



City of Grand Forks Staff Report

Committee of the Whole – March 9, 2020 (Updated 03/09 2:15 p.m.)
City Council – March 16, 2020

Agenda Item: Five year PILOT Request from Pro Transport

Submitted by: Ryan Brooks, Deputy City Planner

Staff Recommended Action: Set April 20, 2020, as the date to hold a public hearing and approve the application pursuant to N.D.C.C 40-57.1

Committee Action - March 9, 2020: Refer to City Council with the recommendation to approve.

Council Action - March 16, 2020:

BACKGROUND:

Pro Transport is a national frozen, refrigerated, and dry truckload transportation provider serving delivery needs throughout the US and Western Canada. The company was founded 36 years ago in Grand Forks. Operations have since grown to include both North Dakota and North Carolina, but their headquarters remain in Grand Forks.

This request is to provide a PILOT incentive for Pro Transport's proposed new facility in the Grand Forks Business Park. An area of concern in Grand Forks is the lack of corporate headquarters located here. Providing PILOTs to regional headquarters is meant to incentivize this, leading to more locally oriented corporate decision-making as well as increased local workforce opportunities for upper management and executive-level jobs.

Staff recommends recognizing Pro Transport's proposed facility as a regional headquarters and providing incentives that parallel those that the City has approved previously under the New or Expanding Business Exemption.

ANALYSIS AND FINDINGS OF FACT:

- This request complies with N.D.C.C. 40-57.1.
- The applicant is requesting a five-year declining exemption (see below), as has been granted by the City in the past for similar new and expanding businesses. The tax exemption applies to improvements only, not the land.
- The City Assessor estimates the total 5-year tax incentive value at \$59,280 as follows:

Year 1: 100% = \$19,760	Payment Year 1 = \$0
Year 2: 80% = \$15,808	Payment Year 2 = \$3,952
Year 3: 60% = \$11,856	Payment Year 3 = \$7,904
Year 4: 40% = \$7,904	Payment Year 4 = \$11,856
Year 5: 20% = \$3,952	Payment Year 5 = \$15,808

SUPPORT MATERIALS:

- Application

**Application For Property Tax Incentives For
New or Expanding Businesses**

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

Project Operator's Application To Grand Forks City
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 <u>Bakken Land Enterprises, LLC on behalf of Pro Transport</u>
2.	Address of project <u>28th Ave.</u>
	City <u>Grand Forks</u> County <u>Grand Forks</u>
3.	Mailing address of project operator <u>5520 32nd Ave S.</u>
	City <u>Grand Forks</u> State <u>ND</u> Zip <u>58201</u>
4.	Type of ownership of project
	<input type="checkbox"/> Partnership <input type="checkbox"/> Subchapter S corporation <input type="checkbox"/> Individual proprietorship
	<input checked="" type="checkbox"/> Corporation <input type="checkbox"/> Cooperative <input type="checkbox"/> Limited liability company
5.	Federal Identification No. or Social Security No. <u>45-0385271</u>
6.	North Dakota Sales and Use Tax Permit No. <u>N/A</u>
7.	If a corporation, specify the state and date of incorporation <u>North Dakota 6-28-84</u>
8.	Name and title of individual to contact <u>Mark Bakken</u>
	Mailing address <u>5520 32nd Ave. S.</u>
	City, State, Zip <u>Grand Forks, ND 58201</u> Phone No. <u>218.791.7434</u>

Project Operator's Application For Tax Incentives

9.	Indicate the tax incentives applied for and terms. Be specific.		
	<input type="checkbox"/> Property Tax Exemption	<input checked="" type="checkbox"/> Payments In Lieu of Taxes	
	<u> </u> Number of years	<u>2021</u> Beginning year	<u>2026</u> Ending year
	<u> </u> Percent of exemption	<u> </u> 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:		
	<input type="checkbox"/> New business project	<input checked="" type="checkbox"/> Expansion of a existing business project	

Description of Project Property

11. Legal description of project real property

Lot 1, Block 1 of the Replat of Lot G, Block 1 Business Park Third Resubdivi

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 2021

b. Description of project to be constructed including size, type and quality of construction
Development of 4.53 acre lot in Grand Forks business park which will house a 60x90 office building and a 60x90 vehicle shop

c. Projected number of construction employees during the project construction 30-40

14. Approximate date of commencement of this project's operations April 2021

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

a. Land..... \$ 644000

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

c. Newly constructed buildings and structures when completed \$ 1,231,767

d. Total..... \$ 1,231,767

e. Machinery and equipment \$ _____

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..... \$ _____

c. Newly constructed buildings and structures when completed..... \$ 61,588

d. Total taxable valuation of property eligible for exemption (Add lines b and c)..... \$ 61,588

e. Enter the consolidated mill rate for the appropriate taxing district 320.84

f. Annual amount of the tax exemption (Line d multiplied by line e) \$ 19,760

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).

~~Pro Transport currently operates at 5520 32nd Ave. S. in Grand Forks and is moving operations to this new construction on 28th Ave. S.~~

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

~~S & S Transport, Inc., Britton Transport, Reile's, among others.~~

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, Arthur Bakken, 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.

Arthur O. Bakken Signature CEO Title 3-5-20 Date