

Agenda

Minnetonka Economic Development Authority

Monday, Dec. 2, 2019

Following the Regular Meeting

Council Chambers

1. Call to Order
2. Roll Call: Happe-Bergstedt-Ellingson-Calvert-Schack-Carter-Wiersum
3. Approval of Agenda
4. Approval of Minutes:
 - A. September 16, 2019 EDA minutes
5. Business Items:
 - A. 2020 Preliminary HRA Levy
Recommendation: Adopt the resolution
6. Adjourn

Minutes
Minnetonka Economic Development Authority
Monday, September 16, 2019

1. Call to Order

Wiersum called the meeting to order at 10:54 p.m.

2. Roll Call

Commissioners Bob Ellingson, Deb Calvert, Rebecca Schack, Susan Carter, Mike Happe, Tim Bergstedt and President Brad Wiersum were present.

3. Approval of Agenda

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

4. Approval of Minutes:

A. November 26, 2018 EDA minutes

Happe moved, Carter seconded a motion to accept the minutes, as presented.
All voted "yes." Motion carried.

B. December 3, 2018 EDA minutes

Happe moved, Carter seconded a motion to accept the minutes, as presented.
All voted "yes." Motion carried.

C. December 17, 2018 EDA minutes

Happe moved, Carter seconded a motion to accept the minutes, as presented.
All voted "yes." Motion carried.

D. February 25, 2019 EDA minutes

Happe moved, Carter seconded a motion to accept the minutes, as presented.
All voted "yes." Motion carried.

E. March 18, 2019 EDA minutes

Happe moved, Carter seconded a motion to accept the minutes, as presented.
All voted "yes." Motion carried.

5. Business Items:

A. 2020 Preliminary HRA Levy

City Manager Geralyn Barone gave the staff report.

Carter moved, Bergstedt seconded a motion to adopt Res. 2019-005 setting a preliminary HRA levy. All voted "yes." Motion carried.

6. Adjournment

Bergstedt moved, Schack seconded a motion to adjourn the meeting at 11:02 p.m. All voted "yes." Motion carried.

Respectfully submitted,

Becky Koosman
City Clerk

**EDA Agenda Item #5A
Meeting of Dec. 2, 2019**

Brief Description 2020 Preliminary HRA Levy

Recommendation Adopt the Resolution

Background

On Sept. 16, 2019, the council, acting as the Economic Development Authority (EDA), preliminarily adopted \$225,000 in the Housing and Redevelopment Authority (HRA) levy for 2020. This commitment continues funding of \$75,000 for a fifth year of the 10-year payback to the Special Assessment Construction Fund (SACF) for the city's commitment to the Southwest Light Rail Transit Project. Also, \$100,000 will support the city's Welcome to Minnetonka and Minnetonka Home Enhancement Programs loan programs. The contribution for Homes Within Reach (WHAHLT) is reduced to \$25,000 in 2020 to assist with ongoing program administration. The remaining \$25,000 supports business outreach efforts.

Housing Loan Programs

There continues to be a steady amount of interest in the city's housing loan programs over the past year. As of Nov. 1, 2019, approximately \$350,000 remained available for Minnetonka Home Enhancement and Welcome to Minnetonka loan programs out of a total of \$970,065 committed to the programs through the HRA levy and loan repayments. With the balance that was available on Nov. 1, 2019, there is enough funding for approximately 23 new loans. Current interest in the programs indicates that the funds will be exhausted by 2025.

Annually, loan repayments based upon the current outstanding loans will total approximately \$30,000, which is enough for an additional two to three loans per year. In a self-sustaining analysis, if \$100,000 is loaned annually, it will take approximately five more years before programs are self-sustaining. Staff conducts this self-sustaining analysis on an annual basis during the budget review. The adopted Economic Improvement Program (EIP) for 2020-2029 recommends \$100,000 annually for these programs in 2020.

Homes within Reach/West Hennepin Affordable Housing Land Trust (HWR/WHAHLT)

In 2012-2013, an Economic Development Advisory Commission (EDAC) subcommittee met and recommended that the council consider phasing out funding for HWR. For 2020, the EIP recommended that HWR receive \$25,000 for ongoing program administration, through the HRA levy. When the EIP was adopted earlier this year, it recommended reallocating \$125,000 of the existing fund balance previously committed to the Welcome to Minnetonka and Minnetonka Home Enhancement Program to HWR for 2020. With this recommendation, the total allotment for HWR will be \$150,000 in 2020.

