

AGENDA
CITY OF MINNETONKA
ECONOMIC DEVELOPMENT ADVISORY COMMISSION
Thursday, July 28, 2016
6:00 p.m.

Council Chambers
Minnetonka Community Center

1. Call to Order

2. Roll Call

Kathryn Aanenson
Benita Bjorgo
Michael Happe
Ken Isaacson

Jacob Johnson
Jerry Knickerbocker
Charlie Yunker

3. Approval of May 26, 2016 minutes

BUSINESS ITEMS

4. 2017 Preliminary Budget

Recommendation: Review the 2016 budget information and provide feedback

5. Staff Report

6. Other Business

•The next EDAC meeting is scheduled for **Thursday, August 25 at 6:00 p.m.**

7. Adjourn

If you have questions about any of the agenda items, please contact:

Alisha Gray, Economic Development and Housing Manager (952) 939-8285
Julie Wischnack, AICP, Community Development Director, (952) 939-8282

**Unapproved
Minnetonka Economic Development Advisory Commission
Meeting Minutes**

**May 26, 2016
6 p.m.**

1. Call to Order

Chair Aanenson called the meeting to order at 6 p.m.

2. Roll Call

EDAC commissioners present: Benita Bjorgo, Ken Isaacson, Jacob Johnson, Jerry Knickerbocker, Charlie Yunker, and Kathryn Aanenson. Michael Happe was absent.

Staff present: Community Development Director Julie Wischnack.

3. Approval of March 23, 2016 Minutes

Knickerbocker moved, Isaacson seconded a motion to recommend that the EDAC approve the minutes from the March 23, 2016 meeting as included in the agenda. Bjorgo, Isaacson, Johnson, Knickerbocker, Yunker, and Aanenson voted yes. Happe was absent. Motion passed.

4. Review EIP

Wischnack reviewed updates made to the EIP.

Aanenson appreciated the council comments being included.

Johnson found the matrix helpful. He suggested including information regarding the city's allocation of resources to promote business attraction, retention, and expansion to provide an understanding of the city's resources. Wischnack stated that she will add a column identifying projects that utilized those funds in a particular year. Aanenson agreed that providing all of the sources would be helpful.

Knickerbocker moved, Isaacson seconded a motion to recommend that the city council review the economic improvement plan as submitted. Bjorgo, Isaacson, Johnson, Knickerbocker, Yunker, and Aanenson voted yes. Happe was absent. Motion passed.

5. Staff Report

Wischnack reported:

- The Federal Transit Administration published the final environmental impact study (EIS). Plans for the Opus station are being reviewed. Stewart Companies filed a lawsuit against SWLRT and the metropolitan council for allegations of noise issues that were not addressed in the EIS. The transit cooperative agreement was extended by the city council until 2017.
- A neighborhood meeting was held regarding property the city owns on Shady Oak Road.
- TCF bank provided revised plans to the city council on May 16, 2016.
- The music barn site's project is on hold. The applicant is working on funding.
- Links to current planning projects were provided.
- Prestige School will be replacing the former Kraemer Hardware building. Demolition should occur this summer.
- Neighborhood meetings have been conducted for Villa West, a 6-villa proposal on Highway 7. A formal application has not been received yet.
- A formal application for the 350-unit Lecesse Apartment project is expected this summer. It would be located on the south side of Opus.
- The building permit for Cherrywood Pointe is being reviewed.
- The Highland Bank building is under construction.
- At-Home Apartments construction continues on the 106-unit-apartment building on Rowland Road with sheetrock being installed.
- The Pagel Center ice arena expansion has not started yet. Plans are being reviewed.
- The city council will be reviewing plans for the Glen Lake village center in June.

Isaacson stated that he supports providing an incentive for the Lecesse proposal to include affordable units. Wischnack confirmed that the Applewood project includes nine affordable units. She will provide details on how that would work with a cooperative at the next meeting.

In response to Knickerbocker's question, Wischnack provided the storm-water plan for Prestige School. There is a cross-driveway easement in place. The project would create better access for the site than what is there today.

Wischnack continued the staff report:

- The city received 75 pre-applications for the Small Project Loan program. There will be 25 loans funded this year.
- There will be a display at Summer Fest illustrating the strategic planning report.
- There will be a hydro tour at Pillsbury on June 2, 2016.

- The annual housing summit will be June 8, 2016 at Dorsey and Whitney in downtown Minneapolis.
- The housing gaps analysis discussion will be held in the Minnehaha Room at 6 p.m. on June 20, 2016.

6. Other Business

The next EDAC meeting is scheduled for Thursday, June 23, 2016 at 6 p.m.

7. Adjournment

Knickerbocker moved, Isaacson seconded a motion to adjourn the meeting at 7:15 p.m. Motion passed unanimously.

**EDAC Agenda Item #4
Meeting of July 28, 2016**

| | |
|--------------------------|---|
| Brief Description | 2017 Preliminary Budget |
| Recommendation | Review the 2017 budget information and provide feedback |

Overview

Annually, the city is required to prepare a budget for the upcoming year. In addition to the general fund, which contains budgets for such things as public safety and general government activities, budgets are also prepared for other accounts, such as development and other special purpose funds. It is the EDAC's responsibility to provide recommendations to the city council/EDA on:

- Development account—a fund for redevelopment and economic development activities
- Livable Communities account—a fund for affordable housing and directly-related public improvements
- Community Development Block Grant fund—federal funds the city receives for community development activities, which must meet national objectives
- HRA Levy—a mechanism to fund economic development activities

The 2016 adopted budget pages for these accounts are found on pages A1-A4. For more detailed information on each of these accounts see pages A5-A14.

Economic Improvement Program (EIP)

The 2017-2021 EIP was adopted by the city council on June 6. The EIP's purpose is to provide information on all economic development programs, their intent, key measures and budget impacts over a five year (or more) timeline. Below are highlights from the EIP that will be included into the budget pages, which the EDAC will review and make recommendations on for city council consideration.

Development Account (for 2017-2026 EIP budget see pages A15-A16)

- Economic Development Activities—This line item will encompass the Open to Business fee of \$15,000. Since 2011, the city has received grants from Hennepin County to pay for half of the city's costs related to this service. This is not expected to continue, and the full \$15,000 is included for 2017.

The EIP shows a continuation of the city's GreaterMSP membership at a fee of \$25,000. The city became a member in 2013 for the initial three-year period.

- Pre-development activities are reflected in the “other” category. These funds provide upfront analysis on things such as TIF/tax abatement research, design assistance, and geotechnical data to inform the city on potential development projects. The EIP budgets this at \$45,000.

Livable Communities Account (for 2017-2026 EIP budget see page A17)

- Crown Ridge-Minnetonka Heights-Homes Within Reach (WHAHLT)—The EDAC will make recommendations specific to these three organizations in October during the non-profit funding review.
- The Crown Ridge and Minnetonka Heights pages were deleted from the EIP as the Livable Communities Account is no longer available. In 2016 Crown Ridge and Minnetonka Heights received funding through the HRA Levy as part of the non-profit funding discussions.
- The Homes Within Reach funding for 2017 will be to decrease to \$100,000 (through 2019) as reflected in the EDAC’s 2014 recommendation for future funding of that organization. Beginning in 2020 the fee will be reduced to \$25,000 annually to assist with ongoing maintenance and operations.

Community Development Block Grant (CDBG) (for 2017-2026 EIP budget see page A18-A19)

- Because CDBG funding distribution and the federal fiscal year do not coincide with the city's fiscal year, expenditures and revenue figures may seem lower or higher than the allocation on the budget pages.
- The public service amounts associated with this fund will be reviewed in the fall by the EDAC during the non-profit funding review. Up to 15 percent of the city’s total allocation can be used for public service funding.
- The remaining 85 percent of the city’s allocation will be used for the small projects housing rehab program, administration costs (less than five percent) and fair housing (one percent).
- The amount of CDBG funds the city will receive in 2017 is unknown at this time. The city is notified of the actual award in early 2017.

HRA Levy (for 2017-2026 EIP budget see pages A20-A21)

An HRA levy is a mechanism commonly used by many communities. State law limits such levies, and the maximum rate is .00189 percent of a city’s taxable market value. This equals approximately \$1.55 million in Minnetonka.

