



City of Grand Forks Staff Report

Committee of the Whole – April 14, 2025

City Council – April 21, 2025

City Council – June 2, 2025 (Public Hearing) (Updated Staff Report Information in Bold Letters)

Agenda Item: Cirrus Aircraft Tax Incentive Pre-Application and Public Hearing

Submitted by: Todd Feland, City Administrator
Dan Gaustad, City Attorney

Staff Recommended Action – Approve Cirrus Aircraft Tax Incentive Pre-Application, approve moving through tax incentive final review and approval process to include preliminary recommendation of a 10 year/100% Payment In Lieu of Taxes (PILOT), and set City Council Public Hearing date for Monday, June 2, 2025.

April 14, 2025 - Committee Recommended Action: Approved to allow application to move forward for further review and consideration by LGAC, School District and County. Motion by Lunski, second by Fridolfs, passed 6-1 Osowski dissenting.

April 21, 2025 – Council Action: Approved to allow application to move forward for further review and consideration by LGAC, School District and County. Motion by Berg, second by Lunski, passed 6-1, Osowski dissenting.

June 2, 2025 – Council Action (Public Hearing):

BACKGROUND:

Cirrus Aircraft (Cirrus) is a global leader in personal aviation with the manufacturing, sales, and flight training services for the SR Series and Vision Jet. Cirrus currently owns and operates a 170,000 square foot manufacturing production facility in the Grand Forks industrial park as part of their aircraft manufacturing and sales business.

As an industry leader, Cirrus has been and is currently in a growth and expansion mode in the production of its aircraft. Cirrus is contemplating an approximate \$10.5 million and 30,000 square foot addition onto their existing 170,000 square foot production facility, investing \$1.5 million in renovations to the existing production facility, and investing \$2.5 million in capital equipment in 2025 as they continue to grow and expand their operations.

The proposed 30,000 square foot expansion will enable Cirrus to increase production capacity, streamline processes, and incorporate advanced technologies, which will lead to higher output and improved product quality. The additional space will allow for the introduction of new production lines, expanded warehousing, and enhanced storage systems, which will reduce lead times, improve inventory management, and meet customer demand and commitments. The expansion will create new job opportunities, contribute to the local economy, and workforce development. The investment in cutting-edge technology and machinery in the facility will better allow Cirrus to meet growing demands and enhance their competitiveness in the rapidly evolving industry.

The proposed Cirrus expansion estimated planning timeline is as follows:

- Design-Build Pre-Construction - 11/15/24 to 5/14/25.
- Design Engineering – 3/18/25 to 7/4/25.
- Bidding – 4/29/25 to 8/1/25.
- Construction – 5/20/25 to 3/2/26.
- Equipment Move In – 3/3/26 to 5/3/26.

The 30,000 square foot expansion is the first of two planned expansions. With continued and similar support in Grand Forks and North Dakota, Cirrus is planning, within the next five (5) years, for an additional 60,000 to 90,000 square foot composite facility expansion in Grand Forks and North Dakota.

Mayor Brandon Bochenski has followed up with the U.S. Department of Defense (DoD), U.S. Department of the Air Force (DAF), and Grand Forks Air Force Base (GFAFB) related to the Cirrus investment and expansion. The DAF representative, Mr. Daniel Burke, has provided that “neither the DAF nor our DoD counterparts have any concerns or objections regarding the proposed expansion of the Cirrus facility.”

