

**Addenda**  
**Minnetonka City Council**  
**Meeting of Feb. 24, 2020**

**ITEM 14A – Shady Oak Road Redevelopment**

Two attachments have been added for this item:

- 1) An email received after distribution of the packet
- 2) The resolution approving a preliminary plat and final site and building plans

**ITEM 14B – Shady Oak Road Redevelopment**

The TIF plan for this project is attached.



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

**TO:** City Council  
**FROM:** Loren Gordon, AICP, City Planner  
**DATE:** Feb. 24, 2020  
**SUBJECT:** Change Memo for Feb. 24, 2020

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#### **ITEM 14A – SHADY OAK ROAD REDEVELOPMENT**

The following attached email was received after the packet was distributed.

The resolution approving a preliminary plat and final site and building plans was inadvertently left out of the packet and is attached. The resolution attached is the resolution recommended for approval by the planning commission.

#### **ITEM 14B – SHADY OAK ROAD REDEVELOPMENT**

The TIF plan was inadvertently left out of the packet and is attached. The recommendation should include “hold a public hearing” for the TIF District and plan.

**From:** [REDACTED]  
**To:** [Loren Gordon](#)  
**Subject:** Fwd: 4312 Shady Oak Road  
**Date:** Friday, February 21, 2020 1:41:38 PM

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Hi Loren, I sent this to Brian kirk today.  
Just want to make sure it gets into Agenda for meeting on Monday night.

Thank you, Chris aanestad

----- Original Message -----

From: caanestad [REDACTED]  
To: bkirk@minnetonkamn.gov  
Date: February 21, 2020 at 11:02 AM  
Subject: 4312 Shady Oak Road

To Minnetonka City Council:

As you know this whole Shady Oak Project has been quite an ordeal and a lot of brain damage for all of involved. Neighbors, City staff, City Council etc. for over 5 years. Many truths and untruths have been said. Council and Planning Commissioners have come and gone. We are hoping, and I speak for our neighborhood, that we can PUT THIS PROJECT ON HOLD!. Table any motions until the new members of City Council can get a true grasp of this proposal by Ron Clark.

We have been doing some soul searching and want to get to the points that seem to come up most.

1. OVERALL MASS of BUILDING is way too big for this lot. I think you were one of the only people tp speak up about this.

Whether its SQUARE FEET or CUBIC FEET, the building keeps on growing. 49 UNITS to 68 UNITS to 75 UNITS ? Really? This does not seem to phase anyone on City Council?

I have heard several comments in the last 5 years by Council and Planning members saying how they were EMBARRASSED by projects they had approved and once built they were shocked on the size, layout and MASS.

We think this is going to one of those projects if approved and built- there be a lot of "BUYERS REMORSE".

Is that really how the City wants to feel and think of how we the NEIGHBORHOOD will feel having to drive by it everyday!

Can we get the building back down to 60 UNITS? John Powers thought 68 was doable.

2. "IS THIS THE RIGHT PROJECT?" Planning Commissioner Alex Hanson said this in a meeting. He was new to the project and had the insight to see what we have been through and asked this out loud. He mentioned that if

we have gone through 3 PROPOSALS in 5 Years, maybe  
this is NOT the RIGHT PROJECT! Thank you Alex for voting AGAINST this.

LETS TABLE this until we can fully investigate other ideas and proposals.  
How about a nice  
TOWNHOME development? Make them smaller, more affordable and have  
OWNERSHIP!

3. If some kind of COMPROMISE can be reached on SIZE, MASS and  
NUMBER of UNITS then

we would like to see NO TRAFFIC on to Oak Drive Lane. Oak Drive Lane is a  
small residential road.

It is very hard to turn in and out to Shady Oak Rd. so less cars doing that, the  
SAFER for all.

There has to be a way for the surface lot to come into the same exit as the  
underground parking lot. This would solve one of our neighborhood  
main concern. It would also make for SAFER entry and exit of the building.

This would really help neighbor Chris B. by having little or no headlight  
intrusion.

THIS IS A WIN< WIN< WIN !

Please consider stopping or SLOWING down this project until we can ALL  
be satisfied that our City of Minnetonka  
is doing the right thing and what is BEST for its people so everyone can look back  
and feel proud

of what has been accomplished!

RESPECTFULLY SUBMITTED,

Chris Aanestad / Oak Drive Lane and Surrounding Neighborhoods

4255 Oak Drive Lane

Minnetonka, MN 55343

Cell # [REDACTED]

## **Chris Aanestad**

Commercial Account Manager 33 Years

New Brighton Ford



**Resolution approving Preliminary Plat and Site and Building Plan**

## **Resolution No. 2020-**

### **Resolution approving a preliminary plat and final site and building plans for Shady Oak Crossings located at 4292 Oak Drive Lane, 4312 Shady Oak Road and a portion the property located at 2 Shady Oak Rd.**

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Be it resolved by the City Council of the City of Minnetonka, Minnesota, as follows:

Section 1. Background.

- 1.01 Ron Clark Construction and Design has requested approval of preliminary plats and final site and building plans for a rental apartment building.
- 1.02 The properties are located at 4292 Oak Drive Lane, 4312 Shady Oak Road and a portion of the property located at 2 Shady Oak Rd. They are legally described on EXHIBIT A of this resolution.
- 1.03 On Jan. 16, 2020, the planning commission held a hearing on the proposal. The applicant was provided the opportunity to present information to the commission. The commission considered all of the comments received and the staff report, which are incorporated by reference into this resolution. The commission recommended that the city council approve the preliminary plat and final site and building plans.

Section 2. Preliminary Plat Standards and Findings.

- 2.01 City Code §400.030 outlines design standards for residential subdivisions. These requirements are incorporated by reference into this resolution.
- 2.02 The proposed preliminary plats meet the design requirements as outlined in City Code §400.030.

Section 3. Site Plan Standards and Findings.

- 3.01 City Code §300.27, Subd. 5, outlines several items that must be considered in the evaluation of site and building plans. Those items are incorporated by reference into this resolution.
- 3.02 The proposal would meet site and building plan standards outlined in the City

## Code §300.27, Subd.5.

1. The proposal would result in a high-density residential development consistent with the site's rezoning and comprehensive guide plan. Further, the proposal has been reviewed by city planning, public works, engineering, and natural resources staff and found to be generally consistent with the city's development guides, including the water resources management plan.
2. The proposed building and parking lot would be appropriately located with reference to both existing constructed and natural features. As proposed a three-story building, with underground parking, is architecturally attractive and fits in the context of the Shady Oak Road commercial corridor. The building would be faced with brick and composite materials.
3. The proposal would visually and physically alter the site and corridor by removing the current one-story commercial building for a 3-story residential building. However, redevelopment of the subject property would clean up a blighted and contaminated property, improve surface water management and treatment, increase green space and landscaping and reduce the potential for other nuisance issues such as lighting, noise, and odor that may be generated by a commercial property.

## Section 4. City Council Action.

4.01 The above-described preliminary plat and site and building plans are hereby approved subject to the following conditions:

1. Subject to staff approval, Shady Oak Crossings must be developed and maintained in substantial conformance with the following plans, except as modified by the conditions below:
  - Preliminary Plat, dated Dec. 2, 2019
  - Site Plan, dated Dec. 2, 2019
  - Grading Plan, dated Dec. 2, 2019
  - Utility Plan, dated Dec. 2, 2019
  - Tree Preservation Plan, Dec. 2, 2019
  - Landscape Plan, dated June 19, 2019
  - SWPPP, Dec. 2, 2019
  - Architectural Plans, received Dec. 2, 2019
2. Prior to issuance of a building permit:
  - a) Submit a final plat for approval and recording,
  - b) Submit the following for staff review and approval:
    - 1) An electronic PDF copy of all required plans and specifications.

- 2) One full-size set of construction drawings and project specifications.
- 3) Items associated with site work:
  - a. Final site, grading, stormwater management, utility, landscape, tree mitigation, and natural resource protection plans, and a stormwater pollution prevention plan (SWPPP) for staff approval.
    1. Final site plan:
      - Confirm sidewalk connection on north side of the building to Shady Oak Road meets ADA.
    2. Final stormwater management plan must meet the requirements of the city's Water Resources Management Plan, Appendix A. Design. The plan must include a narrative, impervious surface information, soil boring data, and modeling demonstrating rate control and water quality treatment.
    3. Final utility plan must include:
      - Water Service.
        - Provide water service separate from hydrant lead. Cut in a new tee with 3 valves (1 on each leg).
        - Salvage and deliver hydrant and valve to public works. Remove tee and add pipe to extend beyond the sidewalk, add valve and hydrant.
      - Sanitary Sewer.
        - Confirm adequacy of a 6-inch sewer lateral. If insufficient, relocate service lateral to a manhole in the driveway entrance at the north-side of the site, core drill into manhole and install inside drop. The old sewer lateral would need to be removed back to the DIP section and plugged.



- Keep trees out of easement. Smaller shrubs are permissible.
- Show sanitary sewer service to 4292 Oak Drive Lane to avoid potential conflict with storm sewer installation.
- Developer to provide maintenance agreement that states property owner is responsible for replacing parking lot section if the city or county needs to perform maintenance on the underlying utilities.
- All sanitary sewer within the property must maintain a minimum of 2 percent grade. All PVC piping material must be schedule 40 minimum.
- Coordinate with public works during sewer lateral work for confirming the trunk sewer line.
- Stormwater.
  - An MPCA NPDES permit is required.
  - Submit a stormwater maintenance agreement in the city approved format for review and approval of city staff.
  - Add note to access road: 12' wide infiltration basin access (compacted to 95% density constructed with structural material, finished with 4" topsoil and seeded)
  - Locate the access road within the project parcel or the portion of land from Hopkins being developed with the project. Do not cross 4401 Crawford Road as currently depicted.