The first levy for housing and redevelopment began in 2009. 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) |

Housing Programs

In June 2011, two new housing loan programs began—the Welcome to Minnetonka first time homebuyer program and the Minnetonka Home Enhancement housing rehab program. Since 2010, there has been \$465,000 put into the two programs. As laid out to the EDAC and City Council in 2011 the funds would be distributed on a sliding scale approach depending upon the interest. A maximum of 80% of the funds and a minimum of approximately 50% would be available for the Minnetonka Home Enhancement Program. These loan programs have been set up so that within a period of time, they become self-sustaining through loan paybacks; however, with the 1% interest rate of both programs this will take a number of years. As shown below there has been a significant increase in interest in the program, as well as loans closed, over the past year

- Program fund balances

The program fund balance through June, 2016 is shown below, with detail under each of the revenues and expenditures. The loan repayment, which is the amount that has been repaid through the monthly payment of the closed loans, is approximate.

Revenues for housing programs

| | |
|-----------------|-----------|
| 2010 HRA Levy | 100,000 |
| 2011 HRA Levy | 90,000 |
| 2012 HRA Levy | 100,000 |
| 2013 HRA Levy | 100,000 |
| 2016 HRA Levy | 75,000 |
| Loan repayments | 26,000 |
| | \$491,000 |

Expenditures for housing programs

| | | |
|------------------|--------|------|
| Loan #1 (WTM*) | 6,923 | 2011 |
| Loan #2 (WTM) | 6,855 | 2012 |
| Loan #3 (MHEP**) | 15,000 | 2013 |
| Loan #4 (MHEP) | 8,836 | |
| Loan #5 (WTM) | 10,000 | |
| Loan #6 (MHEP) | 4,685 | |
| Loan #7 (MHEP) | 15,000 | 2014 |
| Loan #8 (MHEP) | 14,259 | |
| Loan #9 (MHEP) | 15,000 | |
| Loan #10 (MHEP) | 2,800 | |
| Loan #11 (MHEP) | 15,000 | |
| Loan #12 (MHEP) | 15,000 | |
| Loan #13 (WTM) | 6,000 | |
| Loan #14 (MHEP) | 15,000 | |
| Loan #15 (MHEP) | 8,178 | 2015 |
| Loan #16 (MHEP) | 9,477 | |
| Loan #17 (MHEP) | 12,652 | |
| Loan #18 (MHEP) | 15,000 | |
| Loan #19 (WTM) | 10,000 | |
| Loan #20 (MHEP) | 11,283 | |
| Loan #21 (MHEP) | 11,107 | |
| Loan #22 (MHEP) | 14,600 | |

| | | |
|--------------------------|-----------|--------|
| Loan #23 (WTM) | 10,000 | } 2016 |
| Loan #24 (MHEP) | 15,000 | |
| Loan #25 (WTM) | 7,300 | |
| Loan #26 (WTM) | 3,575 | |
| GMHC*** Admin | 38,999 | |
| | <hr/> | |
| | \$304,029 | |
| | | |
| Pending Loans as of | | |
| 6/30/2016 | \$55,000 | |
| <i>Amount Available:</i> | <hr/> | |
| | \$131,971 | |

*WTM Welcome to Minnetonka Program
**MHEP Minnetonka Home Enhancement Program
***GMHC Greater Metropolitan Housing Corporation

Approximately 10 new loans can be made with the balance that was available on June 30, 2016. Based upon an uptick in interest in the two programs it is anticipated that the funds will be exhausted by the fall of 2016. Staff is recommending adding additional funding for the program in 2017. Staff also recommends that the interest earned and repayment of loans is rolled back into the program to ensure program sustainability. The current estimated balance of the earned interest is \$10,000 as of 5/30/2016. In addition, there was one loan repayment in 2016 in the amount of \$16,000.

Annually, loan repayments based upon the current outstanding loans will total approximately \$30,000, which 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 with the loan paybacks increasing each year, less levy funds need to be provided for each of those seven years. Staff will conduct this self-sustaining analysis on an annual basis during the budget review.

Staff will be recommending using the interest, loan repayments and new HRA Levy to assist in funding the program.

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.

Recommendation

The EDAC is asked to provide feedback and recommendations on the following question in preparation for the development of the 2017 preliminary budget.

- *Are there items/projects not currently included in the budget that should be reflected?*

The next steps for the 2017 budget review process are as follows:

August 15—City Council study session on preliminary budget
September 12—City Council sets maximum preliminary tax and HRA levies
October 27—EDAC review and recommendation on non-profit funding
November 21—City Council study session on final budget
December 5—Public hearing and adopt final 2017 budget and tax levy
February 2016—City Council public hearing on 2017 CDBG funds

Originated by:

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

DEVELOPMENT FUND - Community Development Department

| Revenues | 2013 Actual | 2014 Actual | 2015 Budget | 2015 Revised | 2016 Budget |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|
| Interest Income | \$ (7,946) | \$ 21,243 | \$ 9,000 | \$ 20,000 | \$ 20,000 |
| TIF-related Levy Proceeds | 200,000 | 200,000 | 260,000 | 260,000 | 270,000 |
| Other Grants | 568,305 | 17,948 | - | - | - |
| TIF Admin Revenue | 207,642 | 125,649 | 100,000 | 125,000 | 125,000 |
| Cedar Ridge Assessments | 58,613 | 57,745 | 45,000 | 58,000 | 58,000 |
| Miscellaneous Income | 19,518 | 181,212 | - | - | - |
| Transfer in - Glen Haven TIF Dist | - | - | 360,000 | 350,000 | 10,900 |
| Totals | \$ 1,046,132 | \$ 603,797 | \$ 774,000 | \$ 813,000 | \$ 483,900 |
| Expenditures by Category | | | | | |
| Personnel Costs | \$ - | \$ - | \$ - | \$ - | \$ - |
| Redevelopment Projects | 529,994 | 166,276 | 100,000 | 35,000 | 45,000 |
| Transit Projects/Programs | - | - | - | - | - |
| Economic Development Programs | 30,000 | 32,500 | 35,000 | 35,000 | 40,000 |
| Transfer to SACF | - | - | - | 197,300 | 197,300 |
| Other | 37,133 | 26,036 | 30,000 | - | - |
| Transfer Out, Indirect Costs | 56,800 | 58,200 | 59,400 | 59,400 | 60,600 |
| Totals | \$ 653,927 | \$ 283,012 | \$ 224,400 | \$ 326,700 | \$ 342,900 |
| Surplus (Deficiency) of Revenues over Expenditures | 392,205 | 320,785 | 549,600 | 486,300 | 141,000 |
| Beginning Fund Balance | 1,349,539 | 1,741,744 | 2,062,529 | 2,062,529 | 2,548,829 |
| Ending Fund Balance | \$ 1,741,744 | \$ 2,062,529 | \$ 2,612,129 | \$ 2,548,829 | \$ 2,689,829 |

Number of Employees (FTEs)

- - - -

Description of Services:

The Development Fund was created with funds remaining after retiring the bonds of a single Tax Increment Finance (TIF) district in 1993. Under provisions of the TIF contract and law, the Development Fund may only be used for costs associated with Minnetonka's redevelopment and economic development activities. The city's Economic Development Authority initiates projects appropriate to these activities.

| Key Measures: | 2013 | 2014 | 2015 | 2016 |
|--|--------|--------|-----------|-----------|
| | Actual | Actual | Estimated | Projected |
| Development/redevelopment projects in progress | 3 | 2 | 7 | 5 |
| Predevelopment contacts | 4 | 5 | 5 | 4 |

Budget Comments/Issues:

The city recently completed its Tax Increment Financing Report. The draft report indicates the Glenhaven District is performing well, and the initial interfund loan from the Development Fund for public improvement project costs, in the amount of \$360,000, will be repaid in 2015 and 2016 as indicated here.

- 2015 revenue to the Development Fund includes an additional \$260,000, which is a temporary funding stream associated with returned tax increment proceeds from Boulevard Gardens Tax Increment Finance (TIF) District. The annual amount has increased due to improved market values of the district and is scheduled to continue through the life of the district, which ends 2021.

- Funds budgeted for "Redevelopment Projects" are for pre-development activities as recommended by the Economic Development Advisory Commission (EDAC). In prior years, these costs were noted under "Other."

- In 2012, the city approved establishment of the Cedar Ridge Housing Improvement Area (HIA). Revenues to offset these costs that were incurred in 2012 and 2013 will be realized over time through special assessments to the property owners.

- Expenditures under Economic Development Programs are used to fund the Open to Business program, which is administered by a third party contractor. Also included is the city's GreaterMSP membership.

- The 2015 revised budget includes an additional \$197,300 for a loan repayment approved by council to be paid to the Special Assessment Construction Fund for the Shady Oak Road / Oak Drive project. The original budget inaccurately depicted it as only flowing through that fund.