ANALYSIS AND FINDINGS OF FACT:

- The Preliminary Memorandum of Understanding provides for agreed upon preliminary and working framework to begin and pursue good faith negotiations to arrive at and execute a mutually agreeable development agreement. It is anticipated that from these good faith negotiations, the succeeding development agreement will contain terms and conditions relating to the construction and operation of the Cirrus Grand Forks expansion, any public utility or service infrastructure that may be needed to accommodate the Cirrus Grand Forks expansion, and incentives Cirrus seeks or may seek for this proposed expansion. The City Council approved the Preliminary Memorandum of Understanding on January 21, 2025
- Cirrus owns adjacent land to its existing Grand Forks manufacturing production facility for expansion. The Cirrus Grand Forks facility is already served with significant infrastructure thus substantial infrastructure investment for the City of Grand Forks should not be required for the expansion. The Cirrus expansion in Grand Forks is a strategic partnership between the City of Grand Forks and Cirrus to build off the previous growth and expansion at the Grand Forks production facility and to look forward to further growth and expansion in Grand Forks.
- In order to be competitive with alternative and potential Cirrus production locations in the United States, the City of Grand Forks administration has preliminarily presented to Cirrus the following incentives for this expansion (subject, however, to the parties reaching a development agreement and subject to required governmental authority approvals): a 10-year, 100% Payment in Lieu of Taxes (PILOT) incentive and an interest subsidy grant from the Bank of North Dakota Participating in Assisting Community Expansion (PACE) program that provides grants to reduce interest on a loan used to acquire land, purchase equipment, or for working capital.
- PILOT Timeline:
 - April 14, 2025– Committee of the Whole review of property tax incentive request.
 - April 21, 2025– City Council provides further review of property tax incentive, refers request to Local Government Advisory Committee (LGAC), and sets public hearing for June 2, 2025.
 - April 24, 2025, City consulted with the Department of Commerce regarding proposed payment in lieu of taxes option as per N.D.C.C. § 40-57.1-03(3)
 - Public Notice to GF Herald as per N.D.C.C. § 40-57.1-03(5).
GF Herald Public Notices published on April 30, 2025 and May 7, 2025
 - April 28, 2025 - Local Government Advisory Committee (LGAC) review and consideration of payment in lieu of property tax option to meet provision of N.D.C.C. § 40-57.1-03(7) (City/Park District/School District/County).
 - April 29, 2025, pursuant to 40-05-24(1) and 40-57.1-03(7), letters were sent to the Grand Forks Public School and Grand Forks County, via certified mail, providing notice of the proposed property tax incentive.

- May 1, 2025 – EDC Board recommendation on property tax incentive (This will be handled internally by EDC staff). **Approved.**
- May 12, 2025 – Grand Forks School Board Meeting as per N.D.C.C. §§ 40-05-24 and 40-57.1-03(7). **Approved.**
- May 20, 2025 – County Commission Meeting as per N.D.C.C. §§ 40-05-24 and 40-57.1-03(7). **Approved.**
- Monday, June 2, 2025 – City Council holds public hearing on property tax incentive and takes final action, as per N.D.C.C. 40-57.1-03(3).
- PACE (1st Half) Timeline
 - April 21, 2025 – PACE application submission to EDC Board (Property Tax request will also be presented for EDC Board recommendation).
 - May 1, 2025 – EDC Board recommendation for PACE loan (This will be handled internally by EDC staff). **Approved.**
 - May 19, 2025 – Growth Fund Committee recommendation for PACE loan. **Approved.**
 - June 2, 2025 – Jobs Development Authority (JDA) holds public hearing and takes final action.

SUPPORT MATERIALS:

- **Cirrus Aircraft Tax Incentive Pre-Application Staff Report.**
- Cirrus Aircraft - Tax Incentive Financing Pre-Application with project development attachment, dated 4/7/25.
- Cirrus Aircraft – Application for Property Tax Incentive for New or Expanding Business dated April 23, 2025
- Cirrus 10 year/100% PILOT Financial Analysis.
- Approved City of Grand Forks Staff Report – Cirrus Working Draft Development Memorandum of Understanding with attachments.
- E-Memorandum of completed procedures, with supporting documents attached thereto
- Resolution of the City Council of the City of Grand Forks Approving Payment in Lieu of Property Tax Development Agreement for Dakota Aircraft Corporation, d/b/a Cirrus Aircraft.
- Payment in Lieu of Property Tax Development Agreement