



**AGENDA**  
**CITY OF MINNETONKA**  
**ECONOMIC DEVELOPMENT ADVISORY COMMISSION**  
Thursday, Sept. 12, 2019  
6:00 p.m.

Council Chambers  
Minnetonka Community Center

1. Call to Order

2. Roll Call

Charlie Yunker  
Jerry Knickerbocker  
Melissa Johnston  
Ann Duginske Cibulka

Jacob Johnson  
Jay Hromatka  
Lee Jacobsohn

3. Approval of July 25, 2019 minutes

**BUSINESS ITEMS**

4. 2020 Preliminary Budget

Recommendation: Review the 2020 budget information and provide feedback

5. Staff Report

6. Other Business

The next regularly scheduled EDAC meeting will be held on **Oct. 10, 2019 at 6:00 p.m.**

7. Adjourn

If you have questions about any of the agenda items, please contact:  
Alisha Gray, EDFP, 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**

**July 25, 2019  
6 p.m.**

**1. Call to Order**

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

**2. Roll Call**

EDAC commissioners present: Jay Hromatka, Lee Jacobsohn, Jerry Knickerbocker, and Charlie Yunker were present. Ann Duginski-Cibulka, Jacob Johnson, Melissa Johnston were absent.

Staff present: Community Development Director Julie Wischnack, Economic Development and Housing Manager Alisha Gray, and Economic Development Coordinator Rob Hanson.

**3. Approval of May 8, 2019 Minutes**

Approval of the May 8, 2019 EDAC minutes was tabled until the next meeting due to the lack of a quorum of those present at that meeting.

**4. The Kinsel at Glen Lake**

Gray reported.

Jacobson asked if it would be possible to do 20 percent of the units at 60 percent AMI. Gray answered in the negative. That would not be eligible for TIF pooling.

Knickerbocker asked if there are any other foreseeable uses for the money in the Livable Communities Fund. Gray explained that the money in the fund was returned from Minnetonka Heights and has not been programmed for any other use at this time. Knickerbocker asked if the leftover funds would be moved to the general budget. Gray answered in the negative. It would remain earmarked for future housing needs.

Knickerbocker asked to what extent the proposal would increase the tax base of the city. Wischnack answered that in Glen Lake in 2005, the combined property value of the Gold Nugget, The Glen and Zvago equaled \$6.8 million. The property value for those three properties currently equals \$46 million. That is an increase of approximately 30 percent in city tax dollars. The proposal is most similar to The Ridge in total number of units. The property value in Glen Lake has grown by \$70 million in 18 years.

Hromatka confirmed with Gray that the proposal would not be part of the existing Glen Lake TIF district.

Hromatka asked how the \$209,000 amount was determined. Gray explained that staff looked at the developer's pro forma and walked through different scenarios and identified what the gap would be for providing the affordable units at various rents based on a stable return on investment. Wischnack added that the developer would like the city to cover the whole amount, but staff determined that the applicant could cover about \$100,000.

Mike Waldo, with Ron Clark Construction, applicant, stated that staff did a good job of explaining the major pieces of the proposal. The property has always been intended to be a high-density residential or commercial use. The building next door is four stories tall. Keeping the proposed building at three stories makes it hard to provide affordable units. It has to be done with economic sense for the developer and the city. The city's use of federal tax dollars has helped expand the dollars that can be used. He wants to work with staff, councilmembers, and commissioners to create a great project with affordable units that are not offered in Glen Lake today.

Knickerbocker asked if Mr. Waldo agrees with the proposal as recommended by staff. Mr. Waldo answered affirmatively. At this point, he has talked through it with staff. The project would not be high grossing initially, but would be a good long-term project. The value would grow over time.

Knickerbocker stated that the proposal is straight forward. The applicant agrees with the proposal. He had nothing more to add.

Wischnack noted that the contract would come later. Chair Yunker did not see a problem with that.

Knickerbocker motioned, Jacobsohn seconded the motion to recommend that the city council include 10 percent of the units at 80 percent AMI for The Kinsel at Glen Lake with city assistance of up to \$104,800. Hromatka, Jacobsohn, Knickerbocker, and Yunker voted yes. Cibulka, Johnson, and Johnston were absent. Motion passed.

## 5. Staff Report

Gray and Wischnack gave the staff report:

- The Green Line extension is working on field surveying, fencing, relocating utilities and tree removal. Minnetonka will begin demolition of a building at Feltl Road and Smetana Road, staff outreach at Green Circle Condos, tree clearing and soil excavation along Bren Road, and business outreach through July.
- City council adopted an amendment to update the pollinator ordinance.
- City council adopted a resolution approving Conifer Heights on Conifer Trail and Mahoney Ave.
- City council adopted a resolution approving Bird Song on Oakland Road.
- City council will be reviewing a concept plan for Woodhaven Villas.
- City council adopted a resolution approving Highcroft Meadows.
- Villas of Glen Lake will begin construction soon.
- Avidor is framed.
- Solbekken Villas on Shady Oak Road are well under construction.

- Minnetonka Hills Apartments should be opening soon on Jordan Ave.
- The RiZe at Opus has Phase One and Phase Two open and tenants in the building.
- The city's website **eminnetonka.com** has a new interactive map of the city with projects listed on it under "Residents" and "Projects."
- Opus placemaking and design guidelines are being developed with help from a Hennepin County Grant.
- The new issue of *Thrive* was released. There are now 337 subscribers.
- Business marketing materials are being developed to be provided to developers for specific properties in the city.
- The HRA loan program continues to have interest. There are nine loans being processed and four loans closed so far in 2019. Staff revised the eligibility criteria and increased marketing for the loan program.
- Two CDBG loans have been committed so far in 2019. There are three applications in process. There are 81 residents on a waiting list.

## 6. Other Business

There is a tour scheduled for EDAC commissioners, planning commissioners, and city councilmembers on Aug. 22, 2019.

The Urban Land Institute is scheduled to host a conference entitled Navigating Your Competitive Future on Sept. 24, 2019.

The next EDAC meeting is scheduled for Sept. 12, 2019.

## 7. Adjournment

Yunker moved, Jacobsohn seconded a motion to adjourn the meeting at 6:45 p.m. Motion passed unanimously.

**EDAC Agenda Item #4  
Meeting of Sept. 12, 2019**

<b>Brief Description</b>	2020 Preliminary Budget
<b>Recommendation</b>	Review the 2020 budget information and provide feedback

**Overview**

Each year 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 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 and housing activities

The 2019 adopted budget pages and detailed information for these accounts are attached to the report.

**Economic Improvement Program (EIP)**

The city council adopted the 2020-2024 EIP on June 3, 2019. 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 in the budget pages, which the EDAC will review and make recommendations on for city council consideration.

***Development Account (for 2020-2029 EIP budget)***

- Economic Development Activities—This line item encompasses 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 indefinitely, and the full \$15,000 is included for 2019.
- The EIP shows a continuation of the city's GreaterMSP membership at a fee of \$25,000. The city became a member in 2013.
- 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 activity at \$75,000.

- Expenditures of \$7,414,500 are noted for pass-through grants such as the Department of Employment and Economic Development (DEED), Hennepin County, and the Metropolitan Council. The city is often the grantee for funding through these agencies and is responsible for distributing the funds to developer or project.

***Livable Communities Account (for 2020-2029 EIP budget)***

- In 2012-2013, an EDAC subcommittee met and recommended that the city council consider phasing out the larger funding for HWR beginning in 2020. The EDAC suggested \$25,000 from that point forward to assist with ongoing administrative assistance for the organization.
- In 2017, the Homes Within Reach funding began to decrease to \$100,000 (through 2019) as reflected in the EDAC's 2014-2018 recommendation for future funding of that organization.
- The current EIP reflects the HRA Levy as the potential source of funding for 2020, to assist with ongoing administrative support for the organization, in the amount of \$25,000. At its May 8 meeting, the EDAC also recommended reallocating \$125,000 of the existing fund balance previously committed to the Welcome to Minnetonka and Minnetonka Home Enhancement Program to Homes Within Reach in 2020. Under this recommendation, the total allotment for Homes within Reach would be \$150,000 in 2020.
- There is an existing livable communities fund balance of \$306,969 for Homes Within Reach, which is committed to HWR for the purchase and rehabilitation of homes in 2019/2020 within Minnetonka.
- In 2018, the city recaptured \$400,000 in Metropolitan Council Local Housing Incentive Award (LHIA) grant funding through the sale of Minnetonka Heights. This funding must be used for affordable housing purposed or returned to the Metropolitan Council.

***Community Development Block Grant (CDBG) (for 2020-2029 EIP budget)***

On June 12, 2017, the council approved participation in the Urban County CDBG Program for program years 2018-2020. Previously, the city had participated in CDBG as an entitlement community. The advantages of participating in the Urban County CDBG Program include the following:

- The city does not have to submit its annual Action Plan or certifications
- The county handles most or all IDIS software activity reporting
- The county completes the environmental reviews for the housing projects
- The city does not need to individually meet spend-down timeliness tests (the tests would instead be applied across the entire county program)
- The county coordinates fair housing activities
- The county conducts monitoring of the public service agency recipients
- The county will coordinate a public service funding through an RFP process

In addition, the administration of the Small Projects Rehabilitation Program loan administration

is administered by Hennepin County staff. Approximately 85 percent of the city's allocation is used for the small projects housing rehab program, county administration costs, and fair housing (one percent).