NOTE: The following budget will reflect the Minnetonka Economic Development Authority (EDA) final adopted Housing and Redevelopment Authority (HRA) tax levy. The HRA tax levy is not legally a statutory levy of the City of Minnetonka.

HOUSING & REDEVELOPMENT AUTHORITY FUND

| Revenues | 2013 Actual | 2014 Actual | 2015 Budget | 2015 Revised | 2016 Budget |
|---|------------------------|------------------------|------------------------|-------------------------|------------------------|
| Ad Valorem Tax Levy | \$ 170,707 | \$ 168,603 | \$ 175,000 | \$ 175,000 | \$ 175,000 |
| Investment Interest | \$ (1,813) | \$ 6,972 | \$ - | \$ - | \$ - |
| Totals | \$ 168,894 | \$ 175,575 | \$ 175,000 | \$ 175,000 | \$ 175,000 |
| Expenditures by Category | | | | | |
| WHAHLT | 44,750 | 43,944 | - | - | - |
| Village Center Master Planning | 11,323 | 49,038 | 100,000 | 100,000 | - |
| Marketing | - | 6,000 | 75,000 | - | 75,000 |
| Mtka Livable Communities Fund | - | - | - | - | - |
| SWLRT | - | - | - | - | 75,000 |
| Business Outreach | - | - | - | - | 25,000 |
| Housing Programs | 33,160 | - | - | - | 75,000 |
| Totals | \$ 89,233 | \$ 98,982 | \$ 175,000 | \$ 100,000 | \$ 250,000 |
| Surplus (Deficiency) of Revenues over Expenditures | 79,661 | 76,593 | - | 75,000 | (75,000) |
| Reserve for Delayed Projects (Hsg & Village Ctr programs) | | | | 314,950 | |
| Beginning Fund Balance | 365,835 | \$ 445,496 | 522,089 | 522,089 | 282,139 |
| Ending Fund Balance | \$ 445,496 | \$ 522,089 | \$ 522,089 | \$ 282,139 | \$ 207,139 |

Description of Services:

Minnesota Statutes 469.033, Subd. 6 authorizes housing and redevelopment authorities (HRAs) the power to levy a tax upon all property within its district to finance housing and redevelopment programs subject to the consent of the city council. In 1988 and amended in 1994 and 2010, the Minnetonka City Council established the Economic Development Authority (EDA) of the City of Minnetonka and transferred to the EDA the control, authority and operation of all projects and programs of the city's HRA. 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.

| Key Measures: | 2013 Actual | 2014 Actual | 2015 Estimated | 2016 Projected |
|--|------------------------|------------------------|---------------------------|---------------------------|
| Village center master plans completed (not cumulative) | 1 | 0 | 2 | 1 |
| Housing rehab loan issued | 4 | 10 | 10 | 3 |
| Average amount of rehab loan | \$10,130 | \$11,930 | \$13,000 | \$12,000 |
| Down payment assistance provided | 1 | 1 | 1 | 1 |
| Average amount of down payment loans | \$10,000 | \$6,000 | \$10,000 | \$7,500 |

Budget Comments/Issues:

The 2016 Housing and Redevelopment Authority (HRA) budget was reviewed by the Economic Development Advisory Committee (EDAC).

- The city launched two new housing improvement programs in June 2011, Minnetonka Home Enhancement (rehab) and Welcome to Minnetonka (down payment). Because the pace of actually making loans was slower than expected until 2014, the city did not supply new funding for the programs. The funds previously provided are expected to be exhausted in early 2016 and are reflected above in the Reserve for Delayed Projects.

- Use of the 2016 levy is for Housing programs \$75,000; Business Outreach \$25,000 and Green Line extension \$75,000.

- Reserve for Delayed Projects also includes the costs for master planning of the village centers at Excelsior Boulevard/Shady Oak and Glen Lake, which are underway in 2015.

- The 2015 budget includes \$75,000 for the marketing efforts of the city, (market research was completed in 2014.). This work resumed since the vacancy in the Communications and Marketing Manager was filled.

- Because HRA levies are specifically covered as separate levies under state law, proposed property tax notices and invoices to property owners identify the levy as a "special taxing district" separate from the city.

MINNETONKA LIVABLE COMMUNITIES FUND - Community Development Department

| Revenues | 2013 Actual | 2014 Actual | 2015 Budget | 2015 Revised | 2016 Budget |
|---|------------------------|------------------------|------------------------|-------------------------|------------------------|
| Interest Income | (2,302) | 8,007 | 2,000 | 2,000 | 2,000 |
| Metropolitan Council Grants | - | 57,000 | 45,300 | 45,300 | 50,000 |
| Other | 38,235 | - | - | - | - |
| Totals | \$ 35,933 | \$ 65,007 | \$ 47,300 | \$ 47,300 | \$ 52,000 |
| Expenditures by Category | | | | | |
| Cedar Point Affordable Housing | - | - | - | - | - |
| Mtka Heights / Crown Ridge | 35,383 | 36,000 | 26,000 | 26,000 | 9,000 |
| WHAHLT | 234,504 | 279,218 | 217,000 | 217,000 | 225,000 |
| Legal/Other | - | 736 | - | - | - |
| Transfers Out | - | - | - | - | - |
| Totals | \$ 269,887 | \$ 315,954 | \$ 243,000 | \$ 243,000 | \$ 234,000 |
| Surplus (Deficiency) of Revenues over Expenditures | (233,954) | (250,947) | (195,700) | (195,700) | (182,000) |
| Beginning Fund Balance | 1,440,057 | 1,206,103 | 955,156 | 955,156 | 759,456 |
| Reserve for prior obligations | - | - | - | - | - |
| Ending Fund Balance | \$ 1,206,103 | \$ 955,156 | \$ 759,456 | \$ 759,456 | \$ 577,456 |

Description of Services:

The Livable Communities fund was created after receiving special legislation to develop an account from the revenues of a closed Tax Increment Finance (TIF) district. The legislation specifically restricts the use of these funds for affordable housing programs. Standards for affordability are consistent with the Metropolitan Council's income, rent and sales price limits. Uses of the fund are annually recommended by the city's Economic Development Advisory Commission (EDAC) and adopted by the city council herein.

| Key Measures: | 2013 Actual | 2014 Actual | 2015 Estimated | 2016 Projected |
|---|------------------------|------------------------|---------------------------|---------------------------|
| Total WHAHLT units in Minnetonka | 51 | 52 | 54 | 56 |
| Average sales price of WHAHLT unit | \$130,000 | \$135,000 | \$140,000 | \$142,000 |
| Percent of Met Council housing goals achieved | 33% | 33% | 41% | 50% |
| Median value of Minnetonka home | \$273,200 | \$297,400 | \$317,800 | \$320,000 |
| Change from previous year | -1.4% | 8.9% | 6.9% | 0.7% |

Budget Comments/Issues:

Due to structural imbalance of the fund, the Livable Communities Fund balance is projected to decrease over time. In 2009, the city's Economic Development Authority (EDA) and the Minnetonka city council adopted a Housing & Redevelopment Authority (HRA) levy to potentially supplement this fund for the purposes of increasing affordable housing.

- The city provides annual financial support to the West Hennepin Affordable Housing Land Trust (WHAHLT), a.k.a. Homes Within Reach. Under contract, the city generally provides around \$225,000 annually through 2016, and WHAHLT has two years to use each year's allotment. "Reserve for prior obligations" are the portion of the prior year WHAHLT allotment that may still be spent in the current fiscal year. After accounting for the final three years of commitment (\$675,000) per the adopted Economic Improvement Program (EIP), it is anticipated that balances will be exhausted in this fund by 2016. As outlined in the EIP, funding to Homes within Reach will be reduced to \$100,000 in
 - \$250,000 in revenue and additional expenditures for WHAHLT from 2012 to 2016 are a pass-through grant from the Metropolitan Council, which the non-profit is using to fund scattered-site affordable housing.
 - New Metropolitan Council housing goals began in 2011, making the percentage of achievement drop as noted above. The percentages are based on an allocation goal established by the Met Council, and the City of Minnetonka's goal is 246 affordable housing units to be provided between 2011 and 2020 .