- Add note to access road: 12' wide infiltration basin access (compacted to 95% density constructed with structural material, finished with 4" topsoil and seeded)
- Label EOF on grading plan.
- Relocate CBMH 3 to mid-point or northwest corner of 4 stall parking area so that the structure is not atop the county storm sewer line. Confirm clearance over 27" storm pipe. Adjust D&U easement as needed to accommodate.
- Note that unused sewer services will be removed back to the main and the wye will be cut out and sleeved.
- Final stormwater management plan is required for the entire site's impervious surface. The plan must demonstrate conformance with the following criteria:
  - Rate: limit peak runoff to that of the existing conditions from the 2-, 10-, and 100-year events at all points where stormwater leaves the site.
  - Volume: provide for onsite retention of 1-inch of runoff from the entire site's impervious surface.
  - Quality: provide for runoff to be treated to at least 60 percent total phosphorus annual removal efficiency and 90 percent total suspended solid annual removal efficiency.
- If the proposed 373 ft. of HDPE pipe is within 10 ft. of the building, the pipe must be tested per the 2015 MN plumbing code.

- A Nine Mile Creek permit will be required for this project.
- Streets.
  - Confirm with Hennepin County if ROW permits will be required.
- 4. Final landscaping and tree mitigation plans must:
  - Overstory and evergreen trees cannot be planted within the utility or sanitary easement line.
  - Landscaping plan must meet minimum landscaping and mitigation requirements as outlined in the ordinance. Only small shrubs, perennials, and grasses may be located in public easements.
  - Include information relating to species, sizes, quantities, locations, and landscape values.
  - Include pollinator-friendly species.
  - Stormwater pond be planted with a native seed mix.
  - Thirteen maples are specified, substitute 5 of the maples with a different genus. Code is satisfied but a little more diversity is desirable.
  - The proposed grading will still result in the loss of tree 4822. Adjust the grading and the outlet pipe to preserve the tree. The grading associated with the pond construction can be no closer than 15' to the tree; the plan shows 14-feet which equates to about 35% impact to the critical root zone. The grading associated with the storm pipe outlet cannot be located within the critical root zone of the tree (CRZ is a 46' radius).
- 5. Wetlands.

- 
- Provide a 16.5-foot buffer with conservation easement.
  - Meet the watershed district rules.
- b. A sequencing plan for review and approval of the city engineer. The plan must notate the series of construction events that will occur involving driveway construction and sanitary sewer and water main connections and disconnections. The number of events in which disturbances to the street and utilities occur must be minimized. For example, multiple crews may be required to disconnect water services simultaneously.
- c. Title evidence must include all parcels included in the plat.
- d. Provide cross access easement with the commercial property to the south.
- e. The following documents for the review and approval of the city attorney:
1. Development agreement.
  2. Stormwater maintenance agreements over all stormwater facilities. This agreement must state that the city will not maintain private structures within public easements.
  3. A private fire hydrant maintenance agreement.
- f. Proof of subdivision registration and transfer of NPDES permit.
- g. Evidence of closure/capping of any existing wells, septic systems, and removal of any existing fuel oil tanks.
- h. A construction management plan. The plan must be in a city-approved format and must outline minimum site management practices and penalties for non-compliance.
- i. Individual letters of credit or cash escrow for 125% of a bid cost or 150% of an estimated cost to construct a parking lot and utility improvements,

comply with grading permit, tree mitigation requirements, landscaping requirements, and to restore the site. One itemized letter of credit is permissible if approved by staff. The city will not fully release the letters of credit or cash escrow until:

1. A final as-built survey has been submitted;
  2. An electronic CAD file or certified as-built drawings for public infrastructure in microstation or DXF and PDF format have been submitted;
  3. Vegetated ground cover has been established; and
  4. Required landscaping or vegetation has survived one full growing season.
- j. Cash escrow in an amount to be determined by city staff. This escrow must be accompanied by a document prepared by the city attorney and signed by the builder and property owner. Through this document the builder and property owner will acknowledge:
1. The property will be brought into compliance within 48 hours of notification of a violation of the construction management plan, other conditions of approval, or city code standards; and
  2. If compliance is not achieved, the city will use any or all of the escrow dollars to correct any erosion or grading problems.
- k. Any required administration and engineering fees.
- l. Park dedication fees in the amount of \$375,000. City staff is authorized to reduce this amount commensurate with the cost of qualified public improvements.
- 4) Items associated with building work:
- a. A final material and color palate board for staff review and approval.

- b. All required hook-up fees.
  - c) Obtain and submit a permit from the Minnesota Department of Health.
  - d) Obtain and submit a sanitary sewer extension permit from the Minnesota Pollution Control Agency.
  - e) Install a temporary rock driveway, erosion control, tree and wetland protection fencing and any other measures identified on the SWPPP for staff inspection. These items must be maintained throughout the course of construction.
  - f) Schedule and hold a pre-construction meeting with engineering, planning, and natural resources staff as determined by city staff.
4. The applicant may choose to submit a separate grading permit application to facilitate site work prior to the issuance of a building permit. In such a case, prior to issuance of a grading permit, the items outlined in preceding condition 3(a)(3) – “Items associated with site work” – must be submitted for staff review and approval and required erosion control must be installed for inspection.
5. Retaining walls over four feet in height must be engineered.
6. During construction, the street must be kept free of debris and sediment.
7. The property owner is responsible for replacing any required landscaping that dies.
8. The applicant must work with the city for the identification of acceptable street light fixtures.
9. Provide a snow removal, salt and chloride management plan for staff review and approval.
10. This resolution is contingent on detachment/annexation approval.
11. Shady Oak Rd. / Mainstreet signal modifications as required by Hennepin County to be paid by the developer.
12. Modify the new eastbound approach to Mainstreet and Shady Oak Rd. intersection have a separate left-turn lane with at least 75 feet of storage. Through and right turn movements can be shared on one lane. Restripe the westbound approach to allow a separate left-turn lane and a through right lane.
13. Construct the access to the commercial property as far away from the intersection as feasible to allow vehicles turning in and out of the access

to enter and exit efficiently without being blocked by the eastbound queues on the approach.

Adopted by the City Council of the City of Minnetonka, Minnesota, on Feb. 24, 2020.

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Brad Wiersum, Mayor

Attest:

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Becky Koosman, City Clerk

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 City Council of the City of Minnetonka, Minnesota, at a duly authorized meeting held on Feb. 24, 2020.

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Beck Koosman, City Clerk

**EXHIBIT A**

That part of the West Half of the Southeast Quarter of Section 23, Township 117 North, Range 22 West, Hennepin County, Minnesota being described as follows:

All that portion of the tract or parcel of land described as Paragraph "A" below, which lies Southerly of a line drawn parallel to and 200 feet Southerly of the North line thereof and the same extended, to wit:

Paragraph "A"; That portion of the West Half of the Southeast Quarter of Section 23, Township 117 North, Range 22 West of the 5th Principal Meridian, described as follows: Starting at the Northeast corner of the Southwest Quarter of the Southeast Quarter of said Section, thence South along the East line of the West half of the Southeast Quarter of said Section, a distance of 300 feet, thence Westerly at right angles to said East line for a distance of 284 feet; thence Northerly along a line parallel to said East line a distance of 600 feet; thence Easterly along a line at right angles to said East line 209 feet to the center line of McGinty Road; thence Southeasterly along the center line of McGinty Road to the East line of the West Half of the Southeast Quarter of said Section 23; thence Southerly along said East line 33.5 feet to the point of beginning.

Which are described as follows:

Parcel A: The West 109.00 feet of the North 139.00 feet.

Parcel B: That part of the North 158.00 feet thereof lying East of the West 109.00 feet thereof.

Together with an easement for driveway and parking purposes over, under and cross that part of Lot 22, Block 1, Oak Ridge 2nd Addition, lying Northeasterly of a line, and its extensions, drawn from the Southeast corner of said lot to a point on the Northwesterly line of said lot distant 120 feet Southwesterly, measured along said Northwesterly line, from the most Northerly corner of said lot, as contained in deed Doc. No. 966456; (See Order Doc. No. 1053666)

Which lies northeasterly of the following described line:

Commencing at the northeast corner of Lot 23, Block 1, OAK RIDGE 2ND ADDITION, according to the recorded plat thereof, Hennepin County, Minnesota; thence South 03 degrees 27 minutes 33 seconds West, along the east line of said Lot 23, a distance of 10.00 feet to the point of beginning of the line to be described; thence South 86 degrees 32 minutes 27 seconds East a distance of 23.56 feet to the point of beginning of the line to be described; thence South 03 degrees 27 minutes 33 seconds West a distance of 18.99 feet; thence southeasterly 113.10 feet along a tangential curve concave to the northeast having a radius of 70.00 feet and central angle of 92 degrees 34 minutes 30 seconds; thence South 89 degrees 06 minutes 57 seconds East a distance of 40.85 feet; thence South 78 degrees 08 minutes 08 seconds East a distance of 140.43 feet, more or less, to the east line of said West Half of the Southeast Quarter and there terminating.



## **TIF Plan**



# MODIFICATION TO THE DEVELOPMENT PROGRAM

Development District No. 1

- AND -

# TAX INCREMENT FINANCING PLAN

Establishment of Shady Oak Crossing Tax Increment Financing District  
(a redevelopment district)

Minnetonka Economic Development Authority  
City of Minnetonka, Hennepin County, Minnesota



Public Hearing: February 24, 2020

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# Modification to the Development Program for Development District No. 1

## Foreword

The following text represents a Modification to the Development Program for Development District No. 1. This modification represents a continuation of the goals and objectives set forth in the Development Program for Development District No. 1. Generally, the substantive changes include the establishment of the Shady Oak Crossing Tax Increment Financing District.

For further information, a review of the Development Program for Development District No. 1, is recommended. It is available from the Economic Development and Housing Manager at the City of Minnetonka. Other relevant information is contained in the Tax Increment Financing Plans for the Tax Increment Financing Districts located within Development District No. 1.

# Tax Increment Financing Plan for the Shady Oak Crossing Tax Increment Financing District

## Foreword

The Minnetonka Economic Development Authority (the "EDA"), the City of Minnetonka (the "City"), staff and consultants have prepared the following information to expedite the establishment of the Shady Oak Crossing Tax Increment Financing District (the "District"), a redevelopment tax increment financing district, located in Development District No. 1.

## Statutory Authority

Within the City, there exist areas where public involvement is necessary to cause development or redevelopment to occur. To this end, the EDA and City have certain statutory powers pursuant to *Minnesota Statutes ("M.S."), Sections 469.090 - 469.1082*, inclusive, as amended, and *M.S., Sections 469.174 to 469.1794*, inclusive, as amended (the "Tax Increment Financing Act" or "TIF Act"), to assist in financing public costs related to this project.

