CITY COUNCIL SPECIAL MEETING
Tuesday, August 23, 2016 - 7:00 p.m.
City Hall Council Chambers
4100 Lakeview Ave N
Robbinsdale, Minnesota

A G E N D A

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1. CITY COUNCIL SPECIAL MEETING CALLED TO ORDER

2. ROLL CALL: Selman, Backen, Blonigan, Rogan, Mayor Murphy

3. PUBLIC HEARING A

   A. VAC 16-2 Vacation of right-of-way at 36th Ave. N., and the West Broadway Frontage Road in front of the Terrace Mall and North Memorial Outpatient Clinic area.

      1. Motion to hold the public hearing on vacation of the additional right-of-way.

      2. Motion to table action to September 6, 2016.

4. PUBLIC HEARING B

   A. Public Hearing – Consideration of Redevelopment Plan Area 12 and Tax Increment Financing District 12 – terrace Redevelopment Area.

      1. Motion to hold the public hearing.

      2. Motion to consider adoption of the Resolution No. XXXX "A RESOLUTION ESTABLISHING REDEVELOPMENT PROJECT NO. 12 AND ADOPTING A REDEVELOPMENT PLAN THEREFOR; AND ESTABLISHING TAX INCREMENT FINANCING DISTRICT NO. 12 (TERRACE REDEVELOPMENT AREA) THEREIN AND ADOPTING A TAX INCREMENT FINANCING PLAN THEREFOR."

5. NEW BUSINESS A

   A. Request to Approve Demolition of Commercial Structure: Former Terrace Theater Building at 3508 France Ave. N.

      Discuss Request and Consider Motion to approve the demolition of the building at the former Terrace Theater building at 3508 France Ave. N.

6. ADJOURNMENT

Marcia E. Glick

Marcia Glick, City Manager

MEMORANDUM

TO: Mayor and City Council
FROM: Marcia Glick, City Manager
DATE: August 23, 2016
RE: VAC 16-2 Vacation of right-of-way at 36th Ave. N., and the West Broadway Frontage Road in front of the Terrace Mall and North Memorial Outpatient Clinic area

- Public Hearing for vacation right-of-way.
- SECOND READING of an Ordinance vacating right-of-way.

BACKGROUND:

Portions of the West Broadway frontage road right-of-way (ROW) which provides access to the Terrace Mall area are proposed to be vacated. A public hearing was first held on August 1, 2016 along with the first reading of the ordinance needed for the vacation. Further discussions with the developer and North Memorial resulted in a revised vacation concept that terminates the West Broadway frontage road in a cul-de-sac southeast of the proposed access to County Road 81. This additional right-of-way to be vacated is the subject of a new public notice and mailing sent to the adjacent neighbors and the dental office along the frontage road as the persons who would potentially be impacted by the proposed vacation. The location is shown in **Exhibit 1.**

ANALYSIS/CONCLUSION:

The West Broadway frontage road would still extend north from Abbott Ave. N., but is proposed to terminate in a cul-de-sac across from the North Memorial Outpatient Clinic near the southeast corner of the Terrace Mall area. Final refinement of the area to be vacated would be determined as the final plat is developed.

RECOMMENDATION:

1. Hold the public hearing on vacation of the additional right-of-way.
2. Table action on the SECOND READING of the Ordinance to 7 pm, September 6, 2016.