The future public service allocations, to be awarded in 2020, associated with this fund will be allocated by Hennepin County through a single competitive application process early next year. The county has established a selection committee comprised of city staff that are members of the Urban County CDBG program. Under this new streamlined process, public service agencies submit a single application to the county through the public service RFP process. Previously, public service agencies would submit applications to each city individually. Up to 15 percent of the city's total allocation can be utilized for public service funding. In 2019, public service agencies received approximately \$23,250 in funding through Hennepin County.

The estimated amount of CDBG funds the city will receive in 2019 for housing rehabilitation programs is \$120,000, which is the same amount the city received in 2018. 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.

Due to an increase in received program income and other factors, the city accumulated a surplus of grant funding from program years 2015, 2016, and 2017. The estimated balance of the surplus funds is \$224,413, which is committed to paying for eligible business relocation costs for the businesses located at Shady Oak Crossing located at 4312 Shady Oak Road.

**HRA Levy (for 2020-2029 EIP budget)**

An HRA levy is a mechanism commonly used by many communities to undertake housing and redevelopment activities. State law limits such levies, and the maximum rate is .00285 percent of a city's taxable market value. This equals approximately \$2.7 million in Minnetonka in 2019.

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)
2017	\$175,000 .002187%	•SWLRT (\$75,000) •Housing Programs (\$100,000)
2018	\$250,000 .00251%	•SWLRT (\$75,000) •Housing Programs (\$75,000) •Homes Within Reach (\$100,000)
2019	\$300,000 .00309%	SWLRT (\$75,000) Housing Programs (\$100,000) WHAHLT (\$100,000) 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. The council has committed a total of \$740,000 to the programs since program inception. These loan programs have been set up, so they eventually become self-sustaining through loan repayments; however, with the low-interest rates for both programs, this will take several 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 August 2019 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
2014 HRA Levy	\$0
2014 HRA Levy	\$0
2016 HRA Levy	\$75,000
2017 HRA Levy	\$100,000
2018 HRA Levy	\$75,000
2019 HRA Levy	\$100,000
Loan repayments	\$230,065
<b>Total</b>	<b>\$970,065</b>

*Expenditures for housing programs (Since 2011)*

Welcome to Minnetonka	15 Loans	\$117,438
Minnetonka Home Enhancement	29 Loans	\$360,987
Admin		\$49,841
<b>Total</b>		<b>\$528,266</b>



Approximately 29 new loans can be made with the balance that was available on August 1, 2019. Based upon current interest in the two programs, it is anticipated that the funds will be exhausted by 2024. Staff is recommending adding additional funding for the program in 2020. Additionally, interest and loan repayments are rolled back into the program to ensure long-term program sustainability. The current estimated balance of the earned interest is \$16,473 as of September 1, 2019. Over the life of the program, the city has received \$230,065 in revenue from loan repayments and interest.

Annually, loan repayments based upon the current outstanding loans will total approximately \$45,000, 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 five more years before programs are self-sustaining. It should be noted that with the loan paybacks increasing each year, fewer levy funds need to be provided for each of those five years. Staff conducts this self-sustaining analysis on an annual basis during the budget review. The adopted EIP for 2020-2029 recommends \$100,000 for these programs in 2020.

#### *Homes within Reach (WHAHLT)*

In 2012-2013, an EDAC subcommittee met and recommended that council consider phasing out funding for HWR. Additionally, the council discussed a contribution of \$100,000 to HWR for 2018 and 2019 through the HRA levy. For 2020, EIP recommended that HWR receive \$25,000 for annual maintenance to be funded through the HRA Levy. Additionally, the EIP recommends the reallocation \$125,000 of the existing fund balance previously committed to the Welcome to Minnetonka and Minnetonka Home Enhancement Program to Homes Within Reach for 2020. The total allotment for Homes within Reach would be \$150,000 in 2020.

#### *Business*

There is a fund balance of \$43,000 to assist with business outreach. Staff dedicated a portion of these funds to distribute a bi-annual business newsletter to engage the business community. This effort supports business retention and expansion in the community. The inaugural edition of the Thrive Newsletter was distributed in July 2018 and staff anticipates two to three publications a year in future years. Additionally, staff is working on putting together a business resource brochure to be used when meeting with businesses and developers. The adopted EIP for 2020-2029 recommends funding of \$25,000 to continue expanding business outreach efforts.

#### *Southwest LRT*

In July 2015, the city council committed \$2 million towards the SWLRT project. This is being partially funded through the Special Assessment Construction Fund. Partial payment and payback will occur from the HRA levy funds over 10 years for a total of \$750,000. The EIP indicated a cost of \$75,000 per year to be funded through the HRA levy for 2020-2024.

**Recommendation for HRA Levy funding in 2020-2029 EIP – Adopted June 3, 2019**

(\$ thousands)	2020-2029 EIP Recommendation	Sept 12. – EDAC Recommendation
SW Light Rail	\$75	
WHAHLT	\$25 (HRA) *\$125,000 Existing Housing Loan Program Fund Balance	
Housing Loans	\$100	
Business Outreach	\$25	
<b>Total recommended HRA Levy</b>	<b>\$225</b>	

**Recommendation**

The EDAC is asked to provide feedback and recommendations on the following question in preparation for the development of the 2020 preliminary budget.

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

The next steps for the 2019 budget review process for the 2020 budget are as follows:

Aug. 19—City Council study session on preliminary budget  
Sept. 16—City Council sets maximum preliminary tax and HRA levies  
Nov. 25—City Council study session on final budget  
Dec. 2—Public hearing and adopt final 2020 budget and tax levy  
Dec. 27 – Final 2020 levies certified to Hennepin County

Originated by:

Julie Wischnack, AICP, Community Development Director  
Alisha Gray, EDFP, Economic Development and Housing Manager  
Rob Hanson, EDFP, Economic Development Coordinator

Supplemental information

[City Council Meeting – June 3, 2019– 2020-2029 EIP](#)

**DEVELOPMENT FUND - Community Development Department**

Revenues	2016 Actual	2017 Actual	2018 Budget	2018 Revised	2019 Budget
Interest Income	\$ 13,549	\$ 23,317	\$ 15,000	\$ 29,052	\$ 20,000
TIF-related Levy Proceeds	200,000	200,000	270,000	200,000	250,000
Other Grants	250,000	-	200,000	-	4,200,000
TIF Admin Revenue	107,584	129,446	130,000	140,000	150,000
Cedar Ridge Assessments	56,346	52,370	52,000	50,000	50,000
Miscellaneous Income	42,277	61,483	40,936	131,124	50,000
Transfers In	75,000	502,588	40,936	-	30,000
<b>Totals</b>	<b>\$ 744,756</b>	<b>\$ 969,204</b>	<b>\$ 748,872</b>	<b>\$ 550,176</b>	<b>\$ 4,750,000</b>
<b>Expenditures by Category</b>					
Redevelopment Projects	17,360	130,125	50,000	81,113	125,000
Transit Projects/Programs	-	-	-	-	-
Economic Development Programs	25,000	25,000	40,000	40,000	40,000
Transfer to SACF	197,266	197,266	197,300	197,300	197,300
Other	179,619	-	200,000	-	4,200,000
Transfer Out, Indirect Costs	60,600	61,200	62,000	62,000	62,000
<b>Totals</b>	<b>\$ 479,845</b>	<b>\$ 413,591</b>	<b>\$ 549,300</b>	<b>\$ 380,413</b>	<b>\$ 4,624,300</b>
Surplus (Deficiency) of Revenues over Expenditures	264,911	555,613	199,572	169,763	125,700
<b>Beginning Fund Balance</b>	<b>2,350,884</b>	<b>2,615,795</b>	<b>3,171,408</b>	<b>3,171,408</b>	<b>3,341,172</b>
<b>Ending Fund Balance</b>	<b>\$ 2,615,795</b>	<b>\$ 3,171,408</b>	<b>\$ 3,370,980</b>	<b>\$ 3,341,172</b>	<b>\$ 3,466,872</b>

**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:**

	2016 Actual	2017 Actual	2018 Estimated	2019 Projected
Development/redevelopment projects in progress	13	11	10	14
Predevelopment contacts	15	15	16	10

**Budget Comments/Issues:**

In 2018, the city received two grants totaling approximately \$4M through the Metropolitan Council's Livable Communities Grant Program for the Mariner and Dominion Housing. This grant passes through the city to the developer for grant eligible expenditures. The remaining \$200,000 in this line items is for other grants that may pass through the account.

- 2019 revenue to the Development Fund includes additional dollars, which is a temporary funding stream of 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 ending 2021.
- The 2019 budget does not include any additional funding for loan repayment to be paid to the Special Assessment Construction Fund for the Shady Oak Road / Oak Drive Lane project, because the plan includes selling the property in 2019 to fully repay the special assessment loan.
- The 2017 adopted budget authorized a temporary interfund loan of \$82,000 in 2016 for the early purchase of planning software for the Community Development Department. Initial payback of \$75,000 of this amount in 2017 is indicated above as a "transfer in" of \$50,000 from the Technology Fund per the adopted 2017 capital budget plus \$25,000 from the department's general fund operating budget. The final purchase price reimbursement of \$30,000 is budgeted to be transferred from the department's budget in 2019.
- 2016 revenue includes \$75,000 originally budgeted in the General Fund, then transferred into the Development Fund for costs of the city's 20-year Comprehensive Plan. An additional \$170,000 in costs for the project was budgeted and spent out of the planning division's operating budget in 2017 and 2018, \$85,000 each year.
- 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. Income for 2019 is expected to be approximately \$50,000.
- 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."
- 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 costs.