This section contains the Tax Increment Financing Plan (the "TIF Plan") for the District. Other relevant information is contained in the Modification to the Development Program for Development District No. 1.

## Statement of Objectives

The District consists of three parcels of land and adjacent and internal rights-of-way. The District is being created to facilitate the development of a 75-unit apartment community in the City. Thirty percent of the units will be affordable to persons at or below 60% of the area median income. The EDA will be entering into an agreement with Shady Oak Crossing LLC and development is likely to occur in 2020. This TIF Plan is expected to achieve many of the objectives outlined in the Development Program for Development District No. 1.

The activities contemplated in the Modification to the Development Program and the TIF Plan do not preclude the undertaking of other qualified development or redevelopment activities. These activities are anticipated to occur over the life of Development District No. 1 and the District.

## Development Program Overview

Pursuant to the Development Program and authorizing state statutes, the EDA or City is authorized to undertake the following activities in the District:

1. Property to be Acquired - The City currently owns two parcels of property within the District. The remaining property located within the District may be acquired by the EDA or City and is further described in this TIF Plan.
2. Relocation - Relocation services, to the extent required by law, are available pursuant to *M.S., Chapter 117* and other relevant state and federal laws.

3. Upon approval of a developer's plan relating to the project and completion of the necessary legal requirements, the EDA or City may sell to a developer selected properties that it may acquire within the District or may lease land or facilities to a developer.
4. The EDA or City may perform or provide for some or all necessary acquisition, construction, relocation, demolition, and required utilities and public street work within the District.

## Description of Property in the District and Property to be Acquired

The District encompasses all property and adjacent rights-of-way and abutting roadways identified by the parcels listed below.

Parcel number	Address	Owner
2311722420057	4312 Shady Oak Rd	City
* 2311722420056	2 Shady Oak Rd.	Eric Johnson
2311722420036	4292 Oak Drive Lane	City

\*A portion of parcel number 23-117-22-42-0056 is being annexed into the City from the City of Hopkins. Please also see the map in Appendix A for further information on the location of the District.

The EDA or City may acquire any parcel within the District including interior and adjacent street rights of way. Any properties identified for acquisition will be acquired by the EDA or City only in order to accomplish one or more of the following: storm sewer improvements; provide land for needed public streets, utilities and facilities; carry out land acquisition, site improvements, clearance and/or development to accomplish the uses and objectives set forth in this plan. The EDA or City may acquire property by gift, dedication, condemnation or direct purchase from willing sellers in order to achieve the objectives of this TIF Plan. Such acquisitions will be undertaken only when there is assurance of funding to finance the acquisition and related costs.

The City currently owns two parcels to be included in the District.

## Classification of the District

The EDA and City, in determining the need to create a tax increment financing district in accordance with *M.S., Sections 469.174 to 469.1794*, as amended, inclusive, find that the District, to be established, is a redevelopment district pursuant to *M.S., Section 469.174, Subd. 10(a)(1)*.

- The District is a redevelopment district consisting of three parcels and adjacent right-of-way and abutting roadways.
- An inventory shows that parcels consisting of more than 70 percent of the area in the District are occupied by buildings, streets, utilities, paved or gravel parking lots or other similar structures.
- An inspection of the buildings located within the District finds that more than 50 percent of the buildings are structurally substandard as defined in the TIF Act. (See Appendix D).

Pursuant to *M.S., Section 469.176, Subd. 7*, the District does not contain any parcel or part of a

parcel that qualified under the provisions of *M.S., Sections 273.111, 273.112, or 273.114 or Chapter 473H* for taxes payable in any of the five calendar years before the filing of the request for certification of the District.

## **Duration and First Year of Tax Increment of the District**

Pursuant to *M.S., Section 469.175, Subd. 1, and Section 469.176, Subd. 1*, the duration and first year of tax increment of the District must be indicated within the TIF Plan. Pursuant to *M.S., Section 469.176, Subd. 1b.*, the duration of the District will be 25 years after receipt of the first increment by the EDA or City (a total of 26 years of tax increment). The EDA or City elects to receive the first tax increment in 2022, which is no later than four years following the year of approval of the District.

Thus, it is estimated that the District, including any modifications of the TIF Plan for subsequent phases or other changes, would terminate after 2047, or when the TIF Plan is satisfied. The EDA or City reserves the right to decertify the District prior to the legally required date.

## **Original Tax Capacity, Tax Rate and Estimated Captured Net Tax Capacity Value/Increment and Notification of Prior Planned Improvements**

Pursuant to *M.S., Section 469.174, Subd. 7 and M.S., Section 469.177, Subd. 1*, the Original Net Tax Capacity (ONTC) as certified for the District will be based on the market values placed on the property by the assessor in 2019 for taxes payable 2020.

Pursuant to *M.S., Section 469.177, Subds. 1 and 2*, the County Auditor shall certify in each year (beginning in the payment year 2021) the amount by which the original value has increased or decreased as a result of:

1. Change in tax exempt status of property;
2. Reduction or enlargement of the geographic boundaries of the district;
3. Change due to adjustments, negotiated or court-ordered abatements;
4. Change in the use of the property and classification;
5. Change in state law governing class rates; or
6. Change in previously issued building permits.

In any year in which the current Net Tax Capacity (NTC) value of the District declines below the ONTC, no value will be captured and no tax increment will be payable to the EDA or City.

The original local tax rate for the District will be the local tax rate for taxes payable 2020, assuming the request for certification is made before June 30, 2020. The ONTC and the Original Local Tax Rate for the District appear in the table below.

Pursuant to *M.S., Section 469.174 Subd. 4 and M.S., Section 469.177, Subd. 1, 2, and 4*, the estimated Captured Net Tax Capacity (CTC) of the District, within Development District No. 1, upon completion of the projects within the District, will annually approximate tax increment revenues as shown in the table below. The EDA and City request 100 percent of the available increase in tax capacity for repayment of its obligations and current expenditures, beginning in

the tax year payable 2022. The Project Tax Capacity (PTC) listed is an estimate of values when the projects within the District are completed.

Project Tax Capacity	
Project estimated Tax Capacity upon completion	\$315,316
Original estimated Net Tax Capacity	\$13,660
<u>Fiscal Disparities</u>	<u>\$0</u>
<b>Estimated Captured Tax Capacity</b>	<b>\$301,656</b>
Original Local Tax Rate	<u>114.4720%</u> Pay 2020 prelim
<b>Estimated Annual Tax Increment</b>	<b>\$345,311</b>
Percent Retained by the City	100%

Note: Tax capacity includes a 3% inflation factor for the duration of the District. The tax capacity included in this chart is the estimated tax capacity of the District in year 25. The tax capacity of the District in year one is estimated to be \$150,597.

Pursuant to *M.S., Section 469.177, Subd. 4*, the EDA shall, after a due and diligent search, accompany its request for certification to the County Auditor or its notice of the District enlargement pursuant to *M.S., Section 469.175, Subd. 4*, with a listing of all properties within the District or area of enlargement for which building permits have been issued during the eighteen (18) months immediately preceding approval of the TIF Plan by the municipality pursuant to *M.S., Section 469.175, Subd. 3*. The County Auditor shall increase the original net tax capacity of the District by the net tax capacity of improvements for which a building permit was issued.

The City is reviewing the area to be included in the District to determine if any building permits have been issued during the 18 months immediately preceding approval of the TIF Plan by the City.

## Sources of Revenue/Bonds to be Issued

The total estimated tax increment revenues for the District are shown in the table below:

SOURCES	
Tax Increment	6,217,174
<u>Interest</u>	<u>621,717</u>
<b>TOTAL</b>	<b>6,838,891</b>

The costs outlined in the Uses of Funds will be financed primarily through the annual collection of tax increments. The EDA or City reserves the right to incur bonds or other indebtedness as a result of the TIF Plan. As presently proposed, the projects within the District will be financed by pay-as-you-go notes and interfund loans. Any refunding amounts will be deemed a budgeted cost without a formal TIF Plan Modification. This provision does not obligate the EDA or City to incur debt. The EDA or City will issue bonds or incur other debt only upon the determination that such action is in the best interest of the City.



The EDA or City may issue bonds (as defined in the TIF Act) secured in whole or in part with tax increments from the District in a maximum principal amount of \$4,064,066. Such bonds may be in the form of pay-as-you-go notes, revenue bonds or notes, general obligation bonds, or interfund loans. This estimate of total bonded indebtedness is a cumulative statement of authority under this TIF Plan as of the date of approval.

## Uses of Funds

Currently under consideration for the District is a proposal to facilitate the development of a 75-unit apartment community in the City, in which 30% of the units will be affordable to persons at or below 60% of the AMI. The EDA and City have determined that it will be necessary to provide assistance to the project for certain District costs, as described.

The EDA has studied the feasibility of the development or redevelopment of property in and around the District. To facilitate the establishment and development or redevelopment of the District, this TIF Plan authorizes the use of tax increment financing to pay for the cost of certain eligible expenses. The estimate of public costs and uses of funds associated with the District is outlined in the following table.

<b>USES</b>	
Land/Building Acquisition	1,384,000
Site Improvements/Preparation	200,000
Utilities	100,000
Other Qualifying Improvements	1,758,349
<u>Administrative Costs (up to 10%)</u>	<u>621,717</u>
<b>PROJECT COSTS TOTAL</b>	<b>4,064,066</b>
<u>Interest</u>	<u>2,759,224</u>
<b>PROJECT AND INTEREST COSTS TOTAL</b>	<b>6,823,291</b>

The total project cost, including financing costs (interest) listed in the table above does not exceed the total projected tax increments for the District as shown in the Sources of Revenue section.

Estimated costs associated with the District are subject to change among categories without a modification to this TIF Plan. The cost of all activities to be considered for tax increment financing will not exceed, without formal modification, the budget above pursuant to the applicable statutory requirements. Pursuant to *M.S., Section 469.1763, Subd. 2*, no more than 25 percent of the tax increment paid by property within the District will be spent on activities related to development or redevelopment outside of the District but within the boundaries of Development District No. 1, (including administrative costs, which are considered to be spent outside of the District) subject to the limitations as described in this TIF Plan.

