



Economic Development Advisory Committee Meeting
West Fargo City Hall, West Fargo Room
Thursday, March 3, 2021
3:00 – 4:30 pm

Voting Members

Jaysen Schock
Chair
Manufacturing
Cargill
Eddie Sheeley
Vice Chair
Bank
Choice Financial
Marshall McCullough
Past Chair
Service
Ohnstad Twichell
Nicole Steen-Dutton
Retail
Thunder Coffee
Paul Matthys
Utilities
Cass County Electric
Tom McDougall
Technology
High Point Networks

Ex-Officio Members

Shannon Full
FMWF Chamber of
Commerce
Joe Raso
GFMEDC
Levi Bachmeier
WFPS
Robert Wilson
Cass County

City Commissioners

Eric Gjerdevig
Brad Olson

City Staff

Tina Fisk
City Admin.
Nick Lee
City Assessor
Aaron Nelson
Planning Director
Malachi Petersen
Planner

The Economic Development Advisory Committee (EDAC) meets regularly on the first Thursday of every month to review incentive applications and other items pertaining to Economic Development within the City of West Fargo. The committee provides recommendations to the City Commission for final review. All Committee meetings are open to the public and any Executive Sessions abide by North Dakota Century Code. The Committee reserves the right to hold special meetings at its discretion to facilitate efficient development within the City of West Fargo.

AGENDA

1. Call to Order (Jaysen Schock)
2. Attendance Roll Call (Jaysen Schock)
3. Approval of Last Meeting's Minutes (Jaysen Schock)
4. Approve Order of Agenda (Jaysen Schock)
5. Paisley & Dash 5-year PILOT Request (Malachi Petersen)
6. Non-Agenda Items
7. Adjournment

Future Meeting Dates (1st Thursdays):

	Thursday, July 7, 2022
Thursday, April 7, 2022	Thursday, August 4, 2022
Thursday, May 5, 2022	Thursday, September 1, 2022
Thursday, June 2, 2022	Thursday, October 6, 2022
	Thursday, November 3, 2022
	Thursday, December 1, 2022



**West Fargo Economic Development
Advisory Committee Special Meeting
Monday, February 14, 2022
8 am**

The City of West Fargo Economic Development Advisory Committee met on Thursday, February 3, 2022, at 3 pm.

Voting Members Present: Jaysen Schock (President), Eddie Sheeley (Vice Chair), Marshall McCullough (Past Chair), Nicole Steen-Dutton (Member), and Tom McDougall (Member).

City Commissioners: Brad Olson

City Staff: Malachi Petersen (City Planner) and Aaron Nelson (Planning & Zoning Director)

Eddie Sheeley called the meeting to order.

Marshall McCullough moved and Eddie Sheeley seconded to approve the Order of Agenda as presented. No opposition. Motion carried.

Malachi Petersen presented the Enterprise Grant application for Ade's Cuisine.

Tom McDougall moved and Nicole Steen-Dutton seconded to recommend approval of the application to the City Commission. No opposition. Motion passed.

Tom McDougall moved and Marshall McCullough seconded to adjourn the meeting. No opposition. Meeting was adjourned.

Chair, Jaysen Schock



To: West Fargo Economic Development Advisory Committee
From: City Planner Malachi Petersen
Date: Thursday, March 3, 2022
Subject: 5-year PILOT Request for Paisley & Dash LLC
Action: Approve or deny incentive

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Summary:

Paisley & Dash LLC has applied for a 5-year Payment in Lieu of Taxes (PILOT) incentive totaling \$34,776. The applicant is a state-certified primary sector business involved in the manufacture and sale of ready-to-eat cupcake jars. These cupcake jars are filled with multiple layers of cupcake and frosting and then either sold locally or shipped to customers. The applicant is currently located in the Square One commercial kitchen in Fargo and is looking to buy a commercial office park condo that is under construction at 3319 Oak Ridge Pond Way E. Sara Mehrer, the owner of Paisley & Dash LLC, has indicated that the cost savings provided by the potential property tax exemption is a defining factor in her decision whether or not to relocate her e-commerce business to West Fargo.

