000	0	0	0	375,000
Baseline Relocation of Dundas Utilities	392,000	0	0	0	0	392,000
Baseline Pond Pathway System	599,000	0	0	0	0	599,000
Baseline Erosion Control Landscaping	690,000	0	0	0	0	690,000
Baseline Major Gateways	0	0	366,500	0	0	366,500
Baseline Basic Landscaping - incorporates seasonality and biome concept	0	0	0	0	539,000	539,000
Baseline Public Parking Lot (South Side Lot) - Paved, Lighted	0	0	753,000	0	0	753,000
Baseline Detailed Grading Plan (60-70% Level of Completion)	390,000	0	0	0	0	390,000
Baseline Detailed Landscaping Plan	0	0	0	0	200,000	200,000
Good Additional Fountains (Includes Enhanced Storm Water Treatment)	451,000	0	0	0	0	451,000
Good Bridges (southerly first, then northerly)	0	0	593,000	0	0	593,000
Good NW Plaza	155,000	0	0	0	0	155,000
Good Docks, Landings, Peninsulas at lake	173,000	0	0	0	0	173,000
Good Pathway Width and Multi-level Enhancements (additional pathway spurs/areas)	71,000	0	0	0	0	71,000
Good Pavilion (ideal size is reception for up to 300 people)	2,760,000	0	0	0	0	2,760,000
Good Major Gateways (2)	0	0	366,500	0	0	366,500
Great Secondary Gateways	0	0	709,000	0	0	709,000
Great Edmonson Reconstruction - Urban Section	0	4,097,000	0	0	0	4,097,000
Great Edmonson Boulevard Parkway Improvements/Treatments	0	0	90,000	0	0	90,000
Great Playground	1,035,000	0	0	0	0	1,035,000
Great Public Parking Lot (North Side Lot if needed) - Paved, Lighted	382,000	0	0	0	0	382,000
Great Splash/Bubbler Area (jumping water fountain/splash area at ground level)	500,000	0	0	0	0	500,000
Great Pathway Surface Upgrades (boardwalk, cobblestone, pavers)	600,000	0	0	0	0	600,000
Great Pathway Width and Multi-level Enhancements (additional pathway spurs/areas)	71,000	0	0	0	0	71,000
Great Sound System/Music System/Wifi (speaker stations for ambient sounds)	0	0	0	0	50,000	50,000
Great Roundabouts at Intersections (does not include any ROW acquisition)	0	0	2,805,000	0	0	2,805,000
Total	12,837,000	4,472,000	5,683,000	3,000,000	789,000	26,781,000

Project Funding by Scenario

Baseline	6,639,000	375,000	1,119,500	3,000,000	739,000	11,872,500
Good	3,610,000	0	959,500	0	0	4,569,500
Great	2,588,000	4,097,000	3,604,000	0	50,000	10,339,000
Total	12,837,000	4,472,000	5,683,000	3,000,000	789,000	26,781,000

Project Costs by Type of Improvement

Ponding/Water Quality	6,030,000	0	0	3,000,000	0	9,030,000
Street and Utility Improvements	392,000	4,472,000	3,488,000	0	0	8,352,000
Public Realm	6,033,000	0	1,442,000	0	789,000	8,264,000
Parking	382,000	0	753,000	0	0	1,135,000
Total	12,837,000	4,472,000	5,683,000	3,000,000	789,000	26,781,000

Exhibit D
BASELINE SCENARIO

"BASELINE" DEVELOPMENT SCENARIO
Monticello, MN
Tax Levy, Tax Capacity, and Tax Rate

	1	2	3	4	5	6	7	8	9
	2022	2023	2024	2025	2026	2027	2028	2029	2030
	2022 Proj	2023 Proj	2024 Proj	2025 Proj	2026 Proj	2027 Proj	2028 Proj	2029 Proj	2030 Proj
City Tax Levy for Chelsea Commons	669,900	673,430	677,030	680,703	684,449	688,270	692,167	696,143	700,198
Net Tax Levy (Spread Levy)	669,900	673,430	677,030	680,703	684,449	688,270	692,167	696,143	700,198
Tax Capacity from Existing Property	31,796,124	31,796,124	31,796,124	31,796,124	31,796,124	31,796,124	31,796,124	31,796,124	31,796,124
Other	(2,161)	(2,161)	(2,161)	(2,161)	(2,161)	(2,161)	(2,161)	(2,161)	(2,161)
Tax Capacity from New Construction in Chelsea Commons	-	120,313	493,171	662,919	1,125,757	1,229,810	1,266,749	1,394,046	1,624,727
Total Tax Capacity	31,793,963	31,914,276	32,287,134	32,456,882	32,919,720	33,023,773	33,060,712	33,188,009	33,418,690
Less TC Captured TIF	767,380	767,380	767,380	767,380	767,380	767,380	767,380	767,380	767,380
Net Tax Capacity	31,026,583	31,146,896	31,519,754	31,689,502	32,152,340	32,256,393	32,293,332	32,420,629	32,651,310
City Tax Rate Impact	0.02159	0.02162	0.02148	0.02148	0.02129	0.02134	0.02143	0.02147	0.02144
Par Amount of Bond Issuance (City Supported Portion Only)	7,909,600								
Debt Service Levy	493,400	493,400	493,400	493,400	493,400	493,400	493,400	493,400	493,400
Term of Bonds	20								
Interest Rate	2.0%								
Maintenance (inflated 2.0%)	176,500	180,030	183,631	187,303	191,049	194,870	198,768	202,743	206,798

Notes:

1. Analysis focuses only on Chelsea Commons and does not include any other tax impacts from other tax levy changes for other city services or debt, or any changes in the City's overall tax capacity from existing property or other development within the City that is not within Chelsea Commons.