*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	2016 Actual	2017 Actual	2018 Budget	2018 Revised	2019 Budget
Ad Valorem Tax Levy	\$ 171,508	\$ 171,735	\$ 250,000	\$ 250,000	\$ 300,000
Miscellaneous Revenue	-	915	-	-	15,000
Investment Interest	3,380	4,516	3,000	7,588	3,000
<b>Totals</b>	<b>\$ 174,888</b>	<b>\$ 177,166</b>	<b>\$ 253,000</b>	<b>\$ 257,588</b>	<b>\$ 318,000</b>
<b>Expenditures by Category</b>					
WHAHLT (in Mtka Liv Comnty Fd)	-	-	100,000	100,000	100,000
Village Center Master Planning	-	-	-	-	-
SWLRT	-	-	75,000	-	75,000
Housing Programs	51,888	(511)	75,000	55,865	150,000
<b>Totals</b>	<b>\$ 51,888</b>	<b>\$ (511)</b>	<b>\$ 250,000</b>	<b>\$ 158,285</b>	<b>\$ 325,000</b>
Surplus (Deficiency) of Revenues over Expenditures	123,000	177,677	3,000	99,303	(7,000)
Reserve for Delayed Projects		-	-	690,703	
<i>Beginning Fund Balance</i>	<i>557,793</i>	<i>680,793</i>	<i>858,470</i>	<i>858,470</i>	<i>267,070</i>
<i>Ending Fund Balance</i>	<i>\$ 680,793</i>	<i>\$ 858,470</i>	<i>\$ 861,470</i>	<i>\$ 267,070</i>	<i>\$ 260,070</i>

**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:**

	2016 Actual	2017 Actual	2018 Estimated	2019 Projected
Housing rehab loan issued <\$15,000	4	1	2	6
Average amount of rehab loan	\$14,991	\$15,000	\$15,000	\$15,000
Down payment assistance provided <\$10,000	5	1	2	6
Average amount of down payment loans	\$7,715	\$9,000	\$10,000	\$10,000

**Budget Comments/Issues:**

*The 2019 Housing and Redevelopment Authority (HRA) budget includes funding for the West Hennepin Affordable Land Trust (WHAHLT), supplemental funding for the city's two housing loan programs, and the city's second year of a ten-year payback for its commitment the Southwest Light Rail Transit project. The annual budget of the HRA Fund is reviewed by the Economic Development Advisory Commission (EDAC) and as identified in the adopted Economic Improvement Program.*

- The city launched two housing improvement programs in June 2011, Minnetonka Home Enhancement (rehab) and Welcome to Minnetonka (down payment assistance). Additional dollars are included in the 2019 levy to fund the program in future years.
- In 2019, WHAHLT (Homes Within Reach), will be funded through the HRA Levy. HWR will receive \$100,000 in 2019 (which will be transferred into the Livable Communities Fund and shown as an expenditure on the HRA page). In 2020, the HRA contribution will be reduced to \$25,000 annually to assist with property maintenance.
- On January 1, 2018, the Center for Energy and Environment began processing the loan applications for the Welcome to Minnetonka and Minnetonka Home Enhancement Programs. Community Reinvestment Fund (CRF) continues to service the loans for the city.
- Beginning in CDBG Program Year 2018 (July 1, 2018), the Welcome to Minnetonka Program is structured as a 30-year deferred loan. New Welcome to Minnetonka loans no longer are required to make monthly payments. The Minnetonka Home Enhancement Program remains structured as a low-interest loan.
- Reserve for Delayed Projects includes funding for Housing programs, Business Outreach, SWLRT and marketing.
- 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**

<b>Revenues</b>	<b>2016 Actual</b>	<b>2017 Actual</b>	<b>2018 Budget</b>	<b>2018 Revised</b>	<b>2019 Budget</b>
Interest Income	937	112	1,000	2,571	1,000
Metropolitan Council Grants	21,500	178,967	100,000	125,662	67,500
Transfer In, from HRA Levy	-	-	100,000	100,000	100,000
Minnetonka Heights	-	-	-	400,000	-
<b>Totals</b>	<b>\$ 22,437</b>	<b>\$ 179,079</b>	<b>\$ 201,000</b>	<b>\$ 628,233</b>	<b>\$ 168,500</b>
<b>Expenditures by Category</b>					
Mtka Heights / Crown Ridge	9,000	-	-	-	-
WHAHLT/City Grant	331,354	212,140	100,000	100,000	200,000
WHAHLT/Met Council	-	130,680	100,000	100,000	167,500
Legal/Other	22,200	-	-	-	-
<b>Totals</b>	<b>\$ 362,554</b>	<b>\$ 342,820</b>	<b>\$ 200,000</b>	<b>\$ 200,000</b>	<b>\$ 367,500</b>
Surplus (Deficiency) of Revenues over Expenditures	(340,117)	(163,741)	1,000	428,233	(199,000)
<b>Beginning Fund Balance</b>	<b>754,716</b>	<b>414,599</b>	<b>250,858</b>	<b>250,858</b>	<b>373,844</b>
Reserve for prior obligations	-	-	-	\$305,247	
<b>Ending Fund Balance</b>	<b>\$ 414,599</b>	<b>\$ 250,858</b>	<b>\$ 251,858</b>	<b>\$ 373,844</b>	<b>\$ 174,844</b>

**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:**

	<b>2016 Actual</b>	<b>2017 Actual</b>	<b>2018 Estimated</b>	<b>2019 Projected</b>
Total WHAHLT units in Minnetonka	56	58	60	62
Average sales price of WHAHLT unit	\$140,000	\$145,000	\$145,000	\$148,000
Percent of Met Council housing goals achieved	50%	55%	59%	75%
Median value of Minnetonka home	\$323,400	\$332,800	\$359,800	\$387,720
Change from previous year	2.8%	2.9%	8.0%	7.5%

**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 affordable housing.*

- The city provides annual financial support to the West Hennepin Affordable Housing Land Trust (WHAHLT), or Homes Within Reach. The city generally provided 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. Per the adopted Economic Improvement Program (EIP), it is anticipated that balances will be exhausted in this fund in 2019/2020.
- Revenue in 2019 is repayment of previous Welcome to Minnetonka and Minnetonka Home Enhancement loans.
- As outlined in the EIP, annual funding to Homes within Reach was reduced to \$100,000 in 2018 and 2019. The balance of the final three-year commitment in this fund is \$305,247.
- Revenue and expenditures include a pass-through grant for WHAHLT 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. In 2019, it is expected that 75% of this goal will be met.

**COMMUNITY DEVELOPMENT BLOCK GRANT FUND - Community Development Dept.**

Revenues	2016 Actual	2017 Actual	2018 Budget	2018 Revised	2019 Budget
Federal Grant	\$ 128,359	\$ 86,051	\$ 98,900	\$ 55,430	\$ -
Investment Income	415	587	600	-	-
Program Income	30,917	53,408	20,000	32,434	235,000
<b>Totals</b>	<b>\$ 159,691</b>	<b>\$ 140,046</b>	<b>\$ 119,500</b>	<b>\$ 87,864</b>	<b>\$ 235,000</b>
<b>Expenditures by Category</b>					
Housing Rehabilitation	\$ 125,687	\$ 81,990	\$ 65,500	\$ 67,161	\$ 13,000
Business Relocation				\$ -	\$ 160,000
Support Services	15,311	34,329	10,500	23,607	-
Administration	-	41	22,000		28,000
Fair Housing	1,000	-	900	3,171	-
<b>Totals</b>	<b>\$ 141,998</b>	<b>\$ 116,360</b>	<b>\$ 98,900</b>	<b>\$ 93,939</b>	<b>\$ 201,000</b>
Surplus (Deficiency) of Revenues over Expenditures	17,693	23,686	20,600	(6,076)	34,000
<i>Beginning Fund Balance</i>	<i>46,910</i>	<i>64,603</i>	<i>88,289</i>	<i>88,289</i>	<i>82,213</i>
<b>Ending Fund Balance</b>	<b>\$ 64,603</b>	<b>\$ 88,289</b>	<b>\$ 108,889</b>	<b>\$ 82,213</b>	<b>\$ 116,213</b>

**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.

<b>Key Measures:</b>	2016 Actual	2017 Actual	2018 Estimated	2019 Projected
Small projects rehab program completed	31	9	14	2
Avg. cost of emergency repair project	\$4,812	\$4,909	\$5,000	\$15,000
Businesses Assisted	NA	NA	NA	5
Cost of business assistance	NA	NA	NA	\$160,000

**Budget Comments/Issues:**

*In July of 2018, the city switched to participate in Hennepin County's Urban County CDBG program. This change streamlines public service funding requests and assists the city with administration of the various programs. The city anticipates 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.
- In 2018, the maximum loan amount for the Home Rehabilitation Program was increased to \$15,000.
- In 2019, a goal was added to the annual action plan for business assistance. It is anticipated that we will support five businesses at \$24,000 in support for each.
- Program Income above is generated when there is an early repayment for a rehabilitation loan.
- Prior to 2018, the city received applications from public service providers to request funding for their programming.

With the move to Hennepin County's Urban County CDBG program in 2018, the application process is now facilitated through Hennepin County. All expenses related to the programs would not flow through the county.