## Fiscal Disparities Election

Pursuant to *M.S., Section 469.177, Subd. 3*, the EDA or City may elect one of two methods to calculate fiscal disparities.

The EDA will choose to calculate fiscal disparities by clause b (inside).

## Estimated Impact on Other Taxing Jurisdictions

The estimated impact on other taxing jurisdictions assumes that the redevelopment contemplated by the TIF Plan would occur without the creation of the District. However, the EDA or City has determined that such development or redevelopment would not occur "but for" tax increment financing and that, therefore, the fiscal impact on other taxing jurisdictions is \$0. The estimated fiscal impact of the District would be as follows if the "but for" test was not met:

Impact on Tax Base			
Entity	2019/Prelim Pay 2020 Net Tax Capacity	Estimated Captured Tax Capacity (CTC) upon completion	Percent of CTC to Entity Total
Hennepin County	1,944,943,361	301,656	0.0155%
City of Minnetonka	106,584,731	301,656	0.2830%
Hopkins ISD 270	129,112,160	301,656	0.2336%

Impact on Tax Rates				
Entity	Pay 2020 Extension Rate (Prelim)	Percent of Total	CTC	Potential Taxes
Hennepin County	41.0160%	35.83%	301,656	123,727
City of Minnetonka	37.0410%	32.36%	301,656	111,736
Hopkins ISD 270	27.0950%	23.67%	301,656	81,734
Other	9.3200%	8.14%	301,656	28,114
<b>Total</b>	<b>114.4720%</b>	<b>100.00%</b>		<b>345,311</b>

The estimates listed above display the captured tax capacity when all construction is completed. The tax rate used for calculations is the preliminary Pay 2020 rate. The total net capacity for the entities listed above are based on preliminary Pay 2020 figures. The District will be certified under the final Pay 2020 rates, which were unavailable at the time this TIF Plan was prepared.

Pursuant to *M.S. Section 469.175 Subd. 2(b)*:

- (1) Estimate of total tax increment. It is estimated that the total amount of tax increment that will be generated over the life of the District is \$6,217,174;
- (2) Probable impact of the District on city provided services and ability to issue debt. An impact of the District on police protection is expected. With any addition of new residents or businesses, police calls for service will be increased. New developments add an increase in traffic, and additional overall demands to the call load. The City does not expect that the proposed development, in and of itself, will necessitate new capital investment in vehicles or facilities.

The probable impact of the District on fire protection is not expected to be significant. Typically, new buildings generate few calls, if any, and are of superior construction. The City does not expect that the proposed development, in and of itself, will necessitate new capital investment in vehicles or facilities.

The impact of the District on public infrastructure is expected to be minimal. The development is not expected to significantly impact any traffic movements in the area. The current infrastructure for sanitary sewer, storm sewer and water will be able to handle the additional volume generated from the proposed development. Based on the development plans, there are no additional costs associated with street maintenance, sweeping, plowing, and sidewalks.

It is not anticipated that there will be any general obligation debt issued in relation to this project, therefore there will be no impact on the City's ability to issue future debt or on the City's debt limit.

- (3) Estimated amount of tax increment attributable to school district levies. It is estimated that the amount of tax increments over the life of the District that would be attributable to school district levies, assuming the school district's share of the total local tax rate for all taxing jurisdictions remained the same, is \$1,471,577;
- (4) Estimated amount of tax increment attributable to county levies. It is estimated that the amount of tax increments over the life of the District that would be attributable to county levies, assuming the county's share of the total local tax rate for all taxing jurisdictions remained the same, is \$2,227,651;
- (5) Additional information requested by the county or school district. The City is not aware of any standard questions in a county or school district written policy regarding tax increment districts and impact on county or school district services. The county or school district must request additional information pursuant to *M.S. Section 469.175 Subd. 2(b)* within 15 days after receipt of the tax increment financing plan.

No requests for additional information from the county or school district regarding the proposed development for the District have been received.

## Supporting Documentation

Pursuant to *M.S. Section 469.175, Subd. 1 (a), clause 7* the TIF Plan must contain identification and description of studies and analyses used to make the determination set forth in *M.S. Section 469.175, Subd. 3, clause (b)(2)* and the findings are required in the resolution approving the District.

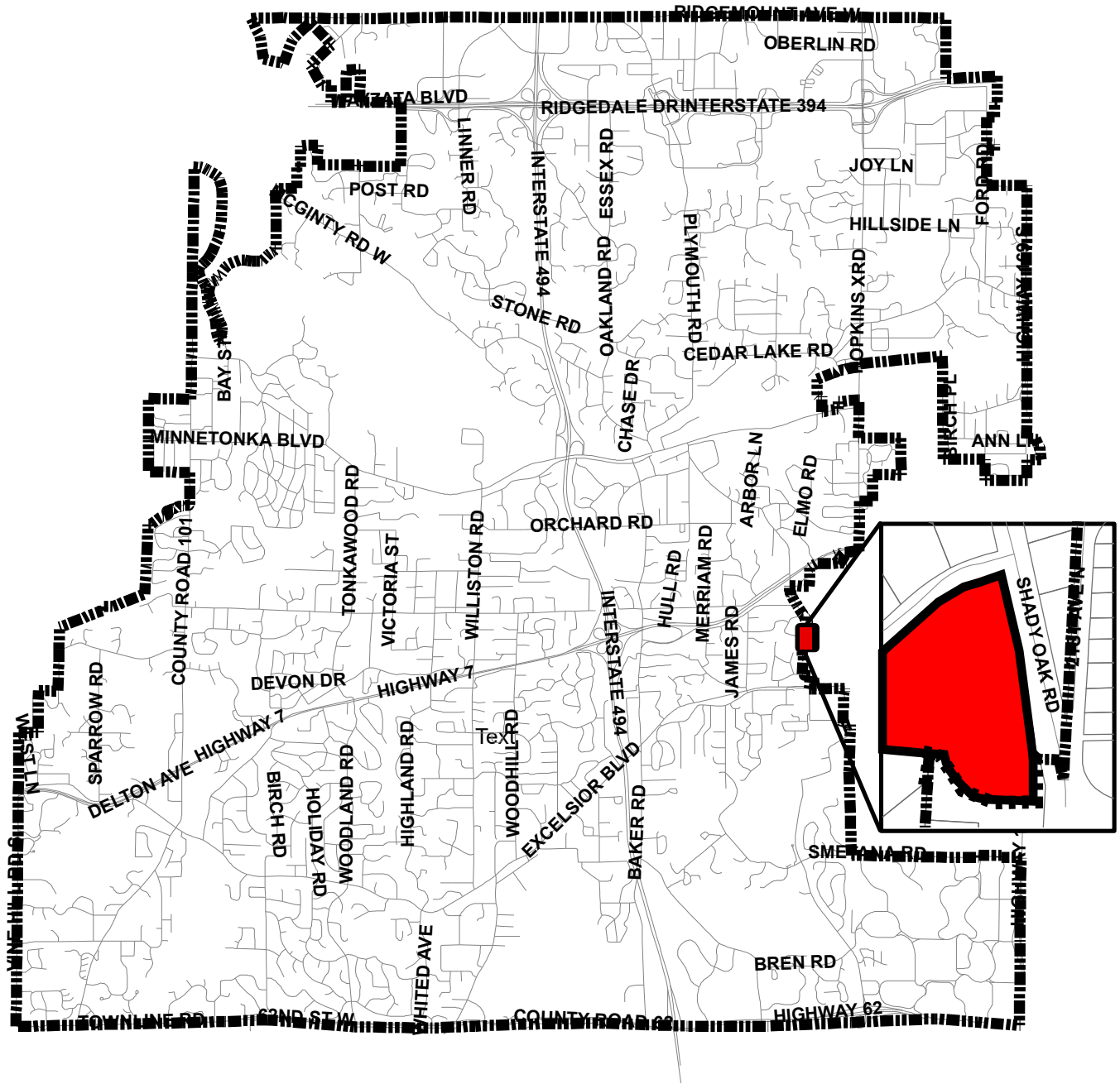
- (i) In making said determination, reliance has been placed upon (1) written representation made by the developer to such effects, (2) review of the developer's proforma; and (3) City staff awareness of the feasibility of developing the project site within the District, which is further outlined in the City Council resolution approving the establishment of the TIF District and Appendix C.
- (ii) A comparative analysis of estimated market value both with and without establishment of the TIF District and the use of tax increments has been performed. Such analysis is

included with the cashflow in Appendix B and indicates that the increase in estimated market value of the proposed development (less the indicated subtractions) exceeds the estimated market value of the site absent the establishment of the TIF District and the use of tax increments.



## **Administration of the District**

Administration of the District will be handled by the Economic Development and Housing Manager.