Policy Analysis:

Under North Dakota Century Code Chapter 40-57.1, municipalities are allowed to grant or revoke property tax exemptions for new and expanding primary sector businesses. These property tax exemptions can be up to 100% of the total value of additional value on a piece of property. The City of West Fargo's PILOT Program is an incentive that uses abatement of taxes to attract private investment that meets the development goals of the City. Recipients of a PILOT pay \$100 per year for five years "in lieu of" their full property tax on new improvements. The recipient must continue paying taxes on land and buildings constructed before receipt of the incentive. To qualify for this incentive, a business is required to provide job creation goals through their application and report job numbers and salaries produced annually. In 2021, the City awarded a PILOT incentive to another business that was located within this same commercial office park area.

Financial Analysis:

The value addition from the construction of this project is estimated to be \$450,000 and the business occupying the building would bring three full-time and seven part-time jobs to West Fargo with an annual payroll of \$170,000 by Year 5 of the incentive. The estimated annual tax amount for the property is estimated at about \$6,955.20 with the exemption totaling about \$34,776 by the end of Year 5.

Process:

After a recommendation is made from EDAC the application will go to City Commission for a public hearing and final decision. Prior to the City Commission meeting two public notices must be made to alert potential competitors to a pending incentive decision.

Application For Property Tax Incentives For New or Expanding Businesses

N.D.C.C. Chapter 40-57.1

Project Operator's Application To West Fargo, ND

City or County

File with the City Auditor for a project located within a city; County Auditor for locations outside of city limits.

A representative of each affected school district and township is included as a non-voting member in the negotiations and deliberation of this application.

This application is a public record

Identification Of Project Operator

1. Name of project operator of new or expanding business Paisley & Dash, LLC
2. Address of project 3319 Oak Ridge Pond Way E
City West Fargo County Cass
3. Mailing address of project operator 801 24th Ave S
City Fargo State ND Zip 58103
4. Type of ownership of project
☐ Partnership ☐ Subchapter S corporation ☐ Individual proprietorship
☐ Corporation ☐ Cooperative ☒ Limited liability company
5. Federal Identification No. or Social Security No. 84-2940081
6. North Dakota Sales and Use Tax Permit No. n/a
7. If a corporation, specify the state and date of incorporation n/a
8. Name and title of individual to contact Sara Lien, Sole Member
Mailing address 801 24th Ave S
City, State, Zip Fargo, ND 58103 Phone No. 701-866-1901

Project Operator's Application For Tax Incentives

9. Indicate the tax incentives applied for and terms. Be specific.
☒ **Property Tax Exemption** ☐ **Payments In Lieu of Taxes**
5 Number of years Beginning year Ending year
100 Percent of exemption Amount of annual payments (attach schedule if payments will vary)
10. Which of the following would better describe the project for which this application is being made:
☒ New business project ☐ Expansion of a existing business project

Description of Project Property

11. Legal description of project real property

Lot 22 Oakridge Phase 2. Legal: LOT 29 BLK 1 Oakridge 18th Addition

12. Will the project property be owned or leased by the project operator? ☒ Owned ☐ Leased

If the answer to 12 is leased, will the benefit of any incentive granted accrue to the project operator?

☐ Yes ☐ No

If the property will be leased, attach a copy of the lease or other agreement establishing the project operator's benefits.