	2016	2017	2018	2019
Community Action Partnership of Suburban Hennepin (CAPSH)	\$ 2,425	\$ 2,409	switch to county	
HOMELine	-	-		
Resource West	4,525	4,336		
Intercongregation Communities	7,970	7,708		
Senior Community Services (SCS) H.O.M.E.	5,270	5,300		
Treehouse	3,770	3,854		
<b>Total</b>	<b>\$ 23,960</b>	<b>\$ 23,607</b>		

**SUMMARY TABLE  
EIP 2020  
Expenditures by Category & Fund**

Category	Program	Total	Fund					
			CDBG (Entitlement Funds)	Devpt Fund	HRA Levy	Livable Communities	TIF Pooling	Other
<b>Housing:</b>								
	CDBG Entitlement (Prior to 2018)	\$ 264,383	\$ 264,383					
	CDBG Consortium (2018 - Future)	\$ -						\$ -
	Homes Within Reach	\$ 125,000			25,000	100,000		
	Housing Improvement Areas	\$ 500,000						\$ 500,000
	Welcome to Minnetonka	\$ 50,000			50,000			
	Mtka Home Enhancement	\$ 50,000			50,000			
	Tax Exempt Conduit Debt	\$ -						
	TIF Pooling/Boulevard Gardens	\$ 1,209,000					1,209,000	
	TIF Pooling/Beacon Hill/Tonka	\$ -						
	4d Program	\$ -						
	Multifamily Rehabilitation Loan	\$ -						
	Next Generation Program	\$ -						
	Legacy Education Program	\$ -						
	Employer Assisted Hsg	\$ -						
	<b>Subtotal</b>	<b>\$ 2,198,383</b>	<b>\$ 264,383</b>	<b>\$ -</b>	<b>\$ 125,000</b>	<b>\$ 100,000</b>	<b>\$ 1,209,000</b>	<b>\$ 500,000</b>
<b>Business:</b>								
	Economic Gardening	\$ -						
	Econ. Dev. Infrastructure	\$ -						
	Fire Sprinkler Retrofit	\$ 50,000						50,000
	Common Bond/Ind Rev	\$ -						
	Pass-Through Grants	\$ 5,414,500		5,414,500				
	GreaterMSP	\$ 25,000		25,000				
	MIF/JCF	\$ 3,000,000		3,000,000				
	Open to Business	\$ 15,000		15,000				
	Outreach	\$ 25,000			25,000			
	PACE	\$ -						\$ -
	Special Service Districts	\$ -						
	TwinWest	\$ 3,000						3,000
	SAC/REC Deferral Program	\$ 50,000						50,000
	<b>Subtotal</b>	<b>\$ 8,582,500</b>	<b>\$ -</b>	<b>\$ 8,454,500</b>	<b>\$ 25,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 103,000</b>
<b>Transit:</b>								
	Commuter Services	\$ 12,000						12,000
	Transit Improvements	\$ -						
	<b>Subtotal</b>	<b>\$ 12,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 12,000</b>
<b>Devpt &amp; Redevopt:</b>								
	Predevelopment	\$ 75,000		75,000				
	Village Center/Comp Plan	\$ -						
	LRT and Station Area	\$ 75,000			75,000			
	Strategic Marketing	\$ -						
	City Owned Properties	\$ -						
	Future HRA Levy Properties	\$ -						
	<b>Subtotal</b>	<b>\$ 150,000</b>	<b>\$ -</b>	<b>\$ 75,000</b>	<b>\$ 75,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>TIF Districts:</b>								
	Devpt Agmt & TIF Admin	\$ 140,000		140,000				
	Beacon Hill TIF District	\$ -						
	Blvd Gardens TIF District	\$ -						
	Glenhaven TIF District	\$ -						
	Mtka Mills TIF District	\$ -						
	Tonka on the Creek TIF District	\$ -						
	Applewood Pointe TIF District	\$ -						
	Rowland Housing TIF District	\$ -						
	Dominium Housing TIF District	\$ -						
	Marsh Run TIF District	\$ -						
	<b>Subtotal</b>	<b>\$ 140,000</b>	<b>\$ -</b>	<b>\$ 140,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Tax Abatement:</b>								
	Ridgedale	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	<b>Subtotal</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>TOTALS</b>		<b>\$ 11,082,883</b>	<b>\$ 264,383</b>	<b>\$ 8,669,500</b>	<b>\$ 225,000</b>	<b>\$ 100,000</b>	<b>\$ 1,209,000</b>	<b>\$ 615,000</b>

**EIP 2020-2029**  
**All Categories**  
**Funding Sources and Expenditure Projections**

	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	TOTAL
<b>Method of Financing</b>											
Development Account	\$ 8,669,500	\$ 3,255,000	\$ 2,255,000	\$ 2,245,000	\$ 2,245,000	\$ 1,745,000	\$ 1,745,000	\$ 1,745,000	\$ 1,745,000	\$ 1,745,000	\$ 27,394,500
Livable Communities Account	100,000	100,000	100,000	-	-	-	-	-	-	-	
General Fund	15,000	40,000	41,000	41,000	16,000	16,000	16,000	16,000	16,000	16,000	233,000
Federal Grant (CDBG) - Entitlement	264,383	40,000	40,000	40,000	40,000	50,000	50,000	50,000	50,000	50,000	\$ 674,383
Federal Grant (CDBG) - Consortium	-	-	-	-	-	-	-	-	-	-	\$ -
Ad Valorem Tax Levy	225,000	225,000	225,000	225,000	225,000	225,000	150,000	150,000	150,000	150,000	\$ 1,950,000
Pooled TIF Funds- Blvd Gardens	1,209,000	556,179	-	-	-	-	-	-	-	-	\$ 1,765,179
Pooled TIF Funds - Beacon/Tonka/Rowland	-	-	-	-	-	-	-	-	-	-	\$ -
Revenue Bonds	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	\$ 8,930,000
Other	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	\$ 1,000,000.00
<b>Total Funding Sources</b>	<b>\$ 11,082,883</b>	<b>\$ 4,816,179</b>	<b>\$ 3,261,000</b>	<b>\$ 3,151,000</b>	<b>\$ 3,126,000</b>	<b>\$ 2,636,000</b>	<b>\$ 2,561,000</b>	<b>\$ 2,561,000</b>	<b>\$ 2,561,000</b>	<b>\$ 2,561,000</b>	<b>\$ 38,317,062</b>
<b>Expenditures</b>											
Housing	\$ 2,198,383	\$ 1,321,179	\$ 765,000	\$ 665,000	\$ 665,000	\$ 675,000	\$ 675,000	\$ 675,000	\$ 675,000	\$ 675,000	\$ 8,989,562
Business	8,582,500	3,168,000	2,169,000	2,169,000	2,169,000	1,669,000	1,669,000	1,669,000	1,669,000	1,669,000	\$ 26,602,500
Transit	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	\$ 120,000
Development/Redevelopment	150,000	175,000	175,000	175,000	150,000	150,000	75,000	75,000	75,000	75,000	\$ 1,275,000
TIF Admin	140,000	140,000	140,000	130,000	130,000	130,000	130,000	130,000	130,000	130,000	\$ 1,330,000
<b>Total Expenditures</b>	<b>\$ 11,082,883</b>	<b>\$ 4,816,179</b>	<b>\$ 3,261,000</b>	<b>\$ 3,151,000</b>	<b>\$ 3,126,000</b>	<b>\$ 2,636,000</b>	<b>\$ 2,561,000</b>	<b>\$ 2,561,000</b>	<b>\$ 2,561,000</b>	<b>\$ 2,561,000</b>	<b>\$ 38,317,062</b>



Source	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
<b>Development Fund</b>										
<b>Beginning Balance</b>	3,713,167	3,664,297	3,605,427	3,428,557	3,364,687	3,295,817	3,226,947	3,148,077	3,069,207	2,990,337
<b>Revenues and Other Fund Sources</b>										
<i>Revenue</i>										
No Funds	0	0	0	0	0	0	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
Cloud 9 Admin	1,630	1,630	1,630	1,630	1,630	1,630	1,630	1,630	1,630	1,630
Grants	8,414,500	3,000,000	2,000,000	2,000,000	2,000,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000
Interest Income	15,000	15,000	15,000	20,000	15,000	15,000	15,000	15,000	15,000	15,000
TIFAdmin Revenue	140,000	130,000	12,000	110,000	110,000	110,000	100,000	100,000	100,000	100,000
<i>Total</i>	8,620,630	3,196,130	2,078,130	2,181,130	2,176,130	1,676,130	1,666,130	1,666,130	1,666,130	1,666,130
<b>Total Revenues and Other Fund Sources</b>	8,620,630	3,196,130	2,078,130	2,181,130	2,176,130	1,676,130	1,666,130	1,666,130	1,666,130	1,666,130
<b>Total Funds Available</b>	<b>12,333,797</b>	<b>6,860,427</b>	<b>5,683,557</b>	<b>5,609,687</b>	<b>5,540,817</b>	<b>4,971,947</b>	<b>4,893,077</b>	<b>4,814,207</b>	<b>4,735,337</b>	<b>4,656,467</b>
<b>Expenditures and Uses</b>										
<i>Capital Projects &amp; Equipment</i>										
<u>2-Business</u>										
Grants	<i>Business-02</i>	(5,414,500)	(2,000,000)	(1,000,000)	(1,000,000)	(1,000,000)	(500,000)	(500,000)	(500,000)	(500,000)
GreaterMSP	<i>Business-04</i>	(25,000)	(25,000)	(25,000)	(25,000)	(25,000)	(25,000)	(25,000)	(25,000)	(25,000)
MIF/JCF Projects	<i>Business-06</i>	(3,000,000)	(1,000,000)	(1,000,000)	(1,000,000)	(1,000,000)	(1,000,000)	(1,000,000)	(1,000,000)	(1,000,000)
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)
Special Service District	<i>Business-13</i>	0	0	0	0	0	0	0	0	0
<i>Total</i>		(8,454,500)	(3,040,000)	(2,040,000)	(2,040,000)	(2,040,000)	(1,540,000)	(1,540,000)	(1,540,000)	(1,540,000)
<u>4-Development &amp; Redevelopment</u>										
Pre-Development	<i>Dev/Redev-01</i>	(75,000)	(75,000)	(75,000)	(75,000)	(75,000)	(75,000)	(75,000)	(75,000)	(75,000)
<i>Total</i>		(75,000)	(75,000)	(75,000)	(75,000)	(75,000)	(75,000)	(75,000)	(75,000)	(75,000)
<u>5-TIF Districts</u>										
Development Agreement and TIF Administration	<i>TIF-01</i>	(140,000)	(140,000)	(140,000)	(130,000)	(130,000)	(130,000)	(130,000)	(130,000)	(130,000)
<i>Total</i>		(140,000)	(140,000)	(140,000)	(130,000)	(130,000)	(130,000)	(130,000)	(130,000)	(130,000)