City of Monticello
City Property Taxes Payable by Example Properties to Support Development in CCA

	2022	2023	2024	2025	2026	2027	2028	2029	2030	
Tax Capacity Taxes	Residential \$300,000	62.56	62.65	62.24	62.24	61.68	61.83	62.11	62.22	62.14
	Residential \$400,000	86.10	86.22	85.65	85.66	84.89	85.09	85.47	85.62	85.51
	Residential \$500,000	134.94	135.13	134.25	134.25	133.05	133.36	133.96	134.20	134.03
	Residential \$600,000	161.93	162.16	161.10	161.10	159.66	160.03	160.75	161.04	160.84
	Commercial \$1,000,000	415.63	416.21	413.48	413.50	409.79	410.75	412.60	413.34	412.81
Annual \$ Change in Total Taxes	Residential \$300,000	62.56	0.09	(0.41)	0.00	(0.56)	0.14	0.28	0.11	(0.08)
	Residential \$400,000	86.10	0.12	(0.56)	0.00	(0.77)	0.20	0.38	0.15	(0.11)
	Residential \$500,000	134.94	0.19	(0.88)	0.01	(1.20)	0.31	0.60	0.24	(0.17)
	Residential \$600,000	161.93	0.22	(1.06)	0.01	(1.45)	0.37	0.72	0.29	(0.21)
	Commercial \$1,000,000	415.63	0.58	(2.72)	0.02	(3.71)	0.96	1.85	0.74	(0.53)

Exhibit E
GOOD SCENARIO

"GOOD" DEVELOPMENT SCENARIO
Monticello, MN
Tax Levy, Tax Capacity, and Tax Rate

	1	2	3	4	5	6	7	8	9
	2022	2023	2024	2025	2026	2027	2028	2029	2030
	2022 Proj	2023 Proj	2024 Proj	2025 Proj	2026 Proj	2027 Proj	2028 Proj	2029 Proj	2030 Proj
City Tax Levy Chelsea Commons	1,345,874	1,357,462	1,369,281	1,381,338	1,393,635	1,406,178	1,418,972	1,432,022	1,445,333
Net Tax Levy (Spread Levy)	1,345,874	1,357,462	1,369,281	1,381,338	1,393,635	1,406,178	1,418,972	1,432,022	1,445,333
Tax Capacity from Existing Property	31,796,124	31,796,124	31,796,124	31,796,124	31,796,124	31,796,124	31,796,124	31,796,124	31,796,124
Other	(2,161)	(2,161)	(2,161)	(2,161)	(2,161)	(2,161)	(2,161)	(2,161)	(2,161)
Tax Capacity from New Construction in Chelsea Commons	-	120,313	493,171	662,919	1,125,757	1,229,810	1,266,749	1,394,046	1,624,727
Total Tax Capacity	31,793,963	31,914,276	32,287,134	32,456,882	32,919,720	33,023,773	33,060,712	33,188,009	33,418,690
Less TC Captured TIF	767,380	767,380	767,380	767,380	767,380	767,380	767,380	767,380	767,380
Net Tax Capacity	31,026,583	31,146,896	31,519,754	31,689,502	32,152,340	32,256,393	32,293,332	32,420,629	32,651,310
City Tax Rate Impact	0.0434	0.0436	0.0434	0.0436	0.0433	0.0436	0.0439	0.0442	0.0443
Par Amount of Bond Issuance	12,287,200								
Debt Service Levy	766,474	766,474	766,474	766,474	766,474	766,474	766,474	766,474	766,474
Term of Bonds	20								
Interest Rate	2.0%								
Maintenance (inflated 2.0%)	579,400	590,988	602,808	614,864	627,161	639,704	652,499	665,548	678,859

Notes:

1. Analysis focuses only on Chelsea Commons and does not include any other tax impacts from other tax levy changes for other city services or debt, or any changes in the City's overall tax capacity from existing property or other development within the City that is not within Chelsea Commons.