COMMUNITY DEVELOPMENT BLOCK GRANT FUND - Community Development Dept.

| Revenues | 2013 Actual | 2014 Actual | 2015 Budget | 2015 Revised | 2016 Budget |
|---|------------------------|------------------------|------------------------|-------------------------|------------------------|
| Federal Grant | \$ 182,559 | \$ 183,515 | \$ 140,000 | \$ 157,100 | \$ 160,000 |
| Investment Income | - | 996 | - | - | - |
| Program Income | 8,270 | 20,000 | - | - | - |
| Totals | \$ 190,829 | \$ 204,511 | \$ 140,000 | \$ 157,100 | \$ 160,000 |
| Expenditures by Category | | | | | |
| Housing Rehabilitation | \$ 130,705 | \$ 195,458 | \$ 125,000 | \$ 187,300 | \$ 120,000 |
| Support Services | 25,757 | 22,148 | 23,000 | 23,300 | 25,000 |
| Administration | 3,861 | 7,077 | 10,000 | 10,000 | 10,000 |
| Fair Housing | 1,570 | 3,140 | 1,700 | 1,700 | 2,000 |
| Totals | \$ 161,893 | \$ 227,823 | \$ 159,700 | \$ 222,300 | \$ 157,000 |
| Surplus (Deficiency) of Revenues over Expenditures | 28,936 | (23,312) | (19,700) | (65,200) | 3,000 |
| <i>Beginning Fund Balance</i> | <i>73,590</i> | <i>102,526</i> | <i>79,214</i> | <i>79,214</i> | <i>14,014</i> |
| Ending Fund Balance | \$ 102,526 | \$ 79,214 | \$ 59,514 | \$ 14,014 | \$ 17,014 |

Description of Services:

Since 1975, the Community Development Block Grant (CDBG) fund has accounted for revenues and expenditures made under the federal CDBG program. Minnetonka typically uses these funds for housing projects and programs (such as housing rehab, affordable housing, and supportive housing) and supportive services (such as senior chore programs, sliding fee day care assistance, and others). The CDBG grant revenues vary from year to year based on funding decisions made by the federal government. Because CDBG funding distribution and the federal fiscal year do not coincide with the city's fiscal year, expenditures and revenue figures may seem lower or higher than the allocation, which also affects the key measure comparison. A typical CDBG timeline is the award notification by the Federal government is provided in February, the funds become available in July of that year. This budget is prepared approximately one year ahead of the actual knowledge of funds received.

Key Measures:

| | <u>2013 Actual</u> | <u>2014 Actual</u> | <u>2015 Estimated</u> | <u>2016 Projected</u> |
|---|------------------------|------------------------|---------------------------|---------------------------|
| Rehabilitation projects (≤ \$20,000) completed | 3 | 4 | 2 | 0 |
| Average cost of rehabilitation project (≤ \$20,000) | \$8,883 | \$4,934 | \$4,800 | \$0 |
| Small projects rehab program (≤ \$5,000) completed | 16 | 24 | 40 | 25 |
| Avg. cost of emergency repair project (≤ \$5,000) | \$7,602 | \$4,912 | \$4,900 | \$5,000 |

Budget Comments/Issues:

The 2016 budget does not include substantial changes. However, it is anticipated that this Federal fund will not continue for the long term.

- Housing Rehabilitation expenditures above include both the city's rehab and small project rehab programs.
- Program Income above is generated when there is an early repayment for a rehabilitation loan.
- Beginning 2009, the city receives from nonprofit organizations applications for CDBG program monies, which are reviewed and ranked for funding by the Minnetonka Economic Development Advisory Commission (EDAC). Preference is given to agencies that provide community-wide benefits, proportionately serve Minnetonka residents, have limited access to alternative funding, and provide cost-effective services. Based upon those criteria, the following amounts are included above for funding as indicated:

| | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> |
|---|------------------|------------------|------------------|------------------|
| Community Action Partnership of Suburban Hennepin (CAPSH) | \$ 4,500 | \$ 3,978 | \$ 4,400 | \$ 2,359 |
| HOMELine | 4,489 | 873 | - | - |
| Resource West | 4,500 | 3,978 | 4,400 | 4,400 |
| Intercongregation Communities | 9,000 | 7,855 | 9,000 | 7,750 |
| Senior Community Services (SCS) H.O.M.E. | 5,500 | 3,980 | 5,500 | 5,125 |
| Treehouse | - | - | - | 3,666 |
| Total | \$ 27,989 | \$ 20,664 | \$ 23,300 | \$ 23,300 |

**City Council Study Session Item #2
Meeting of March 17, 2008**

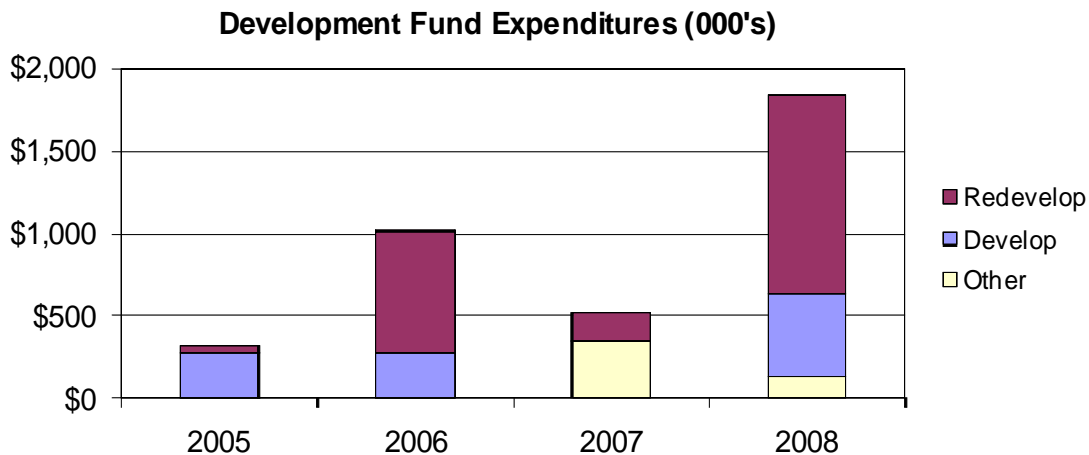
Brief Description: Development-related funds

Recommended action: Provide policy direction for future uses and funding sources.

Background

Since the 1990's, Minnetonka has maintained a development fund and a livable communities fund to help channel resources to redevelopment and economic development projects and to affordable housing initiatives. With growing demands for use of the funds, council requested a review of the history and status of these funds so that policy alternatives could be discussed prior to the next city budget cycle. Because of their direct involvement in these projects and initiatives, EDA commissioners were invited to the city council study session.

Development fund. Minnetonka's development fund was established in 1993, and was initially funded with the proceeds remaining after early retirement of bonds issued for the original Glen Lake and Carlson Center projects. With a beginning deposit of \$2.2 million, the development fund has been used to assist various redevelopment and economic development projects in recent years:



Most notably, the development fund is being used to cover certain initial costs associated with the Glen Lake and United Health Group (UHG) redevelopment projects. UHG project expenditures for Bren Road improvements will be fully reimbursed by the developer in the same year and much of the Glen Lake expenditures will be repaid over time through TIF receipts in accordance with the comprehensive redevelopment agreement with the developer.

The development fund also finances various economic development programs, such as a deposit to the Twin Cities Community Capital Fund for Minnetonka's participation in that initiative. Additionally, pass-through grants, such as those from the state's Minnesota Investment Fund, directed to Cargill-Dow and Nestle Nutrition, are accounted for through the development fund, even though there is no city money involved.

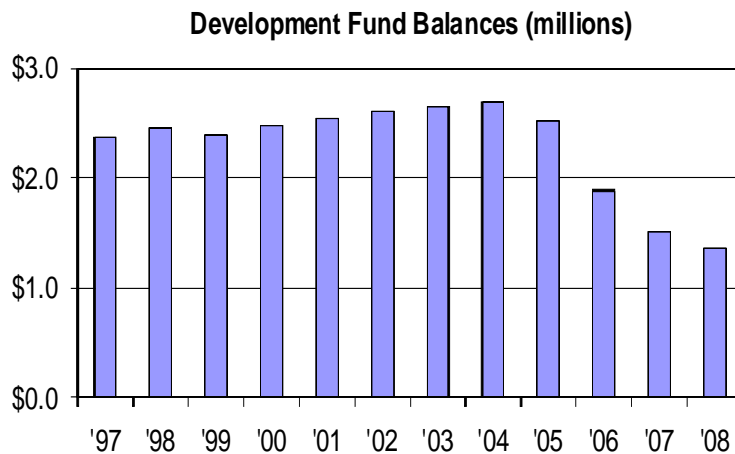
The development fund is also paying part of the cost of the comprehensive plan update, since a significant part of the planning work evaluates future redevelopment possibilities. Significant recent expenditures include:

| Year | Project | Amount |
|-------------|----------------------------|---------------|
| 2005 | Twin Cities Capital Fund | \$187,500 |
| 2005-06 | Cargill/Dow DEED Financing | \$316,000 |
| 2005-08 | Glenhaven (Glen Lake) TIF | \$1,300,000 |
| 2007-08 | Comprehensive Plan | \$195,000 |
| 2008 | Glen Lake TOD Grant | \$280,000 |
| 2008 | Nestle/Novartis Project | \$500,000 |
| 2008 | United Health Group | \$552,000 |

Development fund revenues are almost entirely made up of interest earnings and tax increment financing (TIF) reimbursements. Since these reimbursements are based on direct expenditures for certain project and administrative costs, they only offset those previous outlays, and the reimbursements are not available to help cover other, unreimbursed expenditures. Examples of these outlays include the comp plan update, as well as some of the extraordinary costs associated with relocating the Alano facility to "make them whole."