<b>Source</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>	<b>2028</b>	<b>2029</b>
<b>Development Fund</b>										
<b>Total Expenditures and Uses</b>	(8,669,500)	(3,255,000)	(2,255,000)	(2,245,000)	(2,245,000)	(1,745,000)	(1,745,000)	(1,745,000)	(1,745,000)	(1,745,000)
<b>Change in Fund Balance</b>	(48,870)	(58,870)	(176,870)	(63,870)	(68,870)	(68,870)	(78,870)	(78,870)	(78,870)	(78,870)
<b>Ending Balance</b>	<b>3,664,297</b>	<b>3,605,427</b>	<b>3,428,557</b>	<b>3,364,687</b>	<b>3,295,817</b>	<b>3,226,947</b>	<b>3,148,077</b>	<b>3,069,207</b>	<b>2,990,337</b>	<b>2,911,467</b>

Source	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
<b>HRA Levy</b>										
<b>Beginning Balance</b>	225,000	247,000	294,000	341,000	388,000	435,000	482,000	604,000	726,000	848,000
<b>Revenues and Other Fund Sources</b>										
<i>Revenue</i>										
Ad Valorem Tax Levy	225,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000
Investment Interest	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Loan paybacks	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000
<i>Total</i>	247,000	272,000	272,000	272,000	272,000	272,000	272,000	272,000	272,000	272,000
<b>Total Revenues and Other Fund Sources</b>	247,000	272,000	272,000	272,000	272,000	272,000	272,000	272,000	272,000	272,000
<b>Total Funds Available</b>	472,000	519,000	566,000	613,000	660,000	707,000	754,000	876,000	998,000	1,120,000
<b>Expenditures and Uses</b>										
<i>Capital Projects &amp; Equipment</i>										
<u>1-Housing</u>										
Homes Within Reach	<i>Housing-05</i>	(25,000)	(25,000)	(25,000)	(25,000)	(25,000)	(25,000)	(25,000)	(25,000)	(25,000)
Minnetonka Home Enhancement	<i>Housing-08</i>	(50,000)	(50,000)	(50,000)	(50,000)	(50,000)	(50,000)	(50,000)	(50,000)	(50,000)
Welcome to Minnetonka Loan Program	<i>Housing-14</i>	(50,000)	(50,000)	(50,000)	(50,000)	(50,000)	(50,000)	(50,000)	(50,000)	(50,000)
<i>Total</i>		(125,000)	(125,000)	(125,000)	(125,000)	(125,000)	(125,000)	(125,000)	(125,000)	(125,000)
<u>2-Business</u>										
Outreach	<i>Business-08</i>	(25,000)	(25,000)	(25,000)	(25,000)	(25,000)	(25,000)	(25,000)	(25,000)	(25,000)
<i>Total</i>		(25,000)	(25,000)	(25,000)	(25,000)	(25,000)	(25,000)	(25,000)	(25,000)	(25,000)
<u>4-Development &amp; Redevelopment</u>										
Village Center Studies and Comprehensive Plan	<i>Dev/Redev-02</i>	0	0	0	0	0	0	0	0	0
LRT and LRT Station Area Development	<i>Dev/Redev-03</i>	(75,000)	(75,000)	(75,000)	(75,000)	(75,000)	0	0	0	0
Future HRA Levy projects	<i>Dev/Redev-06</i>	0	0	0	0	0	0	0	0	0
<i>Total</i>		(75,000)	(75,000)	(75,000)	(75,000)	(75,000)	0	0	0	0
<b>Total Expenditures and Uses</b>		(225,000)	(225,000)	(225,000)	(225,000)	(225,000)	(150,000)	(150,000)	(150,000)	(150,000)

Source	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
<b>HRA Levy</b>										
Change in Fund Balance	22,000	47,000	47,000	47,000	47,000	47,000	122,000	122,000	122,000	122,000
<b>Ending Balance</b>	<b>247,000</b>	<b>294,000</b>	<b>341,000</b>	<b>388,000</b>	<b>435,000</b>	<b>482,000</b>	<b>604,000</b>	<b>726,000</b>	<b>848,000</b>	<b>970,000</b>
Source	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
<b>Livable Communities Fund</b>										
Beginning Balance	712,948	513,948	314,948	115,948	116,948	117,948	118,948	119,948	120,948	121,948
<b>Revenues and Other Fund Sources</b>										
<i>Revenue</i>										
Interest Income	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
<i>Total</i>	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
<b>Total Revenues and Other Fund Sources</b>	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
<b>Total Funds Available</b>	<b>713,948</b>	<b>514,948</b>	<b>315,948</b>	<b>116,948</b>	<b>117,948</b>	<b>118,948</b>	<b>119,948</b>	<b>120,948</b>	<b>121,948</b>	<b>122,948</b>
<b>Expenditures and Uses</b>										
<i>Capital Projects &amp; Equipment</i>										
<i>1-Housing</i>										
Homes Within Reach	(100,000)	(100,000)	(100,000)	0	0	0	0	0	0	0
<i>Total</i>	(100,000)	(100,000)	(100,000)	0	0	0	0	0	0	0
<i>Other Uses</i>										
Committed HWR Funding	(100,000)	(100,000)	(100,000)	0	0	0	0	0	0	0
<i>Total</i>	(100,000)	(100,000)	(100,000)	0	0	0	0	0	0	0
<b>Total Expenditures and Uses</b>	<b>(200,000)</b>	<b>(200,000)</b>	<b>(200,000)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Change in Fund Balance</b>	<b>(199,000)</b>	<b>(199,000)</b>	<b>(199,000)</b>	<b>1,000</b>	<b>1,000</b>	<b>1,000</b>	<b>1,000</b>	<b>1,000</b>	<b>1,000</b>	<b>1,000</b>
<b>Ending Balance</b>	<b>513,948</b>	<b>314,948</b>	<b>115,948</b>	<b>116,948</b>	<b>117,948</b>	<b>118,948</b>	<b>119,948</b>	<b>120,948</b>	<b>121,948</b>	<b>122,948</b>

City of Minnetonka, Minnesota  
*Economic Improvement Program*  
 2020 thru 2029

**SOURCES AND USES OF FUNDS**

Source	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
<b>CDBG</b>										
<b>Beginning Balance</b>	0	0	0	0	0	0	0	0	0	0
<b><u>Revenues and Other Fund Sources</u></b>										
<i>Revenue</i>										
Federal grant	224,383	0	0	0	0	0	0	0	0	0
program income	40,000	40,000	40,000	40,000	40,000	50,000	50,000	50,000	50,000	50,000
<i>Total</i>	264,383	40,000	40,000	40,000	40,000	50,000	50,000	50,000	50,000	50,000
<b>Total Revenues and Other Fund Sources</b>	264,383	40,000	40,000	40,000	40,000	50,000	50,000	50,000	50,000	50,000
<b>Total Funds Available</b>	<b>264,383</b>	<b>40,000</b>	<b>40,000</b>	<b>40,000</b>	<b>40,000</b>	<b>50,000</b>	<b>50,000</b>	<b>50,000</b>	<b>50,000</b>	<b>50,000</b>
<b><u>Expenditures and Uses</u></b>										
<i>Capital Projects &amp; Equipment</i>										
<u>1-Housing</u>										
CDBG Entitlement (Prior to 2018) <span style="float: right;"><i>Housing-20</i></span>	(264,383)	(40,000)	(40,000)	(40,000)	(40,000)	(50,000)	(50,000)	(50,000)	(50,000)	(50,000)
<i>Total</i>	(264,383)	(40,000)	(40,000)	(40,000)	(40,000)	(50,000)	(50,000)	(50,000)	(50,000)	(50,000)
<b>Total Expenditures and Uses</b>	(264,383)	(40,000)	(40,000)	(40,000)	(40,000)	(50,000)	(50,000)	(50,000)	(50,000)	(50,000)
<b>Change in Fund Balance</b>	0	0	0	0	0	0	0	0	0	0
<b>Ending Balance</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

