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# Target to add jobs in north metro

Premium content from Minneapolis / St. Paul Business Journal by Sam Black,  
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**Target Corp.** is planning to expand its campus in Brooklyn Park next year, starting with a new office building that would be at least 245,000 square feet. The project would be partially funded by a state jobs-stimulus bill.

Details of the expansion plans are included in a new contract the retailer has with Brooklyn Park over economic-development assistance. The City Council will consider approving the contract at its Dec. 12 meeting.

Target already has about 1,300 employees at its Brooklyn Park campus, spread out over 450,000 square feet of office space within four structures it built during the past decade. The most recent was a 245,000-square-foot office building that opened in 2006.

Target had much more ambitious plans for the 150-acre campus, but put them on hold when the economy soured in 2008. Its previous development agreement with the city expired in August due to five years of construction inactivity.

As the contract was about to expire, Target approached the city and asked for a five-year extension and indicated it was considering more growth at the campus.

Target is adding hundreds of employees in the Twin Cities this year and needs more space. The company has expanded its operations recently by distributing its own groceries, running its own website and planning to enter the Canadian market.

"As a part of our strategic, long-term growth planning, Target is reviewing and updating our Brooklyn Park site's master plan and development agreement with community officials." said [Molly Snyder](#), a spokeswoman for the Minneapolis-based retailer. She declined to comment further.

The new contract will require Target to re-start construction on so-called "Building 5" of its existing campus before July 1, 2012, in order for the project to qualify for the new jobs bill subsidy program.

The new agreement is similar to the old one except for the source of economic development funding tied to Building 5, said [Jason Aarsvold](#), Brooklyn Park's economic development and redevelopment director. It relies on a new pooled tax increment financing (TIF) program passed by the Legislature in 2010 to help create jobs following the recession.

For Building 5, it will replace an earlier mechanism that would have required the city to reimburse Target for its property tax payments over time. The new deal will use a formula to determine the up-front subsidy for Building 5, which would be in the range of \$1.7 million to \$2 million, Aarsvold said.

It is based on the previous incentive, which provided for up to \$20 million in abatements, based upon how much Target developed on the site over a 30-year period.

### **Jumping in TIF pool**

The money is coming from a new TIF program that allows cities to use surplus funds from existing TIF districts in one part of a city for new projects in other areas.

It was Brooklyn Park's idea to switch funding sources because it gives the city more flexibility with its budget and uses funds that were otherwise not being tapped, Aarsvold said. The city has three TIF districts with a total surplus of \$5 million to \$6 million that it couldn't spend under the old rules.

In 2010, to help create jobs, the Legislature lifted the rules and let cities pool their own surplus balances. The Legislature extended the program again in 2011, requiring construction on projects to start before July 1, 2012.

Brooklyn Park officials hope Target will break ground in the first half of the year and use the program as intended, although there is nothing in the contract that requires them to do that, Aarsvold said. If Target doesn't start before July 1, the contract reverts back to its original status.

### **Other cities, too**

Other cities around the state are using the TIF pooling program, said [Mark Ruff](#), a financial adviser at Ehlers Inc., a public finance consultant in Roseville.

Coon Rapids is using the authority to subsidize an \$8 million expansion by Pittsburgh-based **Medrad Inc.**'s interventional business, formerly **Possis Medical Inc.**

Inver Grove Heights is using the law to kick-start development of [Argenta Hills](#), a retail center that's anchored by a Target store.

Other cities, such as Duluth, New Brighton and St. Louis Park, are using the TIF pooling authority for various projects, mostly smaller ones that couldn't otherwise get financed.

"The real benefit of the program is that it helps developers bring equity to the projects," Ruff said, adding that the funds are helping bridge gaps between available financing and construction costs and creating jobs as the Legislature intended.

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Sam Black covers real estate, manufacturing, food, and economic development