City of Monticello
City Property Taxes Payable by Example Properties to Support Development in CCA

	2022	2023	2024	2025	2026	2027	2028	2029	2030	
Tax Capacity Taxes	Residential \$300,000	125.69	126.28	125.88	126.31	125.60	126.32	127.32	127.99	128.26
	Residential \$400,000	172.97	173.79	173.23	173.82	172.84	173.83	175.22	176.13	176.51
	Residential \$500,000	271.11	272.39	271.51	272.44	270.90	272.46	274.63	276.06	276.66
	Residential \$600,000	325.34	326.87	325.82	326.92	325.09	326.95	329.55	331.28	331.99
	Commercial \$1,000,000	835.03	838.96	836.26	839.10	834.39	839.18	845.85	850.27	852.11
Annual \$ Change in Total Taxes	Residential \$300,000	125.69	0.59	(0.41)	0.43	(0.71)	0.72	1.00	0.67	0.28
	Residential \$400,000	172.97	0.82	(0.56)	0.59	(0.98)	0.99	1.38	0.92	0.38
	Residential \$500,000	271.11	1.28	(0.88)	0.92	(1.53)	1.56	2.16	1.44	0.60
	Residential \$600,000	325.34	1.53	(1.05)	1.11	(1.84)	1.87	2.60	1.72	0.72
	Commercial \$1,000,000	835.03	3.94	(2.71)	2.84	(4.72)	4.79	6.67	4.43	1.84

**Exhibit F
GREAT SCENARIO**

**"GREAT" DEVELOPMENT SCENARIO
Monticello, MN
Tax Levy, Tax Capacity, and Tax Rate**

	1	2	3	4	5	6	7	8	9
	2022	2023	2024	2025	2026	2027	2028	2029	2030
	2022 Proj	2023 Proj	2024 Proj	2025 Proj	2026 Proj	2027 Proj	2028 Proj	2029 Proj	2030 Proj
City Tax Levy Chelsea Commons	2,098,737	2,113,445	2,128,447	2,143,749	2,159,357	2,175,278	2,191,516	2,208,080	2,224,975
Net Tax Levy (Spread Levy)	2,098,737	2,113,445	2,128,447	2,143,749	2,159,357	2,175,278	2,191,516	2,208,080	2,224,975
Tax Capacity from Existing Property	31,796,124	31,796,124	31,796,124	31,796,124	31,796,124	31,796,124	31,796,124	31,796,124	31,796,124
Other	(2,161)	(2,161)	(2,161)	(2,161)	(2,161)	(2,161)	(2,161)	(2,161)	(2,161)
Tax Capacity from New Construction in Chelsea Commons	-	120,313	493,171	662,919	1,125,757	1,229,810	1,266,749	1,394,046	1,624,727
Total Tax Capacity	31,796,124	31,916,437	32,289,295	32,459,043	32,921,881	33,025,934	33,062,873	33,190,170	33,420,851
Less TC Captured TIF	767,380	767,380	767,380	767,380	767,380	767,380	767,380	767,380	767,380
Net Tax Capacity	31,028,744	31,149,057	31,521,915	31,691,663	32,154,501	32,258,554	32,295,493	32,422,790	32,653,471
City Tax Rate Impact	0.0676	0.0678	0.0675	0.0676	0.0672	0.0674	0.0679	0.0681	0.0681
Par Amount of Bond Issuance	21,855,400								
Debt Service Levy	1,363,337	1,363,337	1,363,337	1,363,337	1,363,337	1,363,337	1,363,337	1,363,337	1,363,337
Term of Bonds	20								
Interest Rate	2.00%								
Maintenance (inflated 2.0%)	735,400	750,108	765,110	780,412	796,021	811,941	828,180	844,743	861,638

Notes:

1. Analysis focuses only on Chelsea Commons and does not include any other tax impacts from other tax levy changes for other city services or debt, or any changes in the City's overall tax capacity from existing property or other development within the City that is not within Chelsea Commons.

**City of Monticello
City Property Taxes Payable by Example Properties to Support Development in CCA**

	2022	2023	2024	2025	2026	2027	2028	2029	2030	
Tax Capacity Taxes	Residential \$300,000	195.99	196.60	195.65	196.01	194.59	195.39	196.63	197.33	197.44
	Residential \$400,000	269.72	270.56	269.25	269.74	267.79	268.89	270.59	271.57	271.71
	Residential \$500,000	422.74	424.06	422.02	422.77	419.72	421.45	424.11	425.64	425.87
	Residential \$600,000	507.29	508.87	506.42	507.33	503.67	505.74	508.94	510.77	511.04
	Commercial \$1,000,000	1,302.04	1,306.10	1,299.81	1,302.15	1,292.75	1,298.08	1,306.27	1,310.98	1,311.68
Annual \$ Change in Total Taxes	Residential \$300,000	195.99	0.61	(0.95)	0.35	(1.41)	0.80	1.23	0.71	0.11
	Residential \$400,000	269.72	0.84	(1.30)	0.48	(1.95)	1.10	1.70	0.97	0.14
	Residential \$500,000	422.74	1.32	(2.04)	0.76	(3.05)	1.73	2.66	1.53	0.23
	Residential \$600,000	507.29	1.58	(2.45)	0.91	(3.66)	2.08	3.19	1.83	0.27
	Commercial \$1,000,000	1,302.04	4.06	(6.29)	2.33	(9.40)	5.33	8.19	4.71	0.70