**Appendix A: Map of Development District No. 1 and the TIF District**



### Shady Oak Crossings TIF District

-  Shady Oak Crossings Tax Increment Financing District
-  Development District No. 1

**Appendix B: Estimated Cash Flow for the District**



**Shady Oak Apartments**  
City of Minnetonka  
75 Apartments

**ASSUMPTIONS AND RATES**

<b>DistrictType:</b>	<b>Redevelopment</b>
<b>District Name/Number:</b>	
<b>County District #:</b>	
<b>First Year Construction or Inflation on Value</b>	<b>2020</b>
<b>Existing District - Specify No. Years Remaining</b>	
Inflation Rate - Every Year:	<b>3.00%</b>
Interest Rate:	<b>4.50%</b>
Present Value Date:	<b>1-Aug-20</b>
First Period Ending:	1-Feb-21
Tax Year District was Certified:	<b>Pay 2020</b>
Cashflow Assumes First Tax Increment For Development:	2022
Years of Tax Increment:	26
Assumes Last Year of Tax Increment:	2047
Fiscal Disparities Election [Outside (A), Inside (B), or NA]	<b>Inside(B)</b>
Incremental or Total Fiscal Disparities	<b>Incremental</b>
Fiscal Disparities Contribution Ratio	38.3129% Pay 2020 prelim
Fiscal Disparities Metro-Wide Tax Rate	142.4540% Pay 2020 prelim
Maximum/Frozen Local Tax Rate:	114.472% Pay 2020 prelim
Current Local Tax Rate: (Use lesser of Current or Max.)	114.472% Pay 2020 prelim
State-wide Tax Rate (Comm./Ind. only used for total taxes)	39.0000% Pay 2020 prelim
Market Value Tax Rate (Used for total taxes)	0.16469% Pay 2020 prelim

Tax Rates		
Exempt Class Rate (Exempt)		0.00%
Commercial Industrial Preferred Class Rate (C/I Pref.)		
First \$150,000	1.50%	
Over \$150,000	2.00%	
Commercial Industrial Class Rate (C/I)	2.00%	
Rental Housing Class Rate (Rental)	1.25%	
Affordable Rental Housing Class Rate (Aff. Rental)		
First \$150,000	0.75%	
Over \$150,000	0.25%	
Non-Homestead Residential (Non-H Res. 1 Unit)		
First \$500,000	1.00%	
Over \$500,000	1.25%	
Homestead Residential Class Rate (Hmstd. Res.)		
First \$500,000	1.00%	
Over \$500,000	1.25%	
Agricultural Non-Homestead	1.00%	

BASE VALUE INFORMATION (Original Tax Capacity)														
Map ID	PID	Owner	Address	Land Market Value	Building Market Value	Total Market Value	Percentage Of Value Used for District	Original Market Value	Tax Year Original Market Value	Property Tax Class	Current Original Tax Capacity	Class After Conversion	After Conversion Orig. Tax Cap.	Area/Phase
1	2311722420057	City	1312 Shady Oak R.	731,000	1,000	732,000	100%	732,000	Pay 2020	Exempt	-	Rental	9,150	1
2	2311722420056	Eric Johnson	2 Shady Oak Rd.	235,000	0	235,000	70%	164,067	Pay 2020	C/I Pref.	2,531	Rental	2,051	1
3	2311722420036	City	4292 Oak Drive Lane	184,300	61,600	245,900	100%	245,900	Pay 2020	Non-H Res. 1 Unit	2,459	Non-H Res. 1 Unit	2,459	1
				1,150,300	62,600	1,212,900		1,141,967			4,990		13,660	

**Note:**

1. Base values are for pay 2020 based upon review of County website on 1-2-20.
2. Located in SD # 270 and WS #1





**Shady Oak Apartments**  
City of Minnetonka  
75 Apartments

PROJECT INFORMATION (Project Tax Capacity)													
Area/Phase	New Use	Estimated Market Value Per Sq. Ft./Unit	Taxable Market Value Per Sq. Ft./Unit	Total Sq. Ft./Units	Total Taxable Market Value	Property Tax Class	Project Tax Capacity	Project Tax Capacity/Unit	Percentage Completed 2020	Percentage Completed 2021	Percentage Completed 2022	Percentage Completed 2023	First Year Full Taxes Payable
1	Aff Apt	185,000	185,000	23	4,255,000	Aff. Rental	27,888	1,213	100%	100%	100%	100%	2022
	Apt	185,000	185,000	52	9,620,000	Rental	120,250	2,313	100%	100%	100%	100%	2022
	Residential	245,900	245,900	1	245,900	Non-H Res. 1 Unit	2,459	2,459	100%	100%	100%	100%	2022
<b>TOTAL</b>					<b>14,120,900</b>		<b>150,597</b>						
Subtotal Residential				76	14,120,900		150,597						
Subtotal Commercial/Ind.				0	0		0						

**Note:**

1. Market values are based upon estimates from Assessor.

TAX CALCULATIONS									
New Use	Total Tax Capacity	Fiscal Disparities Tax Capacity	Local Tax Capacity	Local Property Taxes	Fiscal Disparities Taxes	State-wide Property Taxes	Market Value Taxes	Total Taxes	Taxes Per Sq. Ft./Unit
Aff Apt	27,888	0	27,888	31,923	0	0	7,008	38,931	1,692.65
Apt	120,250	0	120,250	137,653	0	0	15,843	153,496	2,951.84
Residential	2,459	942	1,517	1,736	1,342	0	405	3,483	3,483.46
<b>TOTAL</b>	<b>150,597</b>	<b>942</b>	<b>149,654</b>	<b>171,312</b>	<b>1,342</b>	<b>0</b>	<b>23,256</b>	<b>195,910</b>	

**Note:**

1. Taxes and tax increment will vary significantly from year to year depending upon values, rates, state law, fiscal disparities and other factors which cannot be predicted.

WHAT IS EXCLUDED FROM TIF?	
Total Property Taxes	195,910
less State-wide Taxes	0
less Fiscal Disp. Adj.	(1,342)
less Market Value Taxes	(23,256)
less Base Value Taxes	(15,637)
<b>Annual Gross TIF</b>	<b>155,676</b>

MARKET VALUE BUT / FOR ANALYSIS	
Current Market Value - Est.	1,141,967
New Market Value - Est.	14,120,900
Difference	12,978,933
Present Value of Tax Increment	3,162,755
Difference	9,816,177
Value likely to occur without Tax Increment is less than:	9,816,177


  
**Shady Oak Apartments**  
**City of Minnetonka**  
**75 Apartments**

TAX INCREMENT CASH FLOW														
% of OTC	Project Tax Capacity	Original Tax Capacity	Fiscal Disparities Incremental	Captured Tax Capacity	Local Tax Rate	Annual Gross Tax Increment	Semi-Annual Gross Tax Increment	State Auditor 0.36%	Admin. at 10%	Semi-Annual Net Tax Increment	Semi-Annual Present Value	PERIOD ENDING Yrs.	Tax Year	Payment Date
														02/01/21
														08/01/21
														02/01/22
100%	150,597	(13,660)	-	136,937	114.472%	156,754	78,377	(282)	(7,809)	70,285	64,300	0.5	2022	08/01/22
							78,377	(282)	(7,809)	70,285	127,185	1	2022	02/01/23
100%	155,114	(13,660)	-	141,455	114.472%	161,926	80,963	(291)	(8,067)	72,604	190,716	1.5	2023	08/01/23
							80,963	(291)	(8,067)	72,604	252,848	2	2023	02/01/24
100%	159,768	(13,660)	-	146,108	114.472%	167,253	83,626	(301)	(8,333)	74,993	315,613	2.5	2024	08/01/24
							83,626	(301)	(8,333)	74,993	376,996	3	2024	02/01/25
100%	164,561	(13,660)	-	150,901	114.472%	172,739	86,370	(311)	(8,606)	77,453	438,998	3.5	2025	08/01/25
							86,370	(311)	(8,606)	77,453	499,635	4	2025	02/01/26
100%	169,498	(13,660)	-	155,838	114.472%	178,391	89,195	(321)	(8,887)	79,987	560,879	4.5	2026	08/01/26
							89,195	(321)	(8,887)	79,987	620,774	5	2026	02/01/27
100%	174,583	(13,660)	-	160,923	114.472%	184,212	92,106	(332)	(9,177)	82,597	681,263	5.5	2027	08/01/27
							92,106	(332)	(9,177)	82,597	740,421	6	2027	02/01/28
100%	179,820	(13,660)	-	166,160	114.472%	190,207	95,103	(342)	(9,476)	85,285	800,161	6.5	2028	08/01/28
							95,103	(342)	(9,476)	85,285	858,585	7	2028	02/01/29
100%	185,215	(13,660)	-	171,555	114.472%	196,382	98,191	(353)	(9,784)	88,054	917,579	7.5	2029	08/01/29
							98,191	(353)	(9,784)	88,054	975,275	8	2029	02/01/30
100%	190,771	(13,660)	-	177,111	114.472%	202,743	101,371	(365)	(10,101)	90,906	1,033,529	8.5	2030	08/01/30
							101,371	(365)	(10,101)	90,906	1,090,501	9	2030	02/01/31
100%	196,494	(13,660)	-	182,834	114.472%	209,294	104,647	(377)	(10,427)	93,843	1,148,020	9.5	2031	08/01/31
							104,647	(377)	(10,427)	93,843	1,204,273	10	2031	02/01/32
100%	202,389	(13,660)	-	188,729	114.472%	216,042	108,021	(389)	(10,763)	96,869	1,261,063	10.5	2032	08/01/32
							108,021	(389)	(10,763)	96,869	1,316,602	11	2032	02/01/33
100%	208,461	(13,660)	-	194,801	114.472%	222,993	111,496	(401)	(11,109)	99,985	1,372,667	11.5	2033	08/01/33
							111,496	(401)	(11,109)	99,985	1,427,498	12	2033	02/01/34
100%	214,715	(13,660)	-	201,055	114.472%	230,151	115,076	(414)	(11,466)	103,195	1,482,844	12.5	2034	08/01/34
							115,076	(414)	(11,466)	103,195	1,536,972	13	2034	02/01/35
100%	221,156	(13,660)	-	207,496	114.472%	237,525	118,763	(428)	(11,833)	106,501	1,591,605	13.5	2035	08/01/35
							118,763	(428)	(11,833)	106,501	1,645,036	14	2035	02/01/36
100%	227,791	(13,660)	-	214,131	114.472%	245,120	122,560	(441)	(12,212)	109,907	1,698,962	14.5	2036	08/01/36
							122,560	(441)	(12,212)	109,907	1,751,702	15	2036	02/01/37
100%	234,624	(13,660)	-	220,965	114.472%	252,943	126,471	(455)	(12,602)	113,414	1,804,927	15.5	2037	08/01/37
							126,471	(455)	(12,602)	113,414	1,856,981	16	2037	02/01/38
100%	241,663	(13,660)	-	228,003	114.472%	261,000	130,500	(470)	(13,003)	117,027	1,909,510	16.5	2038	08/01/38
							130,500	(470)	(13,003)	117,027	1,960,885	17	2038	02/01/39
100%	248,913	(13,660)	-	235,253	114.472%	269,299	134,650	(485)	(13,416)	120,748	2,012,726	17.5	2039	08/01/39
							134,650	(485)	(13,416)	120,748	2,063,426	18	2039	02/01/40
100%	256,380	(13,660)	-	242,721	114.472%	277,847	138,924	(500)	(13,842)	124,581	2,114,585	18.5	2040	08/01/40
							138,924	(500)	(13,842)	124,581	2,164,618	19	2040	02/01/41
100%	264,072	(13,660)	-	250,412	114.472%	286,652	143,326	(516)	(14,281)	128,529	2,215,100	19.5	2041	08/01/41
							143,326	(516)	(14,281)	128,529	2,264,472	20	2041	02/01/42
100%	271,994	(13,660)	-	258,334	114.472%	295,720	147,860	(532)	(14,733)	132,595	2,314,285	20.5	2042	08/01/42
							147,860	(532)	(14,733)	132,595	2,363,002	21	2042	02/01/43
100%	280,154	(13,660)	-	266,494	114.472%	305,061	152,531	(549)	(15,198)	136,783	2,412,151	21.5	2043	08/01/43
							152,531	(549)	(15,198)	136,783	2,460,219	22	2043	02/01/44
100%	288,558	(13,660)	-	274,899	114.472%	314,682	157,341	(566)	(15,677)	141,097	2,508,712	22.5	2044	08/01/44
							157,341	(566)	(15,677)	141,097	2,556,138	23	2044	02/01/45
100%	297,215	(13,660)	-	283,555	114.472%	324,592	162,296	(584)	(16,171)	145,540	2,603,981	23.5	2045	08/01/45
							162,296	(584)	(16,171)	145,540	2,650,771	24	2045	02/01/46
100%	306,132	(13,660)	-	292,472	114.472%	334,798	167,399	(603)	(16,680)	150,117	2,697,971	24.5	2046	08/01/46
							167,399	(603)	(16,680)	150,117	2,744,132	25	2046	02/01/47
100%	315,316	(13,660)	-	301,656	114.472%	345,311	172,656	(622)	(17,203)	154,831	2,790,694	25.5	2047	08/01/47
							172,656	(622)	(17,203)	154,831	2,836,232	26	2047	02/01/48
<b>Total</b>							<b>6,239,637</b>	<b>(22,463)</b>	<b>(621,717)</b>	<b>5,595,457</b>				
			<b>Present Value From 08/01/2020</b>	<b>Present Value Rate</b>	<b>4.50%</b>		<b>3,162,755</b>	<b>(11,386)</b>	<b>(315,137)</b>	<b>2,836,232</b>				