Marcia Glick

Marcia Glick, City Manager

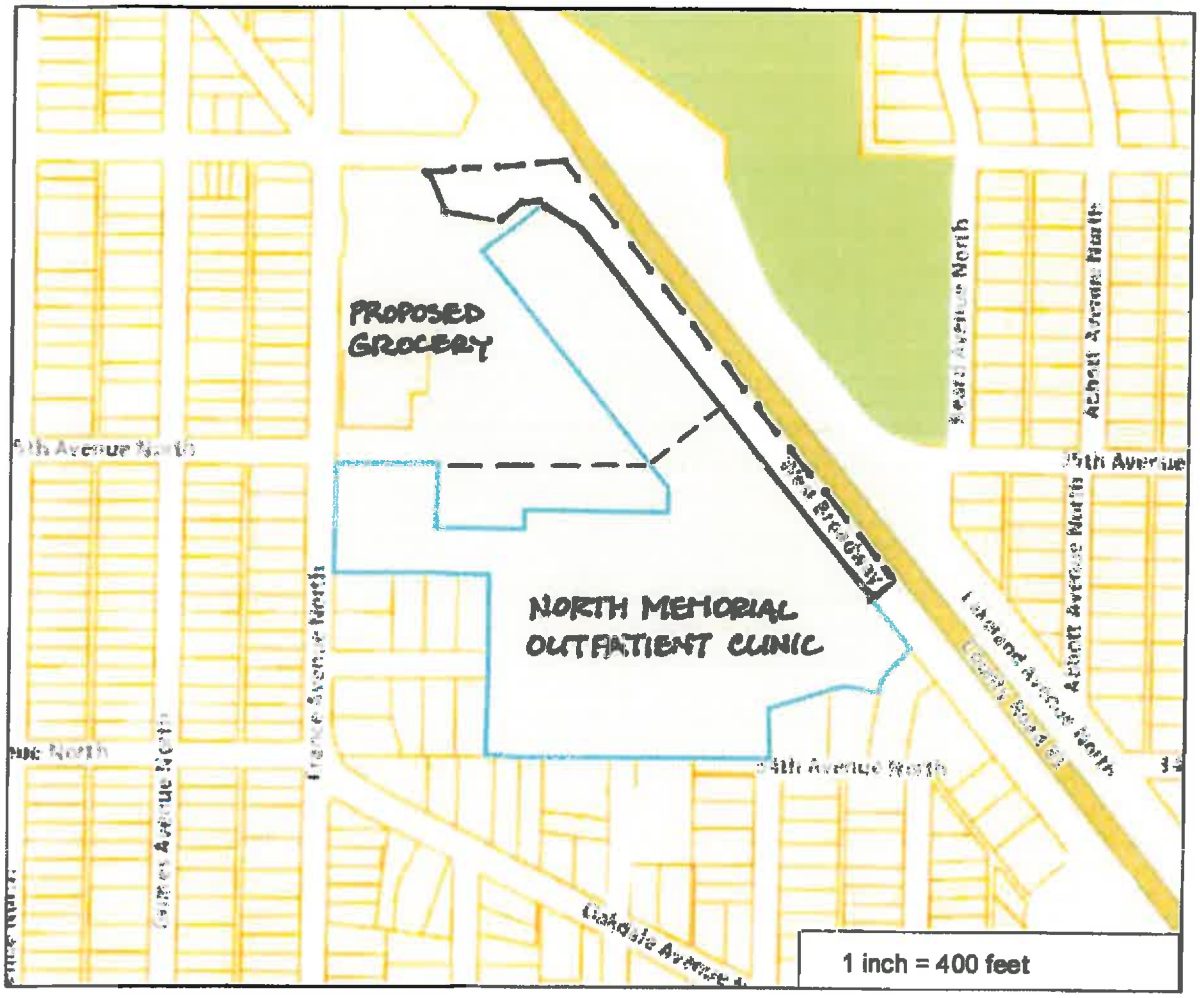
CONCURRENCE:

Rick Pearson, Community Development Coordinator

Exhibit 1

Hennepin County Property Map

Date: 7/28/2016



[redacted]

OWNER NAME: North Memorial Health Care

PARCEL ADDRESS: 3435 West Broadway,
Robbinsdale MN 55422

PARCEL AREA: 14.48 acres, 630,929 sq ft

A-T-B: Both

[redacted]

Comments:

LOCATION OF WEST BROADWAY RIGHT OF WAY TO BE VACATED

This data (i) is furnished 'AS IS' with no representation as to completeness or accuracy; (ii) is furnished with no warranty of any kind; and (iii) is notsuitable for legal, engineering or surveying purposes. Hennepin County shall not be liable for any damage, injury or loss resulting from this data.