13. Will the project be located in a new structure or an existing facility? ☒ New construction ☐ Existing facility

If existing facility, when was it constructed? _____

If new construction, complete the following:

a. Estimated date of commencement of construction of the project covered by this application April 15, 2022

b. Description of project to be constructed including size, type and quality of construction
Commercial operating kitchen, packaging and shipping facility, retail storefront. 40x40, 1600 total square feet. 70% will be operating kitchen and packaging/shipping area, 20 % retail storefront, 10% office. Dietrich Construction will be completing project.

c. Projected number of construction employees during the project construction 82

14. Approximate date of commencement of this project's operations April 15, 2022

15. Estimated market value of the property used for this project:

a. Land..... \$ 92,100

b. Existing buildings and structures for which an exemption is claimed..... \$ 0

c. Newly constructed buildings and structures when completed \$ 450,000

d. Total \$ 542,100

e. Machinery and equipment \$ 20,000

16. Estimate taxable valuation of the property eligible for exemption by multiplying the market values by 5 percent:

a. Land (not eligible) 

b. Eligible existing buildings and structures..... \$ 0

c. Newly constructed buildings and structures when completed..... \$ 450,000

d. Total taxable valuation of property eligible for exemption (Add lines b and c)..... \$ 22,500

e. Enter the consolidated mill rate for the appropriate taxing district 309.12

f. Annual amount of the tax exemption (Line d multiplied by line e) \$ 6,955.20

Description of Project Business

Note: "project" means a newly established business or the expansion portion of an existing business. Do not include any established part of an existing business.

17. Type of business to be engaged in: ☐ Ag processing ☒ Manufacturing ☒ Retailing
☐ Wholesaling ☐ Warehousing ☐ Services
18. Describe in detail the activities to be engaged in by the project operator, including a description of any products to be manufactured, produced, assembled or stored (attach additional sheets if necessary).
Production of raw materials within this commercial kitchen, to produce baked goods, specifically cupcakes in a glass mason jar, to be shipped throughout the US, and sold via retail storefront. Facility will store all ingredients, packaging, and shipping materials, and ship directly on site through our shipping partner, FedEx. Though primarily an e-commerce bake shope, about 144 square feet of this project will serve as the retail storefront for local patrons.
19. Indicate the type of machinery and equipment that will be installed
Vulcan Commercial Convection Ovens, several commerical freezers and refridgerators, stainless steel tables throughout the facility, commercial mixers ranging in size from 7 quart to 30 quart, automated depositor systems for dispersing buttercream.
20. For the project only, indicate the projected annual revenue, expense, and net income (before tax) from either the new business or the expansion itself for each year of the requested exemption.

Year (12 mo. periods)	New/Expansion Project only Year 1	New/Expansion Project only Year 2	New/Expansion Project only Year 3	New/Expansion Project only Year 4	New/Expansion Project only Year 5
Annual revenue	<u>259,320</u>	<u>324,150</u>	<u>400,000</u>	<u>480,000</u>	<u>600,000</u>
Annual expense	<u>204,866</u>	<u>236,480</u>	<u>299,000</u>	<u>342,000</u>	<u>357000</u>
Net income	<u>54,454</u>	<u>87,670</u>	<u>101,000</u>	<u>138,000</u>	<u>243,000</u>

21. Projected number and salary of persons to be employed by the project for the first five years:

Current positions & positions added the initial year of project

# Current Positions		New Positions Under \$13.00	New Positions \$13.01-\$15.00	New Positions \$15.01-\$20.00	New Positions \$20.01-\$28.00	New Positions \$28.01-\$35.00	New Positions Over \$35.00
<u>1</u>				<u>2</u>			

Year	(Before project)	Year 1	Year 2	Year 3	Year 4	Year 5
No. of Employees	(1) <u>1</u>	<u>1</u>	<u>1</u>	<u>2</u>	<u>3</u>	<u>3</u>
	(2) <u>0</u>	<u>2</u>	<u>3</u>	<u>5</u>	<u>5</u>	<u>7</u>
Estimated payroll	(1) <u>24,000</u>	<u>24000</u>	<u>36000</u>	<u>72000</u>	<u>100000</u>	<u>110000</u>
	(2) <u>0</u>	<u>22320</u>	<u>33480</u>	<u>50000</u>	<u>55000</u>	<u>60000</u>