Source	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
<b>TIF Pooling/Beacon/Tonka/Row</b>										
<b>Beginning Balance</b>	921,215	921,225	921,225	921,225	921,225	921,261	921,261	921,261	921,261	921,261
<b>Revenues and Other Fund Sources</b>										
<i>Revenue</i>										
Beacon/Tonka/Row TIF Pooling	248,332	248,477	31,521	31,678	31,873	31,966	32,156	32,317	32,478	32,641
<i>Total</i>	248,332	248,477	31,521	31,678	31,873	31,966	32,156	32,317	32,478	32,641
<b>Total Revenues and Other Fund Sources</b>	248,332	248,477	31,521	31,678	31,873	31,966	32,156	32,317	32,478	32,641
<b>Total Funds Available</b>	1,169,547	1,169,702	952,746	952,903	953,098	953,227	953,417	953,578	953,739	953,902
<b>Expenditures and Uses</b>										
<i>Capital Projects &amp; Equipment</i>										
<i>1-Housing</i>										
Afford. Housing-TIF Pooling/Beacon/Tonka/Row <i>Housing-13</i>	(248,322)	(248,477)	(31,521)	(31,678)	(31,837)	(31,966)	(32,156)	(32,317)	(32,478)	(32,804)
<i>Total</i>	(248,322)	(248,477)	(31,521)	(31,678)	(31,837)	(31,966)	(32,156)	(32,317)	(32,478)	(32,804)
<b>Total Expenditures and Uses</b>	(248,322)	(248,477)	(31,521)	(31,678)	(31,837)	(31,966)	(32,156)	(32,317)	(32,478)	(32,804)
<b>Change in Fund Balance</b>	10	0	0	0	36	0	0	0	0	(163)
<b>Ending Balance</b>	921,225	921,225	921,225	921,225	921,261	921,261	921,261	921,261	921,261	921,098

Source	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
<b>TIF Pooling/Blvd Gardens</b>										
<b>Beginning Balance</b>	4,427,571	3,218,571	2,662,392	2,662,392	2,662,392	2,662,392	2,662,392	2,662,392	2,662,392	2,662,392
<b>Revenues and Other Fund Sources</b>										
<i>Revenue</i>										
Blvd Gardens/TIF Pooling	681,319	681,319	681,319	0	0	0	0	0	0	0
<i>Total</i>	681,319	681,319	681,319	0	0	0	0	0	0	0
<b>Total Revenues and Other Fund Sources</b>	681,319	681,319	681,319	0	0	0	0	0	0	0
<b>Total Funds Available</b>	5,108,890	3,899,890	3,343,711	2,662,392	2,662,392	2,662,392	2,662,392	2,662,392	2,662,392	2,662,392
<b>Expenditures and Uses</b>										
<i>Capital Projects &amp; Equipment</i>										
<i>1-Housing</i>										
Affordable Housing via TIF Pooling/Blvd Gardens <i>Housing-12</i>	(681,319)	(681,319)	(681,319)	0	0	0	0	0	0	0
<i>Total</i>	(681,319)	(681,319)	(681,319)	0	0	0	0	0	0	0
<i>Other Uses</i>										
TIF Pooling/Blvd Gardens	(1,209,000)	(556,179)	0	0	0	0	0	0	0	0
<i>Total</i>	(1,209,000)	(556,179)	0	0	0	0	0	0	0	0
<b>Total Expenditures and Uses</b>	(1,890,319)	(1,237,498)	(681,319)	0	0	0	0	0	0	0
<b>Change in Fund Balance</b>	(1,209,000)	(556,179)	0	0	0	0	0	0	0	0
<b>Ending Balance</b>	3,218,571	2,662,392	2,662,392	2,662,392	2,662,392	2,662,392	2,662,392	2,662,392	2,662,392	2,662,392

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

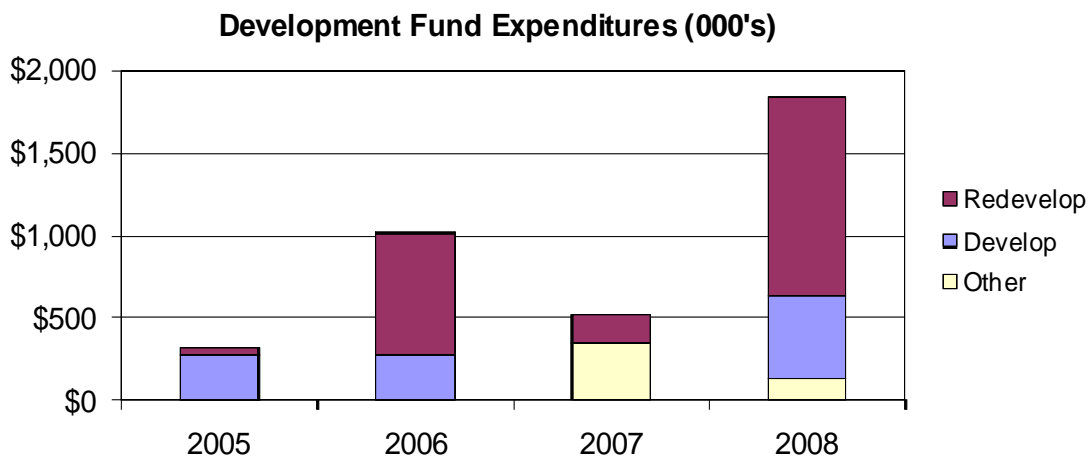
**Brief Description:** Development-related funds

**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.

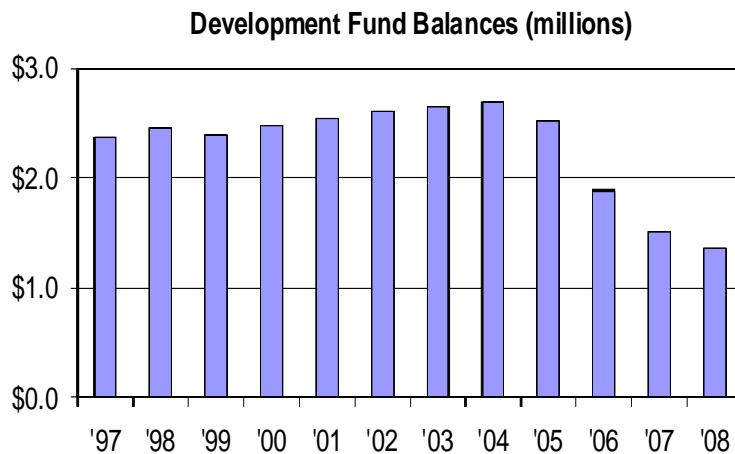
The development fund is also paying part of the cost of the comprehensive plan update, since a significant part of the planning work evaluates future redevelopment possibilities. Significant recent expenditures include:

<b>Year</b>	<b>Project</b>	<b>Amount</b>
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."

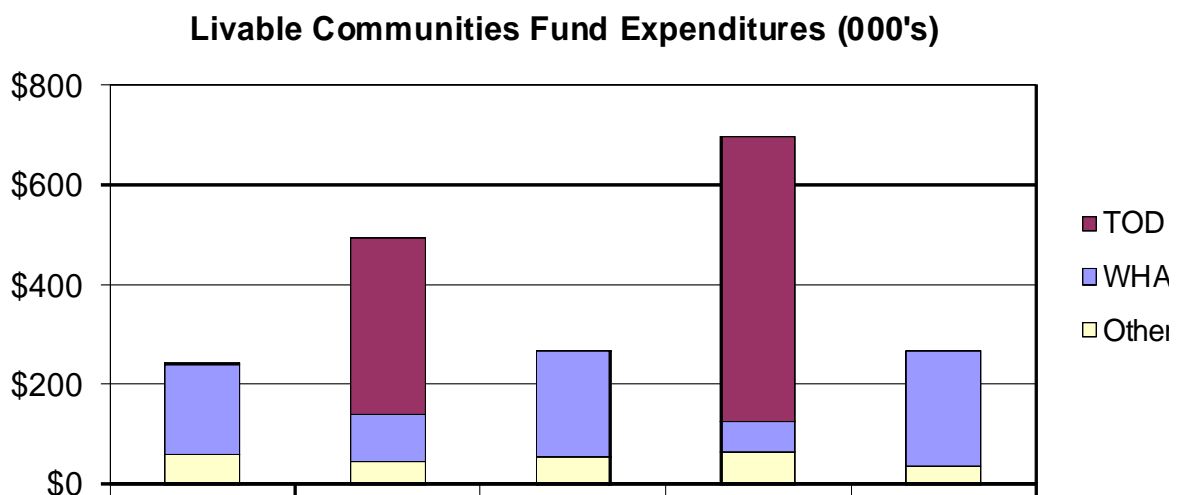
Another example of an unreimbursed outlay is paying for a portion of the costs of the Glen Lake streetscaping plan. While it is expected that TIF reimbursements will cover the costs of the new sidewalks, streetlighting and plantings related to the redevelopment project, the development fund will need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



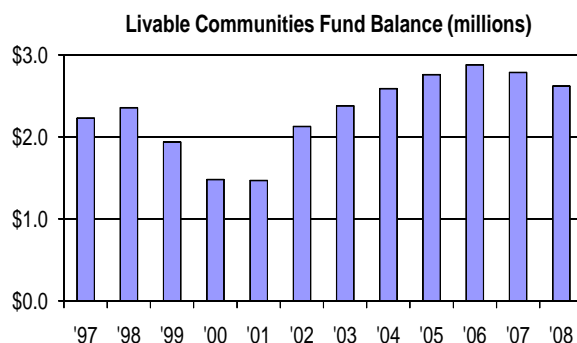
Examples of housing activities covered through the livable communities fund include annual contributions to help Homes Within Reach (WHAHLT) write-down the net cost of

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:

<b>Project</b>	<b>Five Year Average Amount</b>
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:

<b>Affordable Housing Project</b>	<b>Source of Funds</b>
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:

<b>City</b>	<b>Levy</b>	<b>Uses</b>
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:

<b>Program</b>	<b>Recommended 2009 HRA Levy</b>
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
<b>Total Levy</b>	<b>\$810,000</b>



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:

	<b>Levy</b>	<b>Rate</b>	<b>Cost for \$350,000 home</b>
St. Louis Park	\$797,000	1.344%	\$47
Brooklyn Park	\$1,200,000	1.302%	\$46
<b>Minnetonka</b>	<b>\$810,000</b>	<b>0.930%</b>	<b>\$32</b>
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

**EDAC Agenda Item #5  
Meeting of Sept. 12, 2019**

**Brief Description**                      Staff Report

**Transit Updates**

*Green Line Extension (Southwest LRT)*

Construction updates:

Corridor wide:

- Field surveying
- Installation of construction site fencing
- Erosion control
- Utility relocations
- Clearing and grubbing, including tree removal

Minnetonka

- Demolition of building at Feltl Rd/Smetana Rd completed
- Staff outreach at Opus 2, Phase condo association on July 16
- Fencing along Bren Road West and TH 62
- Tree clearing and soil excavation along Bren Road West and TH 62
- Opus Business Outreach through July

Construction updates are available online at

<https://metro council.org/Transportation/Projects/Light-Rail-Projects/Southwest-LRT/Construction.aspx> or to sign up to receive construction updates every Friday, please visit [www.swlrt.org](http://www.swlrt.org).