City of Robbinsdale

TO: Mayor and City Council

FROM: Marcia Glick, City Manager

DATE: August 23, 2016

RE: Public Hearing – Consideration of Redevelopment Plan Area 12 and Tax Increment Financing District 12 – Terrace Redevelopment Area

BACKGROUND:

The Robbinsdale Economic Development Authority (REDA) adopted a Redevelopment Plan and Tax Increment Financing Plan for Terrace Redevelopment Area including the Terrace Theater, the north portion of the Terrace Mall property, and the parking lot adjacent to the current mall property at their August 10, 2016 meeting. Draft minutes from the REDA meeting which included an opportunity for public comment and answers to questions are included as Attachment 1. The Redevelopment Plan adopted by the REDA is shown as Attachment 2 and the Tax Increment Financing Plan is shown as Attachment 3. [The Tax Increment Financing Plan now includes the inspection report as an exhibit.]

The Planning Commission reviewed the proposed plans at their August 18, 2016 meeting and adopted a resolution Attachment 4) that the plan is consistent with the City's Comprehensive Plan. The next step is for the City Council to consider approval of the plan.

ANALYSIS/CONCLUSION

The Redevelopment Plan identifies the area, the public purpose, and sets forth polices related to redevelopment in this area. It identifies that the area contains properties which are underutilized or unused due to lack of private investment and as a result it is not providing adequate employment opportunities and is not contributing to the tax base and general economy. It identifies that redevelopment of the site will not occur solely through private investment. The plan is not specific to any development proposal, but outlines a number of alternative possibilities.

The Tax Increment Financing Plan is also largely general in nature up to the Appendixes. At that point it identifies that the development proposal used in developing tax increment projections is a 91,500 square foot grocery store with 4,500 square feet of gas/convenience retail. Using the budget created by these calculations, the Robbinsdale EDA has offered to enter into a development agreement using pay-as-you-go tax increment, financed privately by a TIF note. The calculations are also based on a projected finished value of just over $10 Million.

The summary for the project prepared by Ehlers is shown as Attachment 5. Ehlers is serving as the City and REDA financial consultant for this project. Contract costs are being paid from application fees.

Adoption of the two plans does not approve any tax increment financing or any specific development. It would establish the policies and maximum anticipated budget for the district.

In the next step, Robbinsdale Economic Development Authority would consider entering into a Development Agreement with the site developer. The approved term sheet for the grocery store development indicates that the only assistance to the developer is a privately financed loan of $2.06M plus interest. The source of these funds is only the property taxes that the property owner would pay after development of a project of at least $10 Million. The use of Tax Increments to be available for loan repayment, being considered by REDA, only utilizes the new property tax collections, which would only exist if redevelopment occurs. In the particular scenario with an estimated first year annual property tax payment of $418,535, only $141,624 would be available to make payments on the privately financed TIF note (about 1/3 of the taxes paid). Similar to a home mortgage, the total amount for loan principal plus interest depends on the rate of payment. The total amount for the privately financed loan plus interest would not be more than $4.4M. The total amount would be less if tax increments came in at a faster rate than the current projections.

It was anticipated that the discussion of the Development Agreement would take place at a special REDA meeting on August 23, 2016. However, the REDA meeting has been canceled.

RECOMMENDATION:

1. Hold the public hearing.

2. Consider adoption of the Resolution in Attachment 6 "A RESOLUTION ESTABLISHING REDEVELOPMENT PROJECT NO. 12 AND ADOPTING A REDEVELOPMENT PLAN THEREFOR; AND ESTABLISHING TAX INCREMENT FINANCING DISTRICT NO. 12 (TERRACE REDEVELOPMENT AREA) THEREIN AND ADOPTING A TAX INCREMENT FINANCING PLAN THEREFOR."

Marcia Glick

Marcia Glick, City Manager

DRAFT - Meeting Minutes Excerpt – August 10, 2016 REDA Meeting

#6A: OLD BUSINESS: Redevelopment Plan Area 12 and TIF District No. 12 – Robbinsdale Mall Area:

17. **Jason Aarsvold, Ehlers, Financial Consultant** hired to evaluate TIF request, Presented background information on TIF District #12 with information presented in a power point attached to the minutes:

    - Hy-Vee's investment in the site, less Tax Increment Financing, is still more than site acquisition in Hy-Vee sites in New Hope, Lakeville and Oakdale.
    - Development team is putting forward all the upfront costs of $10.2 Million, including a privately financed $2.06M TIF note, to get the land ready for construction. The TIF Note would be Pay-As-You-Go which means the REDA would agree to repay the developer 90% of the generated tax increment plus interest capped at $4.4M. There are no up-front costs for REDA and no additional repayment risk.
    - Actions tonight are considering adopting the two policy plans TIF Plan and Project Area (Redevelopment Plan). The TIF plan provides the maximum budget authority for TIF revenues and expenditures. Total budget is $7,627,905 (not the developer's assistance.) Anticipates 3% inflation for property values and 4% interest.
    - These plans do not grant any assistance to the developer – that would be in a separate action where a Development Agreement would be considered.
    - Next steps on the TIF process are Planning Commission review of the TIF plan for compliance with the Comprehensive Plan – August 18, 2016; City Council public hearing to consider approval of the TIF plan – August 23, 2016; REDA considers approval of Development Agreement – August 23 following the City Council meeting.

18. Ron Batty noted that the Redevelopment Agreement would specify certain conditions which must be met by Hy-Vee before REDA would issue the TIF note.

19. Member Rogan confirmed $60K is the current tax, future tax is $418K, $157,928 tax increment, $141K TIF to Hy-Vee in year one.

20. Aarsvold reported that the "But For" requirement has been met. He called attention to a table in the TIF report (page 2 of Appendix D "What's Excluded from TIF?") specifying how future property tax payments would be allocated. Out of $418,535 estimated annual property tax due after development, there would be $157,928 annual tax increment generated of which $141,624 would be available to apply towards payment of a TIF note.

21. **Michael Fisher, LHB, Inc., Inspection Consultant,** Provided an analysis of the physical elements required for meeting state statutes. He summarized his qualifications in a power point attached to the minutes:
    - Reviewed the process required for evaluating buildings with respect to the state statute.
    - He is a consultant providing information to the City for evaluation of the proposal.
    - Conclusion: This site does meet the requirements for a Redevelopment TIF district. Classic redevelopment TIF District.

22. President Blonigan opened the floor to the public for comments on the TIF District.

23. **Rena Wong, United Federation of Commercial Workers, Local 653**: Local has over 10,000 members, about 100 are residents who live in Robbinsdale. Urged to adopt a Labor Peace Provision – ensures workers a free choice to determine if they would like a union.

24. **Olivia LaVecchia, Institute for Local Self Reliance, 2720 E. 22nd St., Mpls.:** Raise questions about Hy-Vee need for TIF funds noting the site is a prime location for redevelopment. Hy-Vee can afford to finance its own development. Local businesses will compete with Hy-Vee and Big Boxes have negative impacts on local businesses: www.ilsr.org for more info. The Comprehensive Plan supports a vibrant and prosperous downtown. This subsidy is for a large out-of-state competitor.

25. **David Wakely, State Director, Working America, 4407 Lake St E, Mpls.,:** Community affiliate of the AFL-CIO. More than 750 member here in Robbinsdale. Help workers who do not have access to unions or bargained contracts. Members welcomed the redevelopment of the site. Make sure that jobs are living wage jobs. Urged inclusion of a labor peace agreement.

26. **David Leonhardt, 4006 Lake Road, Robbinsdale:** Understands that the city will be loaning $4.4m to Hy-Vee. Needs to ask for something more in regards to receiving TIF funds. Would like TIF agreement for a smaller store and to save the theatre. Not sure where property tax revenue is coming from and would like further explanation.

27. **Patricia Salek, 3404 Parkview Blvd, Robbinsdale:** Lived here since 1987 and it has become a more interesting, vibrant community today. Big box retailer can take life out of existing businesses. Would like to see a different redevelopment plan.

28. **Paula Mazzacano, 3800 Noble Ave N, Robbinsdale:** Shared that there has been an intractable situation since 1999 when the owner let the theater fall into disrepair. Has the train left the station? Can there be a new look at the redevelopment of the theater with a smaller grocery store?

29. **Jay Paska, 1485 Sargent Ave, St. Paul:**
Asked whether the TIF Calculations were based on the replacement value of the building calculated as a theater or as the previously proposed office building. He indicated that the replacement value of the theater is more expensive.