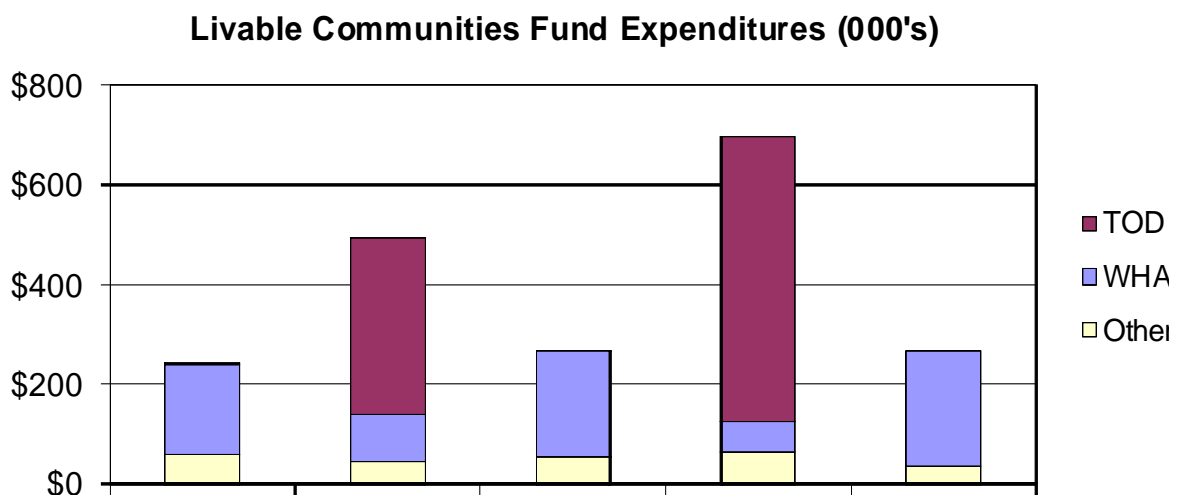
Another example of an unreimbursed outlay is paying for a portion of the costs of the Glen Lake streetscaping plan. While it is expected that TIF reimbursements will cover the costs of the new sidewalks, streetlighting and plantings related to the redevelopment project, the development fund will need to help cover the costs of rejuvenating the infrastructure in the other parts of the Glen Lake commercial area.

In the past, it has been possible to accommodate these occasional unreimbursed outlays in the development fund without significant impact. Similarly the capacity of the fund has been sufficient to make advances to redevelopment projects in anticipation of future TIF reimbursement. However, recent demands on the fund have reduced fund balances, such that the capacity to support additional redevelopment projects is limited until Glen Lake TIF reimbursements replenish the fund over time.



The cost of future redevelopments in the I-394 corridor, Opus business park area, and potential other locations could easily outstrip the resources of the fund unless criteria are developed to maintain the integrity of the fund. Such considerations might include the nature and structure of the uses, as well as new ongoing sources of revenue.

Livable communities fund. The livable communities fund was established in 1997 by special legislation, which allowed the city of Minnetonka to retain monies remaining after early decertification of the Ridgepointe-Cliffs housing TIF district. The special legislation was approved with the provision that the money could only be used for housing activities and directly-related public improvements. Recent expenditures include:



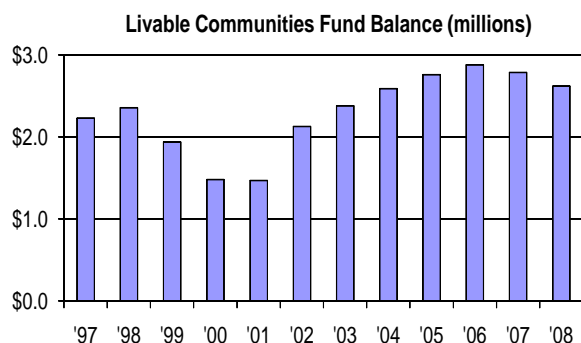
Examples of housing activities covered through the livable communities fund include annual contributions to help Homes Within Reach (WHAHLT) write-down the net cost of

purchasing homes in Minnetonka, and paying a quarterly off-set amount for a part of the subsidized rents at the Cedar Pointe Townhomes. Over the past several years, the livable communities fund has also contributed annually to the cost of family-oriented support programs at the Crown Ridge and Minnetonka Heights affordable housing developments. This was a commitment the city made as a partner in developing this housing during area redevelopment.

The livable communities fund also accounts for certain pass-through grants, such as the Hennepin County transit-oriented development (TOD) grants used to assist affordable housing at The Sanctuary and Deephaven Cove through WHAHLT. Average outlays over the past five years include:

| Project | Five Year Average Amount |
|----------------------------------|---------------------------------|
| WHAHLT support | \$155,000 |
| Cedar Pointe Affordable Housing | \$30,800 |
| Minnetonka Heights & Crown Ridge | \$16,200 |
| WHAHLT TOD Grants | |
| Sanctuary (2005 & 2007) | \$533,500 |
| Deephaven Cove (2007) | \$395,000 |

Livable communities fund revenues are largely made up of interest earnings, and in past years, reimbursement of certain TIF-related costs. To date, these resources have been adequate to cover the relatively minor unreimbursed outlays to WHAHLT, and the fund balance has remained healthy. However, new sources of revenue would be necessary to sustain any significant new affordable housing initiatives.



Affordable housing efforts. The city of Minnetonka has been fortunate to add a substantial amount of new affordable housing without having to make many direct outlays of city funds. Most publicly-supported affordable housing projects received substantial allocations from federal, state and Family Housing Fund grants, with local contributions coming from private TIF reimbursement or Metropolitan Council grants:

| Affordable Housing Project | Source of Funds |
|--------------------------------|--|
| Presbyterian Homes/Beacon Hill | TIF land writedown |
| Westridge Market: | |
| The Gables townhomes | TIF land writedown |
| Crown Ridge apartments | TIF land writedown & Met Council grant |
| Boulevard Gardens apts | TIF land writedown & Met Council grant |
| Twin City Christian Homes | TIF land writedown |
| Minnetonka Heights | City grant & Met Council grant |
| Minnetonka Mills Townhomes | TIF land writedown & Met Council grant |
| Ridgebury | TIF land writedown |
| Habitat for Humanity | Land donation, hookup fees waived |
| WHAHLT | Developer contributions used as "start up" funds |

Minnetonka’s allocation of federal CDBG funds have also been used to assist certain housing developments with some capital costs, including Sojourner, CIP Supportive Housing, WHAHLT home rehab work and the Cedar Hills Townhomes renovation.

These resources have allowed the city of Minnetonka to preserve most of the original balance of the development and livable communities funds. However, while some of these resources will likely continue to be available, new sources of revenue would be necessary to sustain any significant new affordable housing initiative.

Policy Considerations

The development fund and livable community fund have served the city well for the smaller scale applications historically supported by the two funds. However, if any expanded uses are to be considered to support expected future affordable housing and redevelopment demands, a more permanent funding source must be available, and a sound financial policy structure adopted to guide use of the resources.

Use of the funds. Staff recommends that the two development-related funds continue to be used as initially intended. The development fund can effectively function as a “general fund” for housing, redevelopment and economic development activities and programs. Staff believes it is appropriate to continue to use this fund for expenditures directly related to redevelopment and economic development activities.