## Appendix C: Findings Including But/For Qualifications

The reasons and facts supporting the findings for the adoption of the Tax Increment Financing Plan (TIF Plan) for the Shady Oak Crossing Tax Increment Financing District (the “District”), as required pursuant to Minnesota Statutes, Section 469.175, Subdivision 3 are as follows:

1. *Finding that the Shady Oak Crossing Tax Increment Financing District is a redevelopment district as defined in M.S., Section 469.174, Subd. 10.*

The District consists of three parcels and adjacent right-of-way and abutting roadways, with plans to redevelop the area for a 75-unit apartment community in the City. Parcels consisting of 70 percent of the area of the District are occupied by buildings, streets, utilities, paved or gravel parking lots or other similar structures and more than 50 percent of the buildings in the District, not including outbuildings, are structurally substandard to a degree requiring substantial renovation or clearance. (See Appendix D of the TIF Plan.)

2. *Finding that the proposed development, in the opinion of the City Council, would not reasonably be expected to occur solely through private investment within the reasonably foreseeable future and that the increased market value of the site that could reasonably be expected to occur without the use of tax increment financing would be less than the increase in the market value estimated to result from the proposed development after subtracting the present value of the projected tax increments for the maximum duration of Shady Oak Crossing Tax Increment Financing District permitted by the TIF Plan.*

*The proposed development, in the opinion of the City, would not reasonably be expected to occur solely through private investment within the reasonably foreseeable future:* This finding is supported by the fact that the redevelopment proposed in the TIF Plan meets the City's objectives for redevelopment. Due to the high cost of redevelopment on the parcels currently occupied by a substandard building, the incompatible land uses at close proximity, the cost of acquiring additional property for better site access and the provision of 30% of the units affordable to persons at or below 60% of the area median income, this project is feasible only through assistance, in part, from tax increment financing. The developer was asked for and provided a letter and a pro forma as justification that the developer would not have gone forward without tax increment assistance.

*The increased market value of the site that could reasonably be expected to occur without the use of tax increment financing would be less than the increase in market value estimated to result from the proposed development after subtracting the present value of the projected tax increments for the maximum duration of the District permitted by the TIF Plan:* This finding is justified on the grounds that the City completed an RFP process for redeveloping the site for affordable housing and all proposals required some form of public assistance in order to accomplish this. The high cost of acquisition for the parcel and for additional property to provide a site that works for the neighborhood and City, relocation of existing businesses, environmental remediation and demolition adds to the costs as well. The City reasonably determines that no other redevelopment of similar scope is anticipated on this site without substantially similar assistance being provided to the development.

Therefore, the City concludes as follows:

- a. The City's estimate of the amount by which the market value of the entire District will increase without the use of tax increment financing is \$0.
  - b. If the proposed development occurs, the total increase in market value will be \$12,978,933.
  - c. The present value of tax increments from the District for the maximum duration of the district permitted by the TIF Plan is estimated to be \$3,151,369.
  - d. Even if some development other than the proposed development were to occur, the Council finds that no alternative would occur that would produce a market value increase greater than \$9,827,564 (the amount in clause b less the amount in clause c) without tax increment assistance.
3. *Finding that the TIF Plan for the District conforms to the general plan for the development or redevelopment of the municipality as a whole.*

The City Council reviewed the TIF Plan and found that the TIF Plan conforms to the general development plan of the City.

4. *Finding that the TIF Plan for Shady Oak Crossing Tax Increment Financing District will afford maximum opportunity, consistent with the sound needs of the City as a whole, for the development or redevelopment of Development District No. 1 by private enterprise.*

The project to be assisted by the District will result in increased employment in the City and the State of Minnesota, the remediation of substandard properties, increased tax base of the State and a high-quality, affordable housing development to the City. Through the implementation of the TIF Plan, EDA and the City will increase the availability of safe and decent life-cycle housing in the City.

# Appendix D: Redevelopment Qualifications for the District



# **Proposed Redevelopment**

*Shady Oak Rd / Oak Drive Lane*

*TIF Eligibility Assessment*

City of Minnetonka

CR-BPS, Inc. No. TONKA-004

September 27, 2016



**CR-BPS** inc.

Building Performance Specialists

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# Proposed Redevelopment

## TIF Eligibility Assessment

Prepared for the City of Minnetonka

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### 1.0 Purpose

CR-BPS, Inc. (CR) was hired by the City of Minnetonka to survey and evaluate two structures near Shady Oak Rd and Oak Drive Lane. The project consisted of documenting the existing building conditions and determining eligibility as it relates to current Minnesota Statutes for the establishment of a Redevelopment Tax Increment Financing (TIF) District.

The purpose of our work was to independently ascertain whether the building qualification tests for tax increment eligibility, as required under current Minnesota Statute, could be met.

The findings and conclusions drawn herein are solely for the purpose of tax increment eligibility for the buildings assessed and are not intended to be used outside the scope of this assessment.

### 2.0 Scope of Work

The assessment area consists of two Hennepin County property parcels, currently occupied by one building per parcel. Our scope of work included the interior and exterior assessment of the building.

The Buildings are classified primarily as; Business (B), Mercantile (M), Assembly (A-3), Storage (S-2), and Residential (R-3) per the International Building Code occupancy classifications.

### 3.0 Evaluations

Interior and exterior inspections were completed for the buildings within the Scope of Work.



## 4.0 Findings

**Coverage Test** – The parcels were evaluated for coverage and met the required 15% coverage. It is listed as follows by the Map ID and percent coverage below. The proposed district meets the requirements to be defined as 100% covered.

MAP ID	SITE AREA (s.f.)	COVERAGE %	SITE COVERAGE (s.f.)	COVERAGE
1-1	69,710	83.3%	58,038	100%
2-1	29,442	15.6%	4,581	100%
<b>TOTALS</b>	<b>99,152</b>	<b>63.2%</b>	<b>62,619</b>	<b>100%</b>
<b>PERCENTAGES</b>				<b>100%</b>

**Condition of Buildings Test** – The assessment area contains 2 structures. The substandard determination of a particular building is a two-step process; therefore, the findings of each step are independent of each other and both steps must be satisfied in order for a building to be found structurally substandard. In order to abide by the code test, a structure must have code deficiencies requiring improvements of more than 15 percent of the cost of constructing a new structure of the same square footage and type on the site. The conditions test is more subjective and relates to the overall function and defects within the structure (i.e. broken windows, roof leaks, aged finishes, etc.). The structures meet both steps to be determined substandard.

Map ID, Building	PIN	Percent of Code Deficiencies related to replacement costs	Conditions Deficiencies (Yes/No)
1-1, 4312 Shady Oak Rd	23.117.22.42.0057	24.41%	Yes
2-1, 4292 Oak Drive La	23.117.22.42.0036	16.25%	Yes

Please refer to the definition of “structurally substandard” within this report:

**5.0 Conclusions-** In our professional opinion, and based on our surveying and evaluation of the parcels and buildings, **the parcels met the 15% coverage test**; and **the buildings qualify as eligible structures** (structurally substandard) based on the coverage test and conditions test under the current statutory criteria and formulas for Redevelopment Tax Increment Financing District (State Statute 469.174 Subd. 10 (b) and (c)).

## **6.0 Supporting Documents Attached**

- TIF Assessment Figures: Buildings Under Study, Occupied Surfaces, Percent Occupied
- Site Occupied/Building Substandard Determination table
- Asset Detail Report on Building Condition (one per building)

## **7.0 Procedural Requirements**

The properties were surveyed and evaluated in accordance with the following requirements under Minnesota Statute Section 469.174, Subdivision 10, clause (c) which states:

**Interior Inspection** – “The municipality may not make such determination [that the building is structurally substandard] without an interior inspection of the property...”

**Exterior Inspection and Other Means** – “An interior inspection of the property is not required, if the municipality finds that (1) the municipality or authority is unable to gain access to the property; and after using its best efforts to obtain permission from the party that owns or controls the property; and (2) the evidence otherwise supports a reasonable conclusion that the building is structurally substandard.”

**Documentation** – “Written documentation of the building findings and reasons why an interior inspection was not conducted must be made and retained under section 469.175, subdivision 3, clause (1).”