30. **Joe McKenna, 1592 Stanford, St. Paul:**
Question regarding Parcel A1: Will the details of the code violations be listed on the website?

31. **Frank Nisqualich, 3227 Halglo Place, Robbinsdale:**
Thirty year resident. Neighbors are nurses and construction workers. Are we taking tax dollars and giving $2 million to Hy-Vee? Did we get guarantee on the types of jobs that Hy-Vee will bring? Not low-paying jobs.

32. **Josh Kramer, 3101 Drew Ave N, Robbinsdale:**
Concerned TIF leverage seems to be a drop in the bucket. Thinks that Hy-Vee does not care about tax breaks. They will try to steam roll us.

Answers to the Questions:

33. **Mike Fischer:** <u>Did we evaluate as office building or theater?</u>
Need to make a judgment as to whether to evaluate as an office building or a theater; theater was selected. Change to office use would not change results. Building has mechanical, electrical, roof are all a complete loss. Regardless of use, the cost would exceed the 15% threshold required in state law.

34. Ms. Glick: <u>Where to find reports</u>? The reports are on the website, on the page labeled About Terrace TIF.

35. **Jason Aarsvold**: <u>Explain how the property tax numbers are determined?</u>
The TIF Development Area only uses the part of the mall area north of 35th Avenue; 50% of the mall parcel value (the office/service area south of 35th) isn't in the district. The County Assessing staff assisted in determining the estimated current property value for the development area.

36. Ms. Glick: <u>Labor Peace Provision - guarantee of jobs</u> The Labor Peace Provision is a new issue which needs to be explored. If included, it would be considered as part of the Development Agreement. Jobs requirements are typically required when there is a business subsidy. In this case, it was determined that the redevelopment proposal is not subject to the state or REDA Business Subsidy requirements. There may be jobs requirements in the DEED grant agreement.

37. Attorney Batty confirmed that he and the financial consultant had conducted the study as to whether there was a business subsidy and concluded that the developer is contributing over the threshold for an exception. He noted there are lots of considerations for subsidizing redevelopment. Attorney Batty noted that the

majority of downtown improvements in Robbinsdale's downtown were largely through tax increment.

38. President Blonigan recited some of the projects in downtown developed with TIF. Cost for Hy-Vee to redevelop is more expensive than other cities. If they are going to pay more, it is reasonable to request building where they want to build and not compete with the theatre for parking. The Terrace Area not considered part of the human scale, downtown commercial district.

40. Member Murphy interested in looking at the labor peace agreement and/or getting assurance from Hy-Vee on jobs and benefits. He indicated that he didn't think any one business defines us. Has talked with downtown business owners, has had personal conversations, and they are excited about the development.

41. President Blonigan thanked the audience for their calm, respectful, and thoughtful demeanor.

42. **MOTION** by Member Selman, seconded by Member Murphy establishing Redevelopment Project No. 12 and adopting a Redevelopment Plan therefor; and establishing Tax Increment Financing District No. 12 – Terrace Redevelopment Area therein and adopting a Tax Increment Financing Plan therefor. **ROLL CALL: YEA: Rogan, Selman, Backen, Murphy, President Blonigan. NAY: None. All were in favor and the motion carried.**

43. **MOTION** by Member Selman, seconded by Member Rogan to set a REDA Special Meeting immediately following the city council meeting on August 23, 2016 for the purpose of considering a Contract for Private Redevelopment by and between REDA and Hy-Vee, Inc. including terms of a TIF note. **ROLL CALL: YEA: Rogan, Selman, Backen, Murphy, President Blonigan. NAY: None. All were in favor and the motion carried.**

44. Glick requested the REDA to hold a work session in order to review additional concepts which could be considered in the Development Agreement.