*Metro Transit*

- Community Development staff continue to meet with Metro Transit quarterly. Most of the time has been devoted to new development connections and preparing for the LRT opening.
- Minnetonka Route 614 was eliminated with the last day of service on Aug. 16, 2019. Transit link is available to those riders who are affected by the route change.
- On Aug. 5, 2019, Met Council's Transit Link staff presented to the City Council their plan to eliminate Transit Link service within Minnetonka on weekdays after 7:00 p.m. and on Saturdays. The Met Council is pursuing the service elimination of the extra hours because of the relatively high subsidy required to operate the additional hours, and the desire to create consistent hours across the Transit Link service area. The change will go into effect starting in September 2019. Transit Link will continue to operate within Minnetonka during the core hours, Monday through Friday, 6:00 a.m. to 7:00 p.m.

**Development Updates**

<b>PROJECT</b>	<b>DESCRIPTION</b>	<b>LOCATION</b>	<b>PLANS</b>
Villas at Woodhill	Concept Plan	Concept plan for 11-unit villa project	<a href="#">Villas at Woodhill</a>
Sonder Behavioral Health	CUP to expand existing clinic	12301 Whitewater Dr	<a href="#">Sonder Behavioral Health</a>
Children's MN	sign plan amendment	6050/6060 Clearwater Dr	<a href="#">Children's MN</a>
Medical Examiner's Office	multiple items for a public building	14300 Co Rd 62	<a href="#">Medical Examiner's Office</a>
Bird Song	13-lot subdivision	5410 Oakland Rd	<a href="#">Bird Song</a>
Avidor (Ridgedale Active Adult Apts - Trammel Crow)	Apartment building	12421 Wayzata Blvd	<a href="#">Ridgedale Active Adults Apts</a>
Solbekken Villas	Condo buildings	5740/5750 Shady Oak Rd	<a href="https://tinyurl.com/5740ShadyOakRd">https://tinyurl.com/5740ShadyOakRd</a>
Minnetonka Hills Apts	Apartment building	2828 & 2800 Jordan Ave	<a href="http://tinyurl.com/MtkaHillsApts2nd">http://tinyurl.com/MtkaHillsApts2nd</a>
RiZe at Opus	Apartment building	10101 Bren Road East	<a href="http://tinyurl.com/lecesse">http://tinyurl.com/lecesse</a>

**Redevelopment Updates**

*Opus Area Placemaking and Design Guidelines*

The Opus placemaking & urban design study will guide the transformation of the Opus area public into a cohesive mixed-use community positioned for future needs and enhance the area's identity. This effort will also reflect the areas agriculture & business park history to serve as a catalyst for building community and creating an environment supportive of development opportunities.

City staff is working towards some temporary tactical elements in September including wayfinding, recreational amenities, and others to gauge stakeholder preferences within the area. Feedback from these tactical elements will inform the final guidelines, which is anticipated to be completed in October.

More information can be found on the city's website at [eminnetonka.com/current-projects/planning-projects/2136-opus-public-space-study](http://eminnetonka.com/current-projects/planning-projects/2136-opus-public-space-study).

### *Opus Area AUAR Study*

City staff through Hennepin County has applied for funding from the US Environmental Protection Agency to perform an Alternative Urban Areawide Review (AUAR) at the Opus Business Park. The project area would encompass a majority of parcels within the park.

The AUAR process is a hybrid of the Environmental Assessment Worksheet and Environmental Impact Statement review process. Local governments use the AUAR as a planning tool to understand how different development scenarios will affect the environment of their community before development occurs.

The process is designed to look at the cumulative impacts of anticipated development scenarios within a given geographic area and can be used to inform local planning and zoning decisions.

It is anticipated that the process would take 9 months to complete.

### *5937 County Road 101*

The city has begun to analyze future development of the city-owned property at 5937 County Road 101, located on the east side of 101 between Townline and Covington Roads.

Staff has contracted with the Local Initiatives Support Corporation to conduct outreach and lead a series of community engagement workshops regarding the sites development potential. Residents are encouraged to attend all four sessions to learn more about potential development and provide valuable input. Feedback from the workshops will assist the city in the preparation of a "Request for Developer Interest" at a later date.

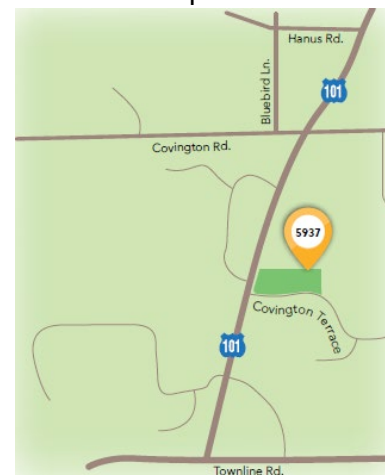
Visit [eminnetonka.com/5937-CR101](http://eminnetonka.com/5937-CR101) to learn more and subscribe to email/text updates.

## **Business Development Updates**

### *Business Marketing Materials*

Staff sent out the Summer 2019 edition of Thrive Minnetonka. That issue went out to 337 online subscribers, and over 1,300 business addresses. As of September 1, there are 364 online subscribers.

Staff is currently working with communications on a business-focused brochure of the city. The brochures will be used for business attraction and retention efforts and promoting city business resources.



## Housing Updates

### *Center for Energy and Environment*

The Welcome to Minnetonka and Minnetonka Home Enhancement Programs are now administered through the Center for Energy and Environment. Minnetonka residents can apply online at <https://www.mncee.org/> or call 612-335-5884 to receive a paper application.

There are currently nine loans in process and five loans closed as of Sept. 1, 2019.

### *CDBG*

Hennepin County continues to manage the home rehabilitation program on behalf of the city. The county began accepting applications in July 2018, and as of January two loans have been approved, and two applications are in process. There are currently 80+ residents on the waitlist.

The county has notified the city that the official allocation for 2019 is \$120,000. This at the same level as 2018.

## Upcoming Meetings/Events

Thurs., Sept. 24

Urban Land Institute  
Navigating Your Competitive Future  
Brooklyn Center, MN  
Details TBD

Wed., Sept. 18

Priced Out – Cities' Response to Affordability  
Brookview Golden Valley – 7:30am  
316 Brookview Parkway South  
Golden Valley, MN 55426

Originated by:

Alisha Gray, EDFP, Economic Development and Housing Manager  
Rob Hanson, EDFP, Economic Development Coordinator

Attachments:

5937 County Road 101 Flyer

*Thrive* - Summer 2019

# Join us to discuss the future development of 5937 County Road 101

The City of Minnetonka is beginning to analyze future development of the city-owned property at 5937 County Road 101.

Join us for these community workshops to learn more about potential development and provide valuable input.

**All sessions: 5:30-7 p.m. at the  
Minnetonka Community Center,  
14600 Minnetonka Blvd.**

**Thursday, Sept. 5**  
**Gather information**

**Thursday, Sept. 19**  
**Development options**

**Thursday, Oct. 17**  
**Developer panel**

**Thursday, Oct. 24**  
**Framing recommendations**

Refreshments will be provided. Child care is available on-site by calling Gretchen Nicholls at 651-265-2280 one week in advance.



## Questions? Contact us!

- **Rob Hanson** | City of Minnetonka  
rhanson@eminnetonka.com | 952-939-8234
- **Alisha Gray** | City of Minnetonka  
agray@eminnetonka.com | 952-939-8285
- **Gretchen Nicholls** | Local Initiatives Support Corporation  
gnicholls@lisc.org | 651-265-2280



Visit [eminnetonka.com/5937-CR101](https://eminnetonka.com/5937-CR101) to learn more and to subscribe to email/text updates.



## HIRING?

### CareerForce can help

CareerForce - formerly Minnesota WorkForce Center - assists employers to attract, hire and retain qualified workers. Through on-site hiring events, panel discussions and presentations for job seekers, recruiters can promote job openings, share industry trends and improve hiring practices.



Services provided by CareerForce include:

- Assistance with **MinnesotaWorks.net**, the state's largest free job posting resource.
- Matching recruiter needs with hiring events in a variety of industries.
- Networking groups to connect with career seekers.
- Informational sessions to help businesses thrive, including labor market information.
- Quarterly panel discussions and networking events to connect health care employers with potential hires.