## **8.0 Procedures to Follow to Meet Requirements**

Nancy Campbell, as property manager of the two properties, provided access to the buildings within the assessment area. CR-BPS conducted the assessments on September 7, 2016. An interior and exterior inspection and evaluation were completed for the buildings within the Scope of Work.

For the subject buildings, we were provided copies of available building permit information on record for review by CR-BPS. These permits provide a basic description of the type of work completed for each permit (Building, Electrical, or Plumbing, scope of work) and, in some cases, approximate value of work that was completed. In some cases, completed and approved

corrections are noted on the reports. 2 Building data from these public records was combined with and reviewed against information gathered in the field Qualification Requirements.

The property was surveyed and evaluated to ascertain whether the qualification tests for tax increment eligibility for a Redevelopment District, required under the following Minnesota Statutes, could be met.

Minnesota Statute Section 469.174, Subdivision 10, requires three tests for occupied parcels:

1. **Coverage Test** – “parcels consisting of 70 percent of the area of the district are occupied by buildings, streets, utilities, paved or gravel parking lots or similar structures . . .”

Note: The coverage required by the parcel to be considered occupied is defined under Minnesota Statute Section 469.174, Subdivision 10, clause (e) which states: “For purposes of this subdivision, a parcel is not occupied by buildings, streets, utilities, paved or gravel parking lots or other similar structures unless 15% of the area of the parcel contains buildings, streets, utilities, paved or gravel parking lots or other similar structures.”

2. **Condition of Buildings Test** – The term ‘structurally substandard’, as used in the preceding paragraph, is defined by a two-step test:

**Conditions Test:** Under the tax increment law, specifically, Minnesota Statutes, Section 469.174, Subdivision 10, clause (b), a building is **structurally substandard** if it contains “defects in structural elements or a combination of deficiencies in essential utilities and facilities, light and ventilation, fire protection including adequate egress, layout and condition of interior partitions, or similar factors, which defects or deficiencies are of sufficient total significance to justify substantial renovation or clearance.”

**Code Test:** Notwithstanding the foregoing, the tax increment law, specifically, Minnesota Statutes, Section 469.174, Subdivision 10, clause (c) also provides that a building may not be considered structurally substandard if it: “. . . is in compliance with building code applicable to new buildings or could be modified to satisfy the building code at a cost of less than 15 percent of the cost of constructing a new structure of the same square footage and type on the site.”

Based on the above requirements, the substandard determination of a particular building is a two-step process; therefore, the findings of each step are independent of each other and both steps must be satisfied in order for a building to be found structurally substandard. It is not sufficient to conclude that a building is structurally substandard solely because the Code Test is satisfied. It is theoretically possible for a building to require extensive

renovation in order to meet current building codes but still not meet the main test of the Conditions Test.

Furthermore, deficiencies included in the Conditions Test may or may not include specific code deficiencies as listed in the Code Test. In many cases, specific building code deficiencies may well contribute to the data which supports satisfying the Conditions Test; conversely, it is certainly possible that identified hazards or other deficiencies which could be included in the Conditions Test do not necessarily constitute current building code deficiencies. By definition, the nature of the two steps is slightly different. The Conditions Test is more *subjective*, whereas the Code Test is an *objective* test. Conditions Test deficiencies are less technical and not necessarily measurable to the same extent of the code deficiencies in the Code Test. To the end that technical, measurable building code deficiencies support the satisfaction of the less technical Conditions Test, the following code requirements are defined in terms that go beyond the technical requirements of the code and demonstrate their relevance in terms of “. . . deficiencies in essential utilities and facilities, light and ventilation, etc. . . .”

International Building Code (IBC): The purpose of the IBC is to provide minimum standards to safeguard public health, safety, and general welfare through structural strength, means of egress facilities, stability, sanitation, adequate light and ventilation, energy conservation, and safety to life and property from fire and other hazards attributed to the built environment (IBC 101.3). A deficiency in the building code (insufficient number of building exits, insufficient door landing area, etc.) adversely affects one or more of the above standards to safeguard ‘public health . . . and safety to life’; therefore, a deficiency in the building code is considered a deficiency in one or more “essential utilities and facilities, light and ventilation, etc.”

Minnesota Accessibility Code, Chapter 1341: This chapter sets the requirements for accessibility all building occupancies. The Minnesota Accessibility Code closely follows ANSI 117.1 (2015), which sets the guidelines for accessibility to places of public accommodations and commercial facilities as required by the Americans with Disabilities Act (ADA) of 1990. The ADA is a federal anti-discrimination statute designed to remove barriers that prevent qualified individuals with disabilities from enjoying the same opportunities that are available to persons without disabilities (ADA Handbook). Essentially, a deficiency in the accessibility code (lack of handrail extension at stairs or ramp, lack of clearance at a toilet fixture, etc.) results in a discrimination against disabled individuals; therefore, a deficiency in the accessibility code is considered a deficiency in “essential utilities and facilities.”

Minnesota Rules/Manufactured Homes, Chapter 1350: This chapter sets the requirements for manufactured homes and closely follows the Federal Manufactured Home Construction and Safety Standards. The standards provide additional safety requirements for residents in these structures. A deficiency in this code would consist of improper installation or lack of seals.

Minnesota Food Code, Chapter 4626: This chapter is enforced by the Minnesota Department of Health and is similar to the IBC in that it provides minimum standards to safeguard public health in areas of public/commercial food preparation. A deficiency in the food code (lack of non-absorbent wall or ceiling finishes, lack of hand sink, etc.) causes a condition for potential contamination of food; therefore, a deficiency in the food code is considered a deficiency in “essential utilities and facilities.”

National Electric Code (NEC): The purpose of the NEC is the practical safeguarding of persons and property from hazards arising from the use of electricity. The NEC contains provisions that are considered necessary for safety (NEC 90-1 (a) and (b)). A deficiency in the electric code (insufficient electrical service capacity, improper wiring, etc.) causes a hazard from the use of electricity; therefore, a deficiency in the electric code is considered a deficiency in “essential utilities and facilities.”

International Mechanical Code (IMC): The purpose of the IMC is to provide minimum standards to safeguard life or limb, health, property and public welfare by regulating and controlling the design, construction, installation, quality of materials, location, operation, and maintenance or use of mechanical systems (IMC 101.3). The IMC sets specific requirements for building ventilation, exhaust, intake, and relief. These requirements translate into a specified number of complete clean air exchanges for a building based on its occupancy type and occupant load. A deficiency in the mechanical code adversely affects the ‘health . . . and public welfare’ of a building’s occupants; therefore, a deficiency in the mechanical code is considered a deficiency in “light and ventilation.”

Note: The above list represents some of the more common potential code deficiencies considered in the assessment of the buildings in the proposed district. This list does not necessarily include every factor included in the data used to satisfy Step 1 for a particular building. Refer to individual building reports for specific findings.

Finally, the tax increment law provides that the municipality or authority may find that a building is not disqualified as structurally substandard under the Code Test on the basis of “reasonably available evidence, such as the size, type, and age of the building, the average cost of plumbing, electrical, or structural repairs, or other similar reliable evidence. Items of evidence that support such a conclusion [that the building is structurally substandard] include recent fire or police inspections, on-site property appraisals or housing inspections, exterior evidence of deterioration, or other similar reliable evidence.”

## **9.0 Measurements Against Technical Test Requirements**

### **Coverage Test**

CR-BPS utilized a GIS (Geographic Information Systems) system database,

available through Hennepin County and the City of Minnetonka, to obtain information on the parcel. The GIS system contains graphic information (parcel shapes) and numerical data based on county tax records. This information was used by CR-BPS for the purposes of this assessment.

The total square foot area of the parcel was obtained from county records (GIS) and general site verification.

The total extent of site improvements on the parcel was digitized from recent aerial photography. The total square footage of site improvements was then digitally measured and confirmed by general site verification.

The total percentage of coverage of the parcel was computed to determine if the 15% requirement was met. Refer to attached maps: Occupied Surfaces map and Percent Occupied map.

### **Condition of Building Test**

Replacement Cost – the cost of constructing a new structure of the same size and type on site:

*R. S. Means Square Foot Costs* (2016) was used as the industry standard for base cost calculations. *R. S. Means* is a nationally published reference tool for construction cost data. Costs are updated yearly and establish a “national average” for materials and labor prices for all types of building construction. The base costs derived from *R. S. Means* were reviewed and modified (if applicable) against our professional judgment and experience.

A base cost was calculated by first establishing building type, building construction type, and construction quality level (residential construction) to obtain the appropriate Means cost per square foot. This cost was multiplied times the building square footage to obtain the total replacement cost for an individual building. Additionally, to account for regional/local pricing, a cost factor was added to the total cost according to *R.S. Means* tables. Using *R. S. Means*, consideration is made for building occupancy, building size, and construction type; therefore, the cost per square foot used to construct a new structure will vary accordingly.

Building Deficiencies: Conditions Test (Condition Deficiencies) – determining the combination of defects or deficiencies of sufficient total significance to justify substantial renovation or clearance.

On-Site evaluations - Evaluation of each building was made by reviewing available information from available records and making interior and/or exterior evaluations, as noted, sometimes limited to public spaces. Deficiencies in structural elements, essential utilities and facilities, light and ventilation, fire protection including adequate egress, layout and condition of interior partitions, or similar factors, were noted by the evaluator. Condition

Deficiencies may or may not include Code Deficiencies as defined below. Energy code compliance was not considered for the purposes of determining Condition Deficiencies. Deficiencies were combined and summarized for each building in order to determine their total significance.

Building Deficiencies: Code Test (Code Deficiencies) – determining technical conditions that are not in compliance with current building code applicable to new buildings and the cost to correct the deficiencies:

On-Site evaluations - Evaluation of each building was made by reviewing available information from available records and making interior and/or exterior evaluations, as noted, sometimes limited to public spaces. On-site evaluations were completed using a standard checklist format. The standard checklist was derived from several standard building code plan review checklists and was intended to address the most common, easily identifiable code deficiencies. Mechanical Engineers, Electrical Engineers, and Building Code Officials were also consulted in the development of the checklist.