(1) - full time
(2) - part time

Previous Business Activity

22. Is the project operator succeeding someone else in this or a similar business? ☐ Yes ☒ No
23. Has the project operator conducted this business at this or any other location either in or outside of the state?
☒ Yes ☐ No
24. Has the project operator or any officers of the project received any prior property tax incentives? ☐ Yes ☒ No
- If the answer to 22, 23, or 24 is yes, give details including locations, dates, and name of former business (attach additional sheets if necessary).
- _____
- _____

Business Competition

25. Is any similar business being conducted by other operators in the municipality? ☐ Yes ☒ No
- If YES, give name and location of competing business or businesses
- _____
- _____
- Percentage of Gross Revenue Received Where Underlying Business Has ANY Local Competition %

Property Tax Liability Disclosure Statement

26. Does the project operator own real property in North Dakota which has delinquent property tax levied against it? ☐ Yes ☒ No
27. Does the project operator own a greater than 50% interest in a business that has delinquent property tax levied against any of its North Dakota real property? ☐ Yes ☒ No
- If the answer to 26 or 27 is Yes, list and explain
- _____
- _____

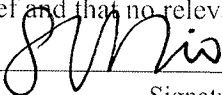
Use Only When Reapplying

28. The project operator is reapplying for property tax incentives for the following reason(s):
- ☐ To present additional facts or circumstances which were not presented at the time of the original application
- ☐ To request continuation of the present property tax incentives because the project has:
- ☐ moved to a new location
- ☐ had a change in project operation or additional capital investment of more than twenty percent
- ☐ had a change in project operators
- ☐ To request an additional annual exemption for the year of _____ on structures owned by a governmental entity and leased to the project operator. (See N.D.C.C. § 40-57.1-04.1)

Notice to Competitors of Hearing

Prior to the hearing, the applicant must present to the governing body of the county or city a copy of the affidavit of publication giving notice to competitors unless the municipality has otherwise determined there are no competitors.

I, Sara Lien, do hereby certify that the answers to the above questions and all of the information contained in this application, including attachments hereto, are true and correct to the best of my knowledge and belief and that no relevant fact pertaining to the ownership or operation of the project has been omitted.



Signature

Sole member, President

Title

1/31/22

Date

PRIVACY ACT NOTIFICATION

In compliance with the Privacy Act of 1974, disclosure of a social security number or Federal Employer Identification Number (FEIN) on this form is required under N.D.C.C. §§ 40-57.1-03, 40-57.1-07, and 57-01-15, and will be used for tax reporting, identification, and administration of North Dakota tax laws. Disclosure is mandatory. Failure to provide the social security number or FEIN may delay or prevent the processing of this form.

Certification of Governing Body (To be completed by the Auditor of the City or County)

The municipality shall, after granting any property tax incentives, certify the findings to the State Tax Commissioner and Director of Tax Equalization by submitting a copy of the project operator's application with the attachments. The governing body, on the _____ day of _____, 20____, granted the following:

☐ **Property Tax Exemption**

_____ Number of years

_____ Percent of exemption

☐ **Payments in lieu of taxes**

_____ Beginning year _____ Ending year

_____ Amount of annual payments (Attach schedule if payments will vary)

Auditor

Notice To Competitors Of Hearing On Application For Property Tax Incentives

Notice is hereby given that the _____
(City or county governing body)

of _____, North Dakota, will meet at _____
(City or county) (Time)

on _____ at _____ to consider the application of
(Date) (Location)

(Project operator name and address)

for property tax relief on the project which the applicant will use in the operation of

(Type of business)

at _____
(Address)

(Legal description)

Any competitor of that applicant may appear and be heard by the _____
(City or county governing body)

at the time and place designated herein. A competitor may provide written comments to the governing
body before the scheduled hearing.

This notice is given by the above-named applicant pursuant to the provisions of North Dakota Century
Code § 40-57.1-03