The special legislation allowing the city to establish the livable communities fund only allows that fund to be used for affordable housing activities, and directly-related public improvements. The city has strictly followed this policy since the fund was established, and should continue to do so. Various options exist for possible expansion of the city's traditional redevelopment and affordable housing roles:

- **WHAHLT.** The city of Minnetonka is currently providing about \$250,000 annually to support the efforts of the West Hennepin Affordable Housing Land Trust (WHAHLT). That current allocation helps purchase five or six homes each year, and staff believes the land trust could continue to effectively leverage that amount to help writedown the cost of properties purchased in Minnetonka. An HRA levy would provide an ongoing source of support to replace the draw from one-time fund balances.
- **Affordable housing writedown.** As previously noted, the city of Minnetonka has been fortunate in the past to support new affordable housing with federal, state and private funds. However, the demand for local matches and direct city contributions is increasing to help affordable developments, primarily through land writedowns. Staff suggests considering an annual appropriation of about \$100,000 to start a new program for that purpose.
- **Neighborhood connections.** The need to improve Minnetonka's walkways and trails systems is consistently noted as a growing priority by community residents, businesses and focus groups in the Comp Plan update process. In fact, it is emerging as the single biggest redevelopment issue to be addressed by the Comp Plan Steering Committee. Various projects could improve the practical usability of connections to such areas as Glen Lake, 5 & 101, Opus, Ridgedale, Shady Oak, 5 & 169 and Minnetonka Mills, as well as to schools, libraries and other public facilities throughout the community. Staff suggests considering \$250,000 annually to support a multi-year improvement program.

- **Senior housing transitions.** The EDA has suggested consideration of local incentives to encourage seniors to transition into other housing, thereby making their existing homes available as “move-up” housing for younger families. Staff suggests considering an annual allocation of \$100,000 to initiate this effort.
- **Minnetonka Heights/Crown Ridge.** Youth and family programs are provided by CommonBond and the Ridgedale YMCA in the Minnetonka Heights and Crown Ridge developments. Although these programs have historically been supported through various fund-raising efforts and by volunteers, an annual unmet need of about \$30,000 has been identified.
- **Land purchases.** From time to time, the city has opportunities to purchase properties that are likely to be suitable for future affordable housing. Examples include properties on Martha Lane and Rowland Road/Baker Road, which accounted for the two-year dip in the livable communities fund balances. Providing for the ongoing capacity to continue these past ad hoc efforts will be increasingly important as land values keep escalating. Although an adequate fund balance will be necessary to cash flow acquisitions, staff suggests structuring these purchases as revolving loans to minimize levy requirements.
- **Housing rehabilitation.** CDBG funds have historically been adequate to support the city’s emergency repair and housing rehab programs. However, as CDBG funding continues to decline, and as demand increases (especially from seniors), an annual city supplement may be needed in the future. While not now recommended, future support could require up to \$100,000 annually.
- **Program support.** The general fund has historically borne all the support costs associated with the city’s housing, redevelopment and economic development activities. Staff recommends assigning ten percent of any annual levy for development and livable communities activities to help off-set these costs.

Discussion questions: Does council agree with continuing the traditional fund uses? Which programs should be considered for possible expansion?

Structure of public assistance. Staff recommends that guidelines for use of the funds be established to help maintain financial integrity. Such guidelines should include a preference for investments where the city would recapture public assistance – either through TIF reimbursement or loan repayments – thereby managing the assets as revolving funds to the greatest extent possible.

Specifically, public assistance should be structured as “loans,” especially when tied to explicit programs, or for such activities as speculative land purchases. Depending on the circumstances, “repayment” terms might reflect lending rates ranging from zero interest loans up to rates earned by city investments. Loans might also be structured to be forgivable if certain criteria are met, such as completion of public improvements, creation of jobs, or the provision of programs that benefit community residents or businesses. In the case of speculative land purchases, staff recommends that stricter loan portfolio standards be established.

By establishing the concept of public assistance as “loans,” the EDA could function as a loan committee, much like the review committee of a financial lending institution. While lending standards would obviously differ, staff believes it would be useful to view potential public assistance applications within this context.

Discussion questions: Does council concur with the need to develop guidelines for public assistance, and the suggested role of the EDA?

Source of funds. The city and EDA have been careful with past applications of the two development-related funds, only using these resources for expenses directly related to affordable housing and economic development activities. Absent a reliable source of revenue, policy officials have been reluctant to draw down the fund balance through any single large expenditure.

The primary shortcoming of the two funds is the lack of a reliable, ongoing revenue source. At present, the funds are largely dependent on reimbursements, where those have been arranged, and limited investment earnings. Recent examples of these limitations include the outlays for the Alano relocation and Glen Lake streetscaping. Although outlays of a similar magnitude are not currently planned, little capacity exists for any similar future considerations.

The most commonly used source of funding for economic development activities by cities is an HRA property tax levy. Under state law, such levies are limited to 0.0144% of a city’s market value, any may be spent on any authorized activity of the EDA, including housing, economic development and redevelopment.

Any HRA levy is outside of state levy limits and is not reported on Truth-in-Taxation statements as a levy of the city. In Minnetonka, the EDA acts as the city’s HRA and is authorized to adopt an HRA levy to be approved by city council.

Most other comparable communities in the western suburban area have already adopted EDA and HRA levies to support their development-related activities. This approach provides a reliable revenue stream, as set each year by the city council, to maintain the financial health of their development funds. Examples include:

| City | Levy | Uses |
|-----------------|-------------|---|
| Bloomington | \$1,700,000 | housing, preservation, redevelopment |
| Brooklyn Park | \$1,200,000 | housing, redevelopment, infrastructure |
| St. Louis Park | \$797,000 | redevelopment and infrastructure costs |
| Plymouth | \$524,000 | housing subsidies, staff, overhead |
| Brooklyn Center | \$265,000 | redevelopment, staff, overhead |
| Crystal | \$229,000 | housing, redevelopment, staff, overhead |
| Eden Prairie | \$200,000 | housing and redevelopment |

The amounts and purposes of development-related levies vary considerably among nearby cities, but are generally related to the same uses the city of Minnetonka has made of the development and livable community funds. Staff believes the traditional uses of both the development and livable communities funds continue to be viable and appropriate, and that the original policy goals are being met.

However, the lack of a reliable source of revenue makes these funds less capable of assisting expected future housing and redevelopment activities, and recommends consideration of an HRA levy in the next budget cycle. The maximum total amount that could be levied for both funds would be approximately \$1.2 million. Staff recommends consideration of an initial levy less than the maximum for the following purposes:

| Program | Recommended 2009 HRA Levy |
|--------------------------------|--------------------------------------|
| Homes Within Reach | \$250,000 |
| Affordable housing writedown | \$100,000 |
| Neighborhood connections | \$250,000 |
| Senior housing transitions | \$100,000 |
| Minnetonka Heights/Crown Ridge | \$30,000 |
| Land purchases | revolving |
| Housing rehabilitation | CDBG |
| Program support | \$80,000 |
| Total Levy | \$810,000 |

About two-thirds of the new funding would be allocated to affordable housing activities, with the remainder for redevelopment activities. The recommended HRA levy of 0.93% would be an increase of about 2.8 percent above the expected 2009 levy for all other city operating and capital purposes. The suggested levy would represent a cost about \$32 annually for a \$350,000 home in Minnetonka. Current HRA levies in other area cities are:

| | Levy | Rate | Cost for \$350,000 home |
|-------------------|------------------|---------------|------------------------------------|
| St. Louis Park | \$797,000 | 1.344% | \$47 |
| Brooklyn Park | \$1,200,000 | 1.302% | \$46 |
| Minnetonka | \$810,000 | 0.930% | \$32 |
| Plymouth | \$524,000 | 0.454% | \$16 |
| Eden Prairie | \$200,000 | 0.179% | \$6 |

Discussion questions: Does council wish to consider an HRA levy for 2009? If so, what range and potential uses should be evaluated for consideration in budget discussions?