Deficiencies are generally grouped into the following categories (category names are followed by its applicable building code):

- Building accessibility – Minnesota Accessibility Code
- Building egress, building construction – International Building Code
- Fire protection systems – International Building Code
- Food service – Minnesota Food Code
- HVAC (heating, ventilating, and air conditioning) – International Mechanical Code
- Electrical systems – National Electric Code and Minnesota Energy Code
- Energy code compliance – Minnesota Energy Code

For the purposes of determining the Code Test (Code Deficiencies), Energy code compliance is relevant because its criteria affect the design of integral parts of a majority of a building's systems. The intent of these criteria is to provide a means for assuring building durability and permitting energy efficient operation (7676.0100). The energy code addresses general building construction (all forms of energy transmission in an exterior building envelope – walls, roofs, doors, windows, etc.) and energy usage by lighting and mechanical systems. A deficiency in the energy code (inadequate insulation, non-insulated window systems, improper air infiltration

protection, etc.) reduces energy efficient operation and adversely affects building system durability; therefore, a deficiency in the energy code is considered to contribute to a condition requiring substantial renovation or clearance.

Office evaluations – Following the on-site evaluation, each building was then reviewed, based on on-site data, age of construction, building usage and occupancy, square footage, and known improvements (from building permit data), and an assessment was made regarding compliance with current mechanical, electrical, and energy codes. A basic code review was also completed regarding the potential need for additional egress (e.g. basement stairways), sprinkler systems, or elevators.

Deficiency Cost – Costs to correct identified deficiencies were determined by using *R. S. Means Cost Data* and our professional judgment and experience. Our VFA partner Internet website has a real-time link to the *R. S. Means Cost Data*. In general, where several items of varying quality were available for selection to correct a deficiency, an item of average cost was used, as appropriate for typical commercial or residential applications. Actual construction costs are affected by many factors (bidding climate, size of project, etc.). Due to the nature of this assessment, we were only able to generalize the scope of work for each correction; detailed plans, quantities, and qualities of materials were impossible to know. Our approach to this matter was to determine a preliminary cost projection suitable to the level of detail that is known. This process was similar to our typical approach for a cost projection that may be given to an owner during a schematic design stage of a project.

Costs to correct deficiencies were computed for each building and compared to the building replacement cost to determine if the 15% requirement was met. Each individual Asset Summary Report contains the Requirements Index. The Requirements Index is the ratio of Requirements (Code Deficiencies) divided by current replacement value.

Technical Conditions Resources – The following list represents the current building codes applicable to new buildings used in the Building Deficiency review:

- 2015 Minnesota State Building Code
- 2012 International Building Code
- 2012 International Residential Code
- MN 1341 – Minnesota Accessibility Code, Chapter 1341 (2015)
- MN 1350 – Minnesota Rules/ Manufactured Homes, Chapter 1350 (2015)
- 2015 Minnesota Energy Code, Chapters 7672, 7674, or 7676
- 2012 National Electric Code
- 2012 International Mechanical Code



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## **List of Figures**

Figure 1 – Buildings Under Study

Figure 2 – Occupied Surfaces



Figure 3 – Percent Occupied

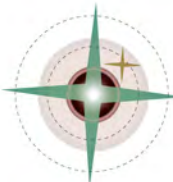


## CITY OF MINNETONKA

Redevelopment Eligibility  
Assessment

BUILDINGS UNDER STUDY

Legend	
	Project Boundary
	Parcels



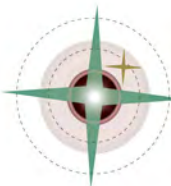
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**CITY OF  
MINNETONKA**

Redevelopment Eligibility  
Assessment

OCCUPIED SURFACES



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**Legend**

- Project Boundary
- Parcels
- Occupied Surfaces**
- Yes
- No








**CITY OF  
MINNETONKA**

Redevelopment Eligibility  
Assessment

PERCENT OCCUPIED



**CR-BPS** inc.  
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Legend	
	Project Boundary
	Parcels
Percent Occupied	
	0 % Developed
	1 - 15 % Developed
	> 15 % Developed

## List of Tables

Site Occupied/Building Substandard Determination

SITE OCCUPIED/BUILDING SUBSTANDARD DETERMINATION  
 CITY OF MINNETONKA  
 SHADY OAK RD/OAK DR LA  
 REDEVELOPMENT TIF ELIGIBILITY ASSESSMENT

MAP ID	FULL NAME	PARCEL ID	TYPE OF OCCUPATION	SITE AREA (s.f.)	COVERAGE %	SITE COVERAGE (s.f.)	COVERAGE QUANTITY	TOTAL # BUILDINGS	# SUBSTANDARD	EVAL. TYPE
1-1	CITY OF MINNETONKA	23.117.22.42.0057	Commercial	69710.00	83.3%	58038.00	100%	1	1	I,E
2-1	CITY OF MINNETONKA	23.117.22.42.0036	Residential	29442.00	15.6%	4581.00	100%	1	1	I,E
<b>TOTALS</b>				<b>99,152</b>		<b>62,619</b>	<b>100%</b>	<b>1</b>	<b>1</b>	
<b>PERCENTAGES</b>							<b>100%</b>	<b>100.00%</b>		

Evaluation Type (I-Interior, E-Exterior)

## List of Appendices

Asset Detail Report on Building Condition (one per building)

**Client:** TONKA - City of Minnetonka, MN **Asset:** 4312 Shady Oak Rd  
**Project Number:** TONKA-004 **Asset Number:** 1-1

**Assets are ordered by Asset Number** **Currency:** USD

### Statistics

<b>FCI Cost:</b>	325,239	<b>FCI:</b>	0.12
<b>RI Cost:</b>	676,813	<b>RI:</b>	0.24
<b>Total Requirements Cost:</b>	676,813		
<b>Current Replacement Value:</b>	2,772,156	<b>Date of most Recent Assessment:</b>	Sep 7, 2016

<b>Type</b>	Building	<b>Construction Type</b>	IBC - Type 2B
<b>Area</b>	25,680 SF	<b>Historical Category</b>	
<b>Use</b>	Multipurpose Use	<b>City</b>	Minnetonka
<b>Floors</b>	2	<b>State/Province/Region</b>	-
<b>Address 1</b>	4312 Shady Oak Rd	<b>Zip/Postal Code</b>	55343
<b>Address 2</b>	-	<b>Architect</b>	-
<b>Year Constructed</b>	1951	<b>Commission Date</b>	-
<b>Year Renovated</b>	-	<b>Decommission Date</b>	-
<b>Ownership</b>	-		

### Photo



Overview

### Asset Description

\*\*\*\*

MAP ID # 1-1





# Asset Detail Report

## By Asset Number

PID # 23.117.22.42.0057  
Parcel Name 4312 Shady Oak Rd

Inspector CK  
Inspection Date 9/7/2016  
Survey Method INTERIOR/EXTERIOR  
Bldg Occupancy BUSINESS/MERCHANTILE/ASSEMBLY/STORAGE  
Bldg Type B,M,A-2, S-2  
Wall Construction BLOCK  
Roof Construction STEEL/SINGLE PLY  
# Stories 1  
Basement (Y/N) Y  
Story-Height 12  
Floor Area 12.990  
Building Area 25,680  
Year Built 1951  
Sprinklered N  
Elevator N

### Report on Building Condition

Building ID/Business Name/Address: 4312 Shady Oak Rd, Minnetonka, MN 55343

Satisfies Conditions Test for Structurally Substandard Building: Y

Satisfies Code Test for Structurally Substandard Building Y

Structurally Substandard Building (Y/N): Y

### Conditions Test

Under the tax increment law, specifically, Minnesota Statutes, Section 469.174, Subdivision 10, a building is structurally substandard if it contains defects in structural elements or a combination of deficiencies in essential utilities and facilities, light and ventilation, fire protection including adequate egress, layout and condition of interior partitions, or similar factors, which defects or deficiencies are of sufficient total significance to justify substantial renovation or clearance.

The above building, based upon actual interior and exterior inspection and review of building permit records, exhibits the following deficiencies that contribute to justifying substantial renovation or clearance:

#### Structural Elements:

Defects in exterior building shell: Masonry walls show evidence of settlement cracks.

Deficient in construction: Wall framing within the basement is damaged.

#### Essential Utilities & Facilities:

Deficient in facilities for disabled: Lack of maneuvering clearance and accessible features at toilet areas. Stairs do not meet current code requirements.



# Asset Detail Report

## *By Asset Number*

**Fire Protection/Egress:**

Deficient entry: Handrail height, grip, extensions and guardrails. Sprinkler system required for mixed use occupancy. Doors without required lever hardware.

**Layout/Condition of Interior Partitions:**

Chipped and/or damaged wall in numerous locations. Flooring is damaged and inconsistent. Layout exhibits obsolescence.

**Similar Factors**

Defects: Water stained ACT and gypsum; damaged sheathing; aged and damaged interior doors and windows. Heating system is original to construction. Possible asbestos in the lower level.

**Code Test**

Notwithstanding the foregoing, the tax increment law also provides that a building may not be considered structurally substandard if it is in compliance with the building code applicable to new buildings or could be modified to satisfy the current building code at a cost of less than 15% of the cost of constructing a new building of the same square footage and type on the same site.

Estimated cost of new building of same size and type (Total Replacement Cost): \$2,772,156

Estimated cost of correction of code deficiencies (Total Deficiency Cost): \$325,239

Percentage of Code Deficiency to Replacement Cost: 11.73%

Estimated cost of correction of code and energy code deficiencies (Total Deficiency Cost): \$676,813

Percent of Code/Energy Deficiency to Replacement Cost: 24.41%

Refer to the following requirements for documentation of specific code deficiencies.

**Requirements**

Requirement Name	Renewal	Prime System	Category	Priority	Action Date	Estimated Cost
Access Int - Door on an interior accessible route without lever handle or loop-style hardware - MN 1341.0442	No		Building Code	TIF Requirement	Sep 7, 2017	11,299
Access Int - Less than 5% of public/common use sales/service counter/window at 36" max. above the floor or 36" min. width - MN 1341.0720	No		Building Code	TIF Requirement	Sep 7, 2017	7,701
Access Int - Toilet room accessibility improvements due to	No		Building Code	TIF Requirement	Sep 7, 2017	71,280