

Agenda

Minnetonka Economic Development Authority

Monday, September 12, 2016

Following the Regular Meeting

Council Chambers

1. Call to Order
2. Roll Call: Wiersum-Bergstedt-Wagner-Ellingson-Allendorf-Acomb-Schneider
3. Approval of Agenda
4. Approval of Minutes: August 8, 2016 EDA meeting
5. Business Items:
 - A. 2017 Preliminary HRA Levy
Recommendation: Adopt the resolution
6. Adjourn

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Minutes
Minnetonka Economic Development Authority
Monday, August 8, 2016

1. Call to Order

Schneider called the meeting to order at 8:52 p.m.

2. Roll Call

Commissioners Dick Allendorf, Patty Acomb, Brad Wiersum, Tim Bergstedt, Tony Wagner, Bob Ellingson, and President Terry Schneider were present.

3. Approval of Agenda

Wagner moved, Bergstedt seconded a motion to accept the agenda, as presented. All voted "yes." Motion carried.

4. Approval of Minutes: April 11, 2016

Wagner moved, Bergstedt seconded a motion to approve the April 11, 2016 minutes. All voted "yes." Motion carried.

5. Business Items:

A. Music Barn Apartments Development Agreement

Community Development Director Julie Wischnack gave the staff report.

Wagner asked if the extension to October 31 was reasonable given the previous discussion that occurred during the council meeting. Wischnack said she would like to keep the process moving so October 31 was appropriate.

Wiersum moved, Wagner seconded a motion to adopt Resolution 2016-003 approving the Contract for Private Development. All voted "yes." Motion carried.

B. Amendment to the Elmbrooke Loan Documents

Wischnack gave the staff report.

Acomb moved, Allendorf seconded a motion to adopt Resolution 2016-004 approving the amendment to the Elmbrooke Loan Agreement and supporting documents that includes: mortgage, promissory note,

assignment and assumption of loan, and subordination agreement. All voted "yes." Motion carried.

6. Adjournment

Wagner moved, Wiersum seconded a motion to adjourn the meeting at 8:58 p.m. All voted "yes." Motion carried.

Respectfully submitted,

David E. Maeda
City Clerk

**EDA Agenda Item #5A
Meeting of September 12, 2016**

Brief Description 2017 Preliminary HRA Levy

Recommendation Adopt the resolution

Background

The city's first levy for housing and redevelopment began in 2009. State law limits levies, and the maximum rate is 0.0185 percent of a city's taxable market value. This equals approximately \$1.55 million in Minnetonka. Beginning in 2010, the annual levy increased to \$175,000 (0.00212 percent) and has remained at that dollar level to accommodate village center master planning, housing programs, marketing efforts, and more recently light rail.

The table below shows the history of the amounts and the uses of the HRA levy.

Year	Amount/Rate	Use
2009	\$100,000 .001171%	Homes Within Reach
2010	\$175,000 .002121%	•Village Center Master Planning (\$75,000) •Housing programs (\$100,000)
2011	\$175,000 .002233%	•Village Center Master Planning (\$85,000) •Housing programs (\$90,000)
2012	\$175,000 .002233%	•Village Center Master Planning (\$75,000) •Housing programs (\$100,000)
2013	\$175,000 .002324%	•Village Center Master Planning (\$75,000) •Housing programs (\$100,000)
2014	\$175,000 .002330%	•Marketing (\$75,000) •Livable Communities Fund (\$100,000)
2015	\$175,000 .002196%	•Marketing (\$75,000) •Village Center Master Planning (\$100,000)
2016	\$175,000 .002126%	•SWLRT (\$75,000) •Housing Programs (\$75,000) •Business Outreach (\$25,000)

HRA Levy Funded Programs

Housing Programs

There has been a significant amount of interest in the city's housing loan programs. As of June 30, less than \$95,000 remained available for Minnetonka Home Enhancement and Welcome to Minnetonka loan programs out of the original \$390,000 committed to the programs. Approximately ten new loans can be made with the existing balance which includes interest earned (about \$10,000 as of May 30) and repayment of loans (\$16,000 in 2016) which will be rolled back into the program. Based upon the uptick in interest in the two programs, it is anticipated that the funds will be exhausted by this fall. The recommended levy amount of \$100,000 supports the city's intent to make the program self-sustaining.

Annually, loan repayments based upon the current outstanding loans is enough for an additional two to three loans per year. In a self-sustaining analysis, if \$100,000 is loaned annually, it will take approximately six more years before programs are self-sustaining. It should be noted that assuming loan paybacks increase each year, fewer levy funds need to be provided for each of those seven years. Staff will continue to conduct this self-sustaining analysis on an annual basis during the budget review.