Southwest Light Rail Transit (SWLRT)

Green Line Extension. In July 2015, the city council committed \$2 million towards the SWLRT project. Initially funded through the Special Assessment Construction Fund, partial payback will occur from the HRA levy funds over 10 years for a total of \$750,000. The city's EIP indicated a cost of \$75,000 per year to be funded through the HRA levy for 2020-2024.

Recommendations

On June 3, 2019, the city council adopted the 2020-2024 EIP, which recommended the 2020 HRA levy be set at \$225,000 (down from its 2019 level of \$300,000). The indicated uses of the funds included: Homes within Reach (\$25,000), Light Rail (\$75,000), Housing Loan Programs (\$100,000) and Business Outreach (\$25,000).

The EDAC reviewed the HRA budget on Mar. 14, 2019, and at its Sept. 12, 2019 meeting. The discussion with the EDAC resulted in the recommendation of a preliminary HRA levy of \$225,000, which is the same recommendation as the adopted 2020-2024 EIP.

At the city council's Aug. 19, 2019, budget study session and Sept. 16, 2019 meeting, the city council discussed the preliminary HRA levy consistent with the 2020-2024 EIP recommendation and ultimately approved it as recommended by the EDAC. Per the discussion, staff recommends a final 2020 HRA levy of \$225,000 and a 2020 HRA budget as illustrated below:

(\$ thousands)	EIP	EDAC	2020 Proposed HRA Levy
SW Light Rail	\$75	\$75	\$75
WHAHLT	25	25	25*
Housing Loans	100	100	100
Business Outreach	25	25	25
Total HRA Levy	\$225	\$225	\$225

*The EIP also recommends the one-time reallocation of \$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.

Recommendation

Staff recommends approval of the resolution setting the 2020 HRA levy at \$225,000.

Submitted through:

Geralyn Barone, City Manager
Darin Nelson, Finance Director
Julie Wischnack, AICP, Community Development Director

Originated by:

Alisha Gray, EDFP, Economic Development and Housing Manager

Supplemental Information:

[City Council Meeting – Sept. 16, 2019](#)

[EDAC Meeting – Mar. 14, 2019](#)

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

EDA Resolution No. 2019-

Resolution setting a 2020 H.R.A. tax levy and budget

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

Section 1. Background.

- 1.01. On May 2, 1988, by Resolution 88-8637, and amended on May 9, 1994, by Resolution 94-9715, the city council established the Economic Development Authority (EDA) of the City of Minnetonka, and effective June 15, 1988, transferred to the EDA the control, authority, and operation of all projects and programs of the city's Housing and Redevelopment Authority (HRA). On Mar. 8, 2010, the city council became the appointed EDA.
- 1.02. Minnesota Statutes 469.033, Subdivision 6 authorizes housing and redevelopment authorities the power to levy a tax upon all taxable property within its district to finance housing and redevelopment programs subject to the consent of the city council.
- 1.03. The law and council resolutions further require the EDA to file a budget in accordance with the budget procedure of the city in the same manner as required of executive departments of the city and all actions of the authority to be approved by the city council.
- 1.04. State law requires the city to certify to the county a preliminary HRA tax levy by Sept. 30, 2019, and a final HRA budget and levy to be adopted, approved, and certified to the county by Dec. 30, 2019.
- 1.05. On Sept. 16, 2019, the EDA approved a preliminary 2020 HRA tax levy of \$225,000.

Section 2. Findings.

- 2.01. The EDA finds that an annual budget and tax levy of \$225,000 for levy in 2019, collectible in 2020, will fund housing and redevelopment activities of the authority in 2020.

Section 3. Authorization.

- 3.01. The 2020 HRA budget and tax levy are hereby approved.

- 3.02. The city council is requested to consent and approve by resolution the 2020 HRA budget and tax levy and to direct the City Clerk to transmit a certified copy of the resolution to the Hennepin County Director of Property Tax and Public Records.

Adopted by the Economic Development Authority of the City of Minnetonka, Minnesota, at a duly authorized meeting held on Dec. 2, 2019.

Brad Wiersum, President

Attest:

Becky Koosman, Secretary

Action on this resolution:

Motion for adoption:

Seconded by:

Voted in favor of:

Voted against:

Abstained:

Absent:

Resolution adopted.

I hereby certify that the foregoing is a true and correct copy of a resolution adopted by the EDA of the City of Minnetonka, Minnesota, at a duly authorized meeting held on Dec. 2, 2019.

Becky Koosman, Secretary