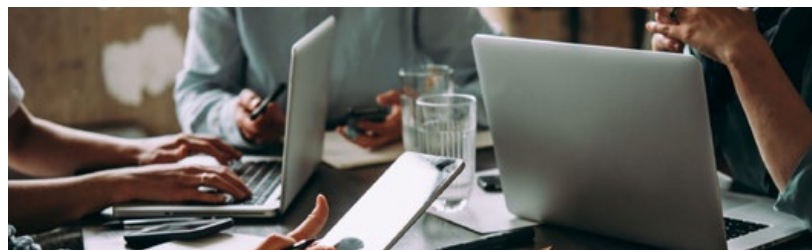
Visit **CareerForceMN.com** for more information about all CareerForce offers to local businesses. Contact Gina Meixner ([gina.meixner@state.mn.us](mailto:gina.meixner@state.mn.us)) or Stephen Kolcinski ([stephen.kolcinski@state.mn.us](mailto:stephen.kolcinski@state.mn.us)) with questions or to learn more.

## Job Skills Partnership provides path to high-level training

Cybersecurity is an increasingly crucial challenge for businesses in the digital age. A subsidiary of Minnetonka-based UnitedHealth Group (UHG) recognized a growing demand for trained cybersecurity professionals, and they've taken a huge step toward meeting this important need thanks to a partnership with Metropolitan State University and a generous grant.

UHG's subsidiary is collaborating with Metro State on a program that will certify 50 employees in detecting, responding to and resolving computer security incidents. And this tremendous teamwork recently received a huge assist from a Minnesota Department of Employment and Economic Development program.

The Minnesota Job Skills Partnership program, which pairs businesses and educational institutions to train, retrain and expand opportunities, selected the UHG-Metro State partnership to receive a \$161,779 grant to cover the cost of developing the program and certifying 50 employees. Early returns are exceedingly positive and both hope to continue the partnership even after grant funds have been exhausted.



## Could this help your business?

Does your business have a need for new or additional training or certification? Consider following this blueprint! Metro State is eager to discuss similar partnerships with Minnetonka businesses. Also, the state's partnership program is open to any business to partner with any accredited Minnesota educational institution.

The City of Minnetonka is also here to help. Contact Rob Hanson at [rhanson@eminnetonka.com](mailto:rhanson@eminnetonka.com) or 952-939-8234 to learn more about the program, explore funding options or connect with an institution.



# Sweet Jules Gifts

Minnetonka businesses thrive in a variety of ways - from huge, global companies to small, independent operations. One recent success story is a proud family partnership that has found its "sweet spot" in Minnetonka.

Sisters Jule Vranian and Hope Klocker come from a family filled with exceptional culinary talent. That acumen inspired and fuels their business - Sweet Jules - which shares their family's delicious hand-made caramels and candies with the masses. The company now calls Minnetonka home, as Sweet Jules Gifts opened in 2017 after selling online and in others' stores since 2009.

"We chose Minnetonka because Jule lives [here]," Klocker said. "[We] love the positive community and the friendly people."

A fun family tradition of holiday caramels is now their work and passion, on full display in their Minnetonka storefront four days a week. Vranian and Klocker personally hand-make each batch of fresh caramels, made with all-natural ingredients highlighted by organic Minnesota cream and butter.



"Sweet Jules Caramels are the product of many years of testing, family critiquing, loving encouragement and high expectations," touts the company's website.

Sweet Jules offers a variety of specialty caramel flavors, including classic vanilla bean, Jules of Paris, Café Italiano, Fleur de Sel, Beer and Pretzel, Scilian Orange and Bananas Foster. There's also a boxed set of Pub Crawl Caramels, which includes flavors from Minnesota Breweries. Vranian's favorite is Jules of Paris, while Klocker leans toward Café Italiano.

The Minnetonka store also sells cookies and pastries. Currently about 70 percent of sales are online, with 30 percent in-store. Holiday seasons are their busy times, with Christmas orders typically sold out by Dec. 7.

"Customers tell us they enjoy shopping at our store because it's a small food business they feel good about supporting," Klocker said. "They love to learn about the things we make with fresh and unique ingredients."

Though success has been sweet, all small businesses face challenges. The sisters said staffing and equipment purchasing and maintenance are three they routinely face, as all current employees were found by word of mouth. Sweet Jules plans to work with the city to identify resources that will assist their continued growth.

Regardless of how Sweet Jules evolves, it's certain they'll continue to provide mouth-watering caramels that meet their family's sky-high criteria.

"Our standards are so high," Klocker said. "Nothing gets put out but the best."

## Sweet Jules Gifts

10902 Greenbrier Road  
952-545-0019

[sweetjulesgifts.com](http://sweetjulesgifts.com)

Open Wednesday to Friday  
from 10 a.m. to 5 p.m.,  
and Saturday from  
9 a.m. to 3 p.m.

The Thrive Minnetonka business spotlight showcases local businesses to foster a sense of pride in our thriving business community. For consideration, email Rob Hanson at [rhanson@eminnetonka.com](mailto:rhanson@eminnetonka.com). Include basic information, why you chose Minnetonka and how your business positively impacts the community.



# Emerald Ash Borer found in Minnetonka

City foresters have confirmed that two trees along Minnetonka's southeast border are infested with Emerald Ash Borer (EAB).

## EAB Management

The City of Minnetonka has been preparing for the arrival of EAB since 2010. As part of those preparations, the city has taken several important steps, including:

- The removal of approximately 1,500 ash trees from city property and the right-of-way
- Planting 850 new trees utilizing a wide variety of tree species
- Preventative treatment of 170 ash trees on city property

## Next Steps

Minnetonka's natural resources division will work to limit the spread of EAB and scout for other infested trees throughout the summer.

The city is developing a program to specifically educate businesses with ash tree management and will share details soon. Visit [eminnetonka.com/thrive](http://eminnetonka.com/thrive) and subscribe for email or text updates.

## More Information & FAQs

Visit [eminnetonka.com/eab](http://eminnetonka.com/eab) for answers to frequently asked questions about the signs and symptoms of EAB, what you can do to help mitigate the problem, and more.



# Construction begins on Southwest Light Rail

Construction is under way on the Southwest Light Rail Transit (SWLRT) project, which will extend the METRO Green Line to connect Minnetonka to Minneapolis, St. Paul, St. Louis Park, Hopkins and Eden Prairie.

The line is expected to open in 2023 with one station in Minnetonka and two just outside the city's borders.



Businesses will continue to see the following construction activity along the line:

- Removal of trees, vegetation, roots, shrubs and stumps; soil excavation; erosion control
- Fence installation and material delivery
- Surveying and staking
- Locating utilities and removal or relocation by utility companies

Portions of trails in Minneapolis, St. Louis Park and Hopkins are closed for up to four years.

## Stay informed

Metropolitan Council manages this project. Visit [SWLRT.org](http://SWLRT.org) to sign up for weekly construction updates and learn more. Call the project's 24-hour hotline, 612-373-3933, to report urgent construction issues.

# Free resources to promote commuting

Is your business looking to improve its sustainability and impact on the environment? Contact Commuter Services for free resources to encourage employees to commute sustainably, including carpool ride matching, personalized transit itineraries (and two free ride passes), bike trail maps and tips for biking to work.

Commuter Services can also host commuter fairs at worksites, provide a starter bicycle rack at no cost, help enroll in discounted transit pass programs, provide commute information for new hires and much more.

Learn more at [494corridor.org](http://494corridor.org) or contact Kate Meredith at [Kate@494corridor.org](mailto:Kate@494corridor.org) or 952-405-9425.



## Summer 2019

A business publication from the City of Minnetonka to help businesses start, grow and thrive.

### City Council

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Deb Calvert  
*At-Large*

Susan Carter  
*At-Large*

Bob Ellingson  
*Ward 1*

Rebecca Schack  
*Ward 2*

Mike Happe  
*Ward 3*

Tim Bergstedt  
*Ward 4*

### Economic Development Advisory Commission

Charlie Yunker, *Chair*

Melissa Johnston, *Vice Chair*

Ann Duginske Cibulka

Jay Hromatka

Lee Jacobsohn

Jacob Johnson

Jerry Knickerbocker

Alisha Gray  
*Staff Liaison*

Deb Calvert  
*Council Liaison*

Tim Bergstedt  
*Alternate Council Liaison*

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Permits and Inspections.....952-939-8394

Environmental Health.....952-939-8272

Assessing.....952-939-8220

Engineering.....952-939-8206



14600 Minnetonka Blvd.  
Minnetonka, MN 55345  
952-939-8200 | [eminnetonka.com/business](http://eminnetonka.com/business)

## A closer look at Minnetonka



**53,394** people live in Minnetonka, a seven percent increase since 2010.



Minnetonka has **2,400** businesses with more than **46,000** employees. Since 2010, Minnetonka employment has increased by 4.5 percent.



**68** percent of residents have a college degree.



Minnetonka's median household income is **\$83,500**.



Only **2.6** percent of Minnetonka residents are unemployed.

- Finance and Insurance **15%**
- Retail and Trade **13%**
- Health Care and Social Assistance **10%**
- Manufacturing **9%**
- Professional and Technical Services **7%**
- Management of Companies and Enterprises **7%**
- Accommodation and Food Services **6%**
- Administrative and Waste Services **5%**
- Educational Services **5%**
- Information **5%**
- Wholesale Trade **5%**
- Real Estate and Rental and Leasing **4%**



- Other Services, Ex. Public Admin. **3%**
- Construction **3%**
- Arts, Entertainment and Recreation **1%**
- Public Administration **1%**