Submitted through:
John Gunyou, City Manager

Originated by:
Merrill King, Finance Director
Ron Rankin, Community Development Director

City of Minnetonka, Minnesota
Economic Improvement Program
 2017 thru 2026

SOURCES AND USES OF FUNDS

| Source | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 |
|--|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Development Fund | | | | | | | | | | |
| Beginning Balance | 2,689,829 | 2,789,229 | 2,131,329 | 2,270,829 | 2,410,329 | 2,319,829 | 2,524,329 | 2,528,829 | 2,533,329 | 2,537,829 |
| Revenues and Other Fund Sources | | | | | | | | | | |
| <i>Revenue</i> | | | | | | | | | | |
| Boulevard Gardens Returned Levy Proceeds | 200,000 | 200,000 | 200,000 | 200,000 | 200,000 | 200,000 | 0 | 0 | 0 | 0 |
| Cedar Ridge Assessments | 49,500 | 49,500 | 49,500 | 49,500 | 49,500 | 49,500 | 49,500 | 49,500 | 49,500 | 49,500 |
| Grants | 200,000 | 200,000 | 200,000 | 0 | 200,000 | 0 | 0 | 0 | 0 | 0 |
| Interest Income | 20,000 | 20,000 | 20,000 | 20,000 | 20,000 | 20,000 | 20,000 | 20,000 | 20,000 | 20,000 |
| TIFAdmin Revenue | 100,000 | 100,000 | 100,000 | 100,000 | 100,000 | 100,000 | 100,000 | 100,000 | 100,000 | 100,000 |
| <i>Total</i> | 569,500 | 569,500 | 569,500 | 369,500 | 569,500 | 369,500 | 169,500 | 169,500 | 169,500 | 169,500 |
| No Funds | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| <i>Total</i> | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Revenues and Other Fund Sources | 569,500 | 569,500 | 569,500 | 369,500 | 569,500 | 369,500 | 169,500 | 169,500 | 169,500 | 169,500 |
| Total Funds Available | 3,259,329 | 3,358,729 | 2,700,829 | 2,640,329 | 2,979,829 | 2,689,329 | 2,693,829 | 2,698,329 | 2,702,829 | 2,707,329 |
| Expenditures and Uses | | | | | | | | | | |
| <i>Capital Projects & Equipment</i> | | | | | | | | | | |
| <u>1-Housing</u> | | | | | | | | | | |
| Housing Improvement Areas | 0 | (250,000) | 0 | 0 | (250,000) | 0 | 0 | 0 | 0 | 0 |
| <i>Total</i> | 0 | (250,000) | 0 | 0 | (250,000) | 0 | 0 | 0 | 0 | 0 |
| <u>2-Business</u> | | | | | | | | | | |
| Grants | (200,000) | (200,000) | (200,000) | 0 | (200,000) | 0 | 0 | 0 | 0 | 0 |

| Source | | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 |
|--|---------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Development Fund | | | | | | | | | | | |
| GreaterMSP | <i>Business-04</i> | (25,000) | (25,000) | (25,000) | (25,000) | (25,000) | 0 | 0 | 0 | 0 | 0 |
| MIF/JCF Projects | <i>Business-06</i> | 0 | (500,000) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Open to Business | <i>Business-07</i> | (15,000) | (15,000) | (15,000) | (15,000) | (15,000) | (15,000) | (15,000) | (15,000) | (15,000) | (15,000) |
| Special Service District | <i>Business-13</i> | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | <i>Total</i> | (240,000) | (740,000) | (240,000) | (40,000) | (240,000) | (15,000) | (15,000) | (15,000) | (15,000) | (15,000) |
| <u>4-Development & Redevelopment</u> | | | | | | | | | | | |
| Pre-Development | <i>Dev/Redev-01</i> | (45,000) | (50,000) | (50,000) | (50,000) | (50,000) | (50,000) | (50,000) | (50,000) | (50,000) | (50,000) |
| | <i>Total</i> | (45,000) | (50,000) | (50,000) | (50,000) | (50,000) | (50,000) | (50,000) | (50,000) | (50,000) | (50,000) |
| <u>5-TIF Districts</u> | | | | | | | | | | | |
| Development Agreement and TIF Administration | <i>TIF-01</i> | (120,000) | (120,000) | (140,000) | (140,000) | (120,000) | (100,000) | (100,000) | (100,000) | (100,000) | (100,000) |
| | <i>Total</i> | (120,000) | (120,000) | (140,000) | (140,000) | (120,000) | (100,000) | (100,000) | (100,000) | (100,000) | (100,000) |
| <i>Other Uses</i> | | | | | | | | | | | |
| Indirect Allocation (Transfers Out) | | (65,100) | (67,400) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | <i>Total</i> | (65,100) | (67,400) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Expenditures and Uses | | (470,100) | (1,227,400) | (430,000) | (230,000) | (660,000) | (165,000) | (165,000) | (165,000) | (165,000) | (165,000) |
| Change in Fund Balance | | 99,400 | (657,900) | 139,500 | 139,500 | (90,500) | 204,500 | 4,500 | 4,500 | 4,500 | 4,500 |
| Ending Balance | | 2,789,229 | 2,131,329 | 2,270,829 | 2,410,329 | 2,319,829 | 2,524,329 | 2,528,829 | 2,533,329 | 2,537,829 | 2,542,329 |

City of Minnetonka, Minnesota
Economic Improvement Program
 2017 thru 2026

SOURCES AND USES OF FUNDS

| Source | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 |
|--|-----------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Livable Communities Fund | | | | | | | | | | |
| Beginning Balance | 270,456 | 170,456 | 170,456 | 170,456 | 170,456 | 170,456 | 170,456 | 170,456 | 170,456 | 170,456 |
| Revenues and Other Fund Sources | | | | | | | | | | |
| <i>Revenue</i> | | | | | | | | | | |
| Interest Income | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| <i>Total</i> | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Revenues and Other Fund Sources | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Funds Available | 270,456 | 170,456 | 170,456 | 170,456 | 170,456 | 170,456 | 170,456 | 170,456 | 170,456 | 170,456 |
| Expenditures and Uses | | | | | | | | | | |
| <i>Capital Projects & Equipment</i> | | | | | | | | | | |
| <i>1-Housing</i> | | | | | | | | | | |
| Homes Within Reach | (100,000) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| <i>Total</i> | (100,000) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Expenditures and Uses | (100,000) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Change in Fund Balance | (100,000) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Ending Balance | 170,456 | 170,456 | 170,456 | 170,456 | 170,456 | 170,456 | 170,456 | 170,456 | 170,456 | 170,456 |

City of Minnetonka, Minnesota
Economic Improvement Program
 2017 thru 2026

SOURCES AND USES OF FUNDS

| Source | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 |
|---|----------------|---------------|---------------|---------------|----------|----------|----------|----------|----------|----------|
| CDBG | | | | | | | | | | |
| Beginning Balance | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| <u>Revenues and Other Fund Sources</u> | | | | | | | | | | |
| <i>Revenue</i> | | | | | | | | | | |
| federal grant | 114,200 | 88,900 | 44,600 | 20,300 | 0 | 0 | 0 | 0 | 0 | 0 |
| program income | 10,000 | 10,000 | 10,000 | 10,000 | 0 | 0 | 0 | 0 | 0 | 0 |
| <i>Total</i> | 124,200 | 98,900 | 54,600 | 30,300 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Revenues and Other Fund Sources | 124,200 | 98,900 | 54,600 | 30,300 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Funds Available | 124,200 | 98,900 | 54,600 | 30,300 | 0 | 0 | 0 | 0 | 0 | 0 |
| <u>Expenditures and Uses</u> | | | | | | | | | | |
| <i>Capital Projects & Equipment</i> | | | | | | | | | | |
| <i>1-Housing</i> | | | | | | | | | | |
| CDBG Administration <i>Housing-01</i> | (8,000) | (6,000) | (4,000) | (2,000) | 0 | 0 | 0 | 0 | 0 | 0 |
| Small Projects Program <i>Housing-03</i> | (100,000) | (80,000) | (40,000) | (20,000) | 0 | 0 | 0 | 0 | 0 | 0 |
| Fair Housing <i>Housing-04</i> | (1,200) | (900) | (600) | (300) | 0 | 0 | 0 | 0 | 0 | 0 |
| Owner-Occupied Rehabilitation Program <i>Housing-09</i> | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Public Services <i>Housing-10</i> | (15,000) | (12,000) | (10,000) | (8,000) | 0 | 0 | 0 | 0 | 0 | 0 |
| <i>Total</i> | (124,200) | (98,900) | (54,600) | (30,300) | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Expenditures and Uses | (124,200) | (98,900) | (54,600) | (30,300) | 0 | 0 | 0 | 0 | 0 | 0 |

| Source | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 |
|-------------------------------|------|------|------|------|------|------|------|------|------|------|
| CDBG | | | | | | | | | | |
| Change in Fund Balance | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Ending Balance | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

