Agenda
Minnetonka Economic Development Authority
Monday, September 14, 2015
Following the Regular Meeting
Council Chambers

1. Call to Order
2. Roll Call: Wiersum-Bergstedt-Wagner-Ellingson-Allendorf-Acomb-Schneider
3. Approval of Agenda
4. Approval of Minutes: August 17, 2015
5. Business Items:
   A. 2016 Preliminary HRA levy
      Recommendation: Adopt the resolution (4 votes)
6. Adjourn
1. **Call to Order**

Schneider called the meeting to order at 8:23 p.m.

2. **Roll Call**

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

3. **Approval of Agenda**

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

4. **Approval of Minutes: June 1, 2015**

Allendorf moved, Wiersum seconded a motion to approve the June 1, 2015 minutes. Allendorf, Acomb, Wiersum, Bergstedt, and Schneider voted “yes.” Wagner abstained. Motion carried.

5. **Business Items:**

   A. **Applewood Pointe contract for private development**

      Community Development Director Julie Wischnack gave the staff report.

      Wagner moved, Wiersum seconded a motion to adopt resolution 2015-006 approving the contract. All voted “yes.” Motion carried.

6. **Adjournment**

   Acomb moved, Wiersum seconded a motion to adjourn the meeting at . All voted “yes.” Motion carried.

Respectfully submitted,

David E. Maeda
City Clerk
EDA Agenda Item #5A
Meeting of September 14, 2015

Brief Description 2016 Preliminary HRA Levy

Recommendation Adopt the resolution

Background

An HRA levy is a mechanism commonly used by many communities to support housing and redevelopment activities. State law limits such levies, and the maximum rate is 0.0185 percent of a city’s taxable market value. This equals approximately $1.52 million in Minnetonka.

The first levy for housing and redevelopment was in 2009. The table below shows the history of the HRA levy, as well as the proposed 2016 HRA levy.

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount/Rate</th>
<th>Use</th>
</tr>
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<tbody>
<tr>
<td>2009</td>
<td>$100,000 .001165%</td>
<td>Homes Within Reach</td>
</tr>
</tbody>
</table>
| 2010 | $175,000 .002115% | •Village Center Master Planning ($75,000)  
•Housing programs ($100,000) |
| 2011 | $175,000 .002230% | •Village Center Master Planning ($85,000)  
•Housing programs ($90,000) |
| 2012 | $175,000 .002270% | •Village Center Master Planning ($75,000)  
•Housing programs ($100,000) |
| 2013 | $175,000 .002326% | •Village Center Master Planning ($75,000)  
•Housing programs ($100,000) |
| 2014 | $175,000 .002321% | •Marketing ($75,000)  
•Livable Communities Fund ($100,000) |
| 2015 | $175,000 .002187% | •Marketing ($75,000)  
•Village Center Master Planning ($100,000) |
| 2016 | $250,000 .003037% | •Comprehensive Planning ($75,000)  
•Housing programs ($75,000)  
•Business outreach ($25,000)  
•Green Line Extension ($75,000) |

HRA Levy funded Programs

Village Center Master Planning/Comprehensive Planning

Since 2009, the city has conducted village center studies around the city’s designated village centers. Some of the studies have been directly funded by the HRA Levy (including 7/101, Ridgedale, Glen Lake, and the current Shady Oak Station Area development strategy). Staff’s work will be redirected to the update of the Comprehensive Plan. It is
anticipated that when that happens, beginning in 2016 and into 2017, that HRA Levy funds will assist in completing that update.

**Housing Programs**

Beginning in late 2013, there has been a significant amount of interest in the city’s loan programs. Less than $95,000 remains available for Minnetonka Home Enhancement and Welcome to Minnetonka loan programs out of the original $390,000 committed to the programs. This is enough for eight loans (including administrative costs). Based upon use of the program over the last 18 months, these funds are expected to be exhausted in early 2016.

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 seven more years before programs are self-sustaining. It should be noted that with the loan paybacks increasing each year, less levy funds need to be provided for each of those seven years. Staff will conduct this self-sustaining analysis on an annual basis during the budget review.