Business

There is a fund balance of \$25,000 to assist with business outreach. Staff is dedicating a portion of these funds to develop a business newsletter with the goal of engaging the business community. This effort supports business retention and expansion in the community.

Southwest Light Rail Transit (SWLRT) – Green Line Extension

In July 2015 the city council committed \$2 million towards the SWLRT project. Initially funded through the Special Assessment Construction Fund, partial payback will occur from the HRA levy funds over a 10 year period for a total of \$750,000. The city's Economic Improvement Program (EIP) indicated a cost of \$75,000 per year to be funded through the HRA levy for 2017-2021.

Marketing

Because there is approximately \$100,000 in committed funds remaining, staff recommends that no new funds be added, but that work continues as directed by council. As discussed earlier this year, marketing efforts will follow on the heels of the Imagine Minnetonka strategic planning effort currently underway.

Village Center Master Planning

No additional funding was designated in the EIP in 2017 for Village Master Planning, as staff will be moving toward work on the Comprehensive Plan beginning in 2017.

Recommendation

The proposed HRA levy is for \$175,000 payable in 2017. In summary, \$75,000 will be to continue the commitment to the Green Line Extension (SWLRT) and \$100,000 will be committed for housing loan programs.

The EDAC reviewed the HRA budget at their July 28 meeting, and on a unanimous vote, recommended adopting the preliminary HRA levy of \$175,000 (no levy increase) for the Green Line Extension and housing programs. At the August 15 budget study session, the council consensus was to continue with the preliminary HRA levy amount. Staff recommends approval of the resolution on pages A1-A3 setting the 2017 preliminary HRA levy at \$175,000.

Submitted through:

Geralyn Barone, City Manager
Merrill King, Finance Director

Originated by:

Julie Wischnack, AICP, Community Development Director
Alisha Gray, Economic Development and Housing Manager

Resolution No. 2016-

Resolution setting a preliminary 2017 H.R.A. tax levy and budget

Be it resolved by the Economic Development Authority of the city of Minnetonka, Minnesota, as follows:

Section 1. Background.

- 1.01. On May 2, 1988 by Resolution 88-8637 and amended on May 9, 1994 by Resolution 94-9715, the city council established the Economic Development Authority (EDA) of the City of Minnetonka, and effective June 15, 1988, transferred to the EDA the control, authority and operation of all projects and programs of the city's Housing and Redevelopment Authority (HRA). On March 8, 2010, the city council became the appointed EDA.
- 1.02. Minnesota Statutes 469.033, Subdivision 6 authorizes housing and redevelopment authorities the power to levy a tax upon all taxable property within its district to finance housing and redevelopment programs subject to the consent of the city council.
- 1.03. The law and council resolutions further require the EDA to file a budget in accordance with the budget procedure of the city in the same manner as required of executive departments of the city and all actions of the authority to be approved by the city council.
- 1.04. State law requires the city to certify to the county a preliminary HRA tax levy by September 15, 2016, and a final HRA budget and levy to be adopted, approved and certified to the county by December 28, 2016.

Section 2. Findings.

- 2.01. The EDA finds that an annual budget and tax levy of \$175,000 for levy in 2016, collectible in 2017, will fund housing and redevelopment activities of the authority in 2017.

Section 3. Authorization.

- 3.01. The preliminary 2017 HRA budget and tax levy is hereby approved.
- 3.02. The City Clerk is hereby directed and ordered to transmit a certified copy of the resolution to the Hennepin County Director of Property Tax and Public Records.

Adopted by the Economic Development Authority of the City of Minnetonka, Minnesota, on this 12th day of September, 2016.

Terry Schneider, President

Attest:

Secretary

Action on this resolution:

Motion for adoption:

Seconded by:

Voted in favor of:

Voted against:

Abstained:

Absent:

Resolution adopted.

I hereby certify that the foregoing is a true and correct copy of a resolution adopted by the EDA of the City of Minnetonka, Minnesota, at a duly authorized meeting held on September 12, 2016.

Secretary

Action on this resolution:

Motion for adoption: Allendorf

Seconded by: Wiersum

Voted in favor of: Ellingson, Allendorf, Wiersum, Bergstedt, Wagner, Schneider

Voted against:

Abstained:

Absent: Acomb

Resolution adopted.

I hereby certify that the foregoing is a true and correct copy of a resolution adopted by the City Council of the City of Minnetonka, Minnesota, at a duly authorized meeting held on July 25, 2016.

David E. Maeda, City Clerk