City of Minnetonka, Minnesota
Economic Improvement Program
 2017 thru 2026

SOURCES AND USES OF FUNDS

| Source | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 |
|---|---------------------|----------------|----------------|----------------|---------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| HRA Levy | | | | | | | | | | |
| Beginning Balance | 0 | 87,000 | 24,000 | (64,000) | (102,000) | (115,000) | (153,000) | (166,000) | (204,000) | (217,000) |
| Revenues and Other Fund Sources | | | | | | | | | | |
| <i>Revenue</i> | | | | | | | | | | |
| Ad Valorem Tax Levy | 175,000 | 175,000 | 175,000 | 175,000 | 175,000 | 175,000 | 175,000 | 175,000 | 175,000 | 175,000 |
| Investment Interest | 2,000 | 2,000 | 2,000 | 2,000 | 2,000 | 2,000 | 2,000 | 2,000 | 2,000 | 2,000 |
| Loan paybacks | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 |
| <i>Total</i> | 187,000 | 187,000 | 187,000 | 187,000 | 187,000 | 187,000 | 187,000 | 187,000 | 187,000 | 187,000 |
| Total Revenues and Other Fund Sources | 187,000 | 187,000 | 187,000 | 187,000 | 187,000 | 187,000 | 187,000 | 187,000 | 187,000 | 187,000 |
| Total Funds Available | 187,000 | 274,000 | 211,000 | 123,000 | 85,000 | (72,000) | (34,000) | (21,000) | (17,000) | (30,000) |
| Expenditures and Uses | | | | | | | | | | |
| <i>Capital Projects & Equipment</i> | | | | | | | | | | |
| <u>1-Housing</u> | | | | | | | | | | |
| Homes Within Reach | <i>Housing-05</i> | 0 | (100,000) | (100,000) | (25,000) | (25,000) | (25,000) | (25,000) | (25,000) | (25,000) |
| Minnetonka Home Enhancement | <i>Housing-08</i> | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Welcome to Minnetonka Loan Program | <i>Housing-13</i> | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| <i>Total</i> | | 0 | (100,000) | (100,000) | (25,000) | (25,000) | (25,000) | (25,000) | (25,000) | (25,000) |
| <u>2-Business</u> | | | | | | | | | | |
| Outreach | <i>Business-08</i> | 0 | (25,000) | 0 | (25,000) | 0 | (25,000) | 0 | (25,000) | (25,000) |
| <i>Total</i> | | 0 | (25,000) | 0 | (25,000) | 0 | (25,000) | 0 | (25,000) | (25,000) |
| <u>4-Development & Redevelopment</u> | | | | | | | | | | |
| Village Center Studies and Comprehensive Plan | <i>Dev/Redev-02</i> | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

| Source | | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 |
|--------------------------------------|---------------------|---------------|---------------|-----------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| HRA Levy | | | | | | | | | | | |
| LRT and LRT Station Area Development | <i>Dev/Redev-03</i> | (75,000) | (75,000) | (75,000) | (75,000) | (75,000) | (75,000) | (75,000) | (75,000) | (75,000) | 0 |
| Future HRA Levy projects | <i>Dev/Redev-06</i> | (25,000) | (50,000) | (100,000) | (100,000) | (100,000) | (100,000) | (100,000) | (100,000) | (100,000) | (100,000) |
| | <i>Total</i> | (100,000) | (125,000) | (175,000) | (175,000) | (175,000) | (175,000) | (175,000) | (175,000) | (175,000) | (100,000) |
| Total Expenditures and Uses | | (100,000) | (250,000) | (275,000) | (225,000) | (200,000) | (225,000) | (200,000) | (225,000) | (200,000) | (150,000) |
| Change in Fund Balance | | 87,000 | (63,000) | (88,000) | (38,000) | (,000) | (38,000) | (13,000) | (38,000) | (13,000) | 37,000 |
| Ending Balance | | 87,000 | 24,000 | (64,000) | (102,000) | (115,000) | (153,000) | (166,000) | (204,000) | (217,000) | (180,000) |

**EDAC Agenda Item #5
Meeting of July 28, 2016**

Brief Description

Staff Report

Transit

Metro Transit Quarterly Update

In September, Metro Transit will host public meetings on proposed changes to routes serving North Minneapolis, St. Louis Park, Golden Valley and Minnetonka. In Minnetonka, changes are proposed on Route 9N serving Cedar Lake Road and the Greenbrier area and on Route 675 serving the Ridgedale area and I-394 corridor.

- On Route 9N, it is proposed that additional weekday trips be added in the off-peak period. On Route 675, it is proposed that the local portion of the route be extended from Louisiana Transit Center to Park Place Boulevard. While this would increase travel time by 2-4 minutes, it will also provide a direct connection between the Ridgedale area and the West End area of St. Louis Park.
- Metro Transit will host two public meetings to discuss the proposed changes on Thursday, September 8 and Saturday, September 10.
- The route change information and public meetings will be advertised in the September Minnetonka Memo and on the city's facebook page.
- More information on the proposed changes can be found by visiting metrotransit.org/west-end

Green Line Extension (Southwest LRT)

- The Federal Transit Administration (FTA) published the final environmental impact statement (FEIS) document on the Southwest LRT Project. Comments on the adequacy of FEIS were due by June 13, 2016. The full EIS can be found on the Metropolitan Council's website at: <http://metro council.org/swlrt/feis>. It is anticipated that the final approval of the FEIS document will be completed in early August. This approval is needed as part of the requirements for the Full Funding Grant Agreement to secure the federal funding for the project.

Business Development

Open To Business

The electronic billboard for the Open to Business Program is now live and will run during the months of June, July, and August. The program provides free business consultations for residents and business owners in Minnetonka.

Economic Gardening Program

Staff advertised the informational session for the Economic Gardening Program, offered by Hennepin County, on the city's facebook page. The Economic Gardening Program provides scholarships to owners of second stage growth businesses for business research combined with peer learning and business forums. The 2016-2017 Program starts in Fall 2016. More information on the program can be found by visiting <http://www.hennepin.us/business/work-with-henn-co/business-assistance>

New Sewer Access Charge (SAC) and Residential Equivalency Charge (REC) Prepayment Program

Commercial property owners and tenants are now able to prepay estimated SAC and REC charges to obtain a building permit. The prepayment of these fees expedites the permitting process for businesses awaiting the SAC determination from the Metropolitan Council.

TIF Management Report Presentation

On Monday, September 19, a representative from Ehlers and Associates will present the 2016 TIF Management Report at the City Council Study Session which will include the EDAC. The report provides a summary of districts and provides recommendation for future management of the funds. Dinner will begin at 6:00 p.m. with the presentation to follow at 6:30 p.m. Please RSVP to Alisha Gray at agray@eminnetonka.com or 952-939-8285.

Development Updates

| PROJECT | DESCRIPTION | LOCATION | PLANS |
|----------------|--|-----------------------|---|
| Station Pizza | CUP and variances for new restaurant in an existing building | 13308 Minnetonka Blvd | http://eminnetonka.com/current-projects/planning-projects/1592-station-pizza-13008-minnetonka-blvd |

| | | | |
|------------------------------------|---|-----------------------|---|
| Minnetonka Hills Concept Plan | Concept Plan for construction of a new apartment building | 2828 Jordan Avenue | http://tinyurl.com/MtkaHillsApts |
| US Internet Corporation | CUP for installation of three microwave antenna | 12475 Marion Lane | http://eminnetonka.com/current-projects/planning-projects/1599-us-internet-corp-12475-marion-lane-w |
| EPIC | Conditional use permit for a community center and place of worship | 5362 Smetana Drive | http://tinyurl.com/EPIC-smetana |
| Gardner School | CUP for a daycare | 6030 Clearwater Drive | <u>not yet posted</u> |
| Temporary Family Health Care Units | Ordinance to opt-out of new legislation | City Wide | <u>not yet posted</u> |
| Lindsay Group | Remodel of existing building and changes to parking lot and driveways | 14900 State Highway 7 | http://eminnetonka.com/current-projects/planning-projects/1522-lindsay-group-14900-state-hwy-no-7 |

Housing

Southwest Corridor Housing Strategy

At the city council's June 20 study session, Kerri Pearce Ruch from Hennepin County presented the key components of the Corridor Housing Strategy. Minnetonka may use the strategy in its housing planning, particularly in the station areas. The city council will consider accepting the document at the July 25 meeting.

Small Projects Program

Nine homeowners are currently approved for funding through the Small Projects Program. Approximately 25 loans will be funded in 2016. The CDBG funding is structured as a zero-percent interest, \$5,000 loan, forgiven after 10 years that can be used to address deferred maintenance home repairs.

Upcoming Events

Wednesday, July 27

Centennial Lakes: Who knew?
Sensible Land Use Coalition
3:00 p.m. to 6:00 p.m.
Hughes Pavilion-Centennial Lakes (enter on
Centennial Lakes Blvd) - Fireside Room
7499 France Ave S, Edina, 55435

Thursday, July 21
&
August 18, 2016

ULI Third Thursdays – Nicollet Island Inn
ULI Minnesota
4:30 p.m. to 6:00 p.m.
95 Merriam Street, Minneapolis, MN 55402

Thursday, August 25

EDAC Meeting
Council Chambers
6:00 p.m.

Monday, September 19

City Council Study Session
TIF Management Report Presentation
6:00 p.m. dinner, 6:30 p.m. presentation
Minnehaha Room, Minnetonka City Hall

Originated by:

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