**Marketing**

In 2014, Anderson, Niebuhr & Associates, Inc. conducted a market assessment as the first step in developing the city’s marketing strategy. The study purpose was to learn area residents’ housing needs, desires, image and perceptions of Minnetonka and what the city can do to attract more young people. The work was completed and initial findings were discussed at a joint study session in October 2014. Since then, the council has directed staff to engage a consultant to review the research and make recommendations on marketing strategies the city may want to consider. This work will resume shortly now that a Communications and Marketing Manager has been hired. Because there is approximately $100,000 in committed funds remaining, staff recommends that no new funds are added, but that work continues as directed by council.

**Outreach**

The EIP allocates $25,000 in outreach to conduct a business survey. The business survey would be targeted to Minnetonka businesses to identify areas needing assistance and feedback on city issues. This would be similar to the city’s efforts in the annual resident survey.

**Green Line Extension**

On July 13, 2015, the city council passed a resolution committing $2,000,000 towards the Green Line Extension LRT project. As part of the August 24 budget study session,
the city council discussed funding this as a temporary cash transfer from the Special Assessment Construction Fund to be repaid over a period of years by the HRA levy. The HRA levy budget for 2016 includes $75,000 to begin the payback.

**HRA Levy Summary**

To inform the EDA of the budgetary considerations of various levy amounts, the proposed HRA levy is for a total of $250,000 payable in 2016. In summary, $75,000 will be committed to comprehensive planning, $75,000 for housing loan programs, $25,000 for business outreach and $75,000 for the Green Line Extension.

**Recommendation**

The EDAC reviewed the HRA budget at their August 13 meeting and, on a unanimous vote, recommended adopting a preliminary HRA levy of $175,000 for Comprehensive Planning, housing programs, and business outreach. They were informed that depending on discussions by the city council regarding the city’s commitment to the Green Line Extension, the HRA levy may increase. At the August 24 budget study session, the council agreed to include $75,000 in the levy for the Green Line Extension with the expectation that the EDAC would review this and provide feedback prior to the council’s November budget study session. Staff recommends approval of the resolution on pages A1-A2 setting the 2016 preliminary HRA levy which provides a total budget of $250,000.

Submitted through:
  - Geralyn Barone, City Manager
  - Merrill King, Finance Director

Originated by:
  - Julie Wischnack, AICP, Community Development Director
  - Elise Durbin, AICP, Community Development Supervisor
Be it resolved by the Economic Development Authority (EDA) of the City of Minnetonka, Minnesota, as follows:

Section 1. Background.

1.01. On May 2, 1988 by Resolution 88-8637 and amended on May 9, 1994 by Resolution 94-9715, the city council established the Economic Development Authority (EDA) of the City of Minnetonka, and effective June 15, 1988, transferred to the EDA the control, authority and operation of all projects and programs of the city’s Housing and Redevelopment Authority (HRA). On March 8, 2010, the city council became the appointed EDA.

1.02. Minnesota Statutes 469.033, Subdivision 6 authorizes housing and redevelopment authorities the power to levy a tax upon all taxable property within its district to finance housing and redevelopment programs subject to the consent of the city council.

1.03. The law and council resolutions further require the EDA to file a budget in accordance with the budget procedure of the city in the same manner as required of executive departments of the city and all actions of the authority to be approved by the city council.

1.04. State law requires the city to certify to the county a preliminary HRA tax levy by September 15, 2015, and a final HRA budget and levy to be adopted, approved and certified to the county by December 28, 2015.

Section 2. Findings.

2.01. The EDA finds that an annual budget and tax levy of $250,000 for levy in 2015, collectible in 2016, will fund housing and redevelopment activities of the authority in 2016.

Section 3. Authorization.

3.01. The preliminary 2016 HRA budget and tax levy is hereby approved.

3.02. The EDA is requested to consent and approve by resolution the preliminary 2016 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, on this 14th day of September, 2015.

Terry Schneider, President

Attest:

_________________________________
Secretary

Action on this resolution:

Motion for adoption:
Seconded by:
Voted in favor of:
Voted against:
Abstained:
Absent:
Resolution adopted.

I hereby certify that the foregoing is a true and correct copy of a resolution adopted by the EDA of the City of Minnetonka, Minnesota, at a duly authorized meeting held on September 14, 2015.

_________________________________ 
Secretary