45. **MOTION** by Member Backen, seconded by Member Selman to hold a REDA Work Session immediately following the city council meeting on August 16, 2016. **All were in favor and the motion carried.**

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TIF District #12 – Hy-Vee Project
City of Robbinsdale

Jason Aarsvold – Ehlers

August 10, 2016

1

Project Overview and Request

- Inland Development Partners and Hy-Vee propose to redevelop the Terrace Mall area
  - 91,500 sq. foot Grocery Store
  - 4,500 sq. ft. of gas/ convenience retail
- The cost to acquire the site, demolish the buildings, and prepare for development are prohibitive
- Grant and TIF assistance requested to offset redevelopment costs
- Project qualifies as a redevelopment TIF district and has a verified need for assistance to be feasible

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Project Costs and Feasibility

SOURCES	Amount	Pct
Hy-Vee Land	5,000,000	48.72%
Hy-Vee Land	130,000	1.27%
Hy-Vee additional site prep.	1,040,000	10.13%
TIF - pay as you go	2,060,000	20.07%
North Memorial Office Building (mortgage)	1,950,000	19.00%
DEED Grant	82,000	0.80%
TOTAL SOURCES	10,262,000	100.00%

USES	Amount	Pct
Acquisition Costs		
Terrace Center - Brixmore	5,200,000	50.67%
North Memorial Parking area	500,000	4.87%
Lease Termination Fees	390,000	3.80%
Legal (acquisition)	45,000	0.44%
North Office Building Improvements	450,000	4.39%
Site Due Diligence (environmental)	118,950	1.16%
Environmental Remediation / Demolition	947,795	9.24%
Extraordinary site prep	1,500,000	14.62%
Professional Services	394,800	3.85%
Pre-Development Costs	111,000	1.08%
Intersection Upgrades	80,000	0.78%
Legal (Development)	15,000	0.15%
Developer Fee	509,455	4.96%
TOTAL USES	10,262,000	100%

- Verified redevelopment cost estimates of $10.2 million
- Private investment is being maximized and is within industry standards
- Gap of over $2 million

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Format of Assistance

- $2,060,000 Pay-As-You-Go (PAYGO) Tax Increment Financing Note
  - Hy-Vee and Inland will finance an additional $2.06 million for the project's gap
  - REDA will repay developer (with 5.5% interest), over 26 years, ONLY from 90% of available tax increment
  - Total principal and interest payments would be $4.4 million if the note is not repaid early
  - No up front cost for REDA and no additional repayment risk
  - If Hy-Vee defaults, payments stop

4

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REDA Actions This Evening

- Approval of TIF Plan and Project Area (Redevelopment) Plan
  - Documents set forth policy objectives for the project
  - Identifies the geographic location of the project
  - Provides **maximum** budget authority for TIF revenues and expenditures
  - **Planning documents** that allow for creation of a TIF district
  - **DOES NOT:** – identify an amount of or grant any assistance to the developer – Development Agreement does this

5 EHLERS LEADERS IN PUBLIC FINANCE

TIF Plan and Redevelopment Plan Summary

TAX INCREMENT FINANCING DISTRICT #12 -
TERRACE REDEVELOPMENT AREA
Redevelopment Project No. 12

CITY OF ROBBINSDALE
HENNEPIN COUNTY, MINNESOTA

- TIF District and Redevelopment Plan boundaries are coterminous

6 EHLERS LEADERS IN PUBLIC FINANCE

TIF Plan and Redevelopment Plan Summary

- Established as a Redevelopment TIF District
  - Meets qualifications for this type of district
  - 26 year maximum duration – can be shorter if obligation is repaid sooner
- Maximum budget is $7,627,905
  - This is a maximum -not the developer's assistance
  - Includes 3% inflation and 4% interest
- Anticipates assistance for the Hy-Vee project in the form of a PAYGO note
- Includes a 10% allowance for City admin. costs

Next Steps for TIF Process

- Planning Commission review TIF plan to determine compliance with Comprehensive Plan
  - August 18, 2016
- City Council meeting holding a public hearing to consider approval of the TIF plan
  - August 23rd, 2016 – SPECIAL MEETING
- REDA considers approval of Development Agreement granting TIF assistance
  - August 23rd, 2016 – Following Council meeting

City of Robbinsdale

Robbinsdale Terrace Center Redevelopment TIF District

I. Introduction

II. TIF District Overview
- A. Coverage
- B. Condition of Buildings Test
  1. Structurally Substandard
  2. Building Code Qualification
- C. Distribution

III. Nuances of TIF Analysis
- A. Grandfathering Issue
- B. Cost Estimating

LHB

- Full-Service A/E Firm, Founded in 1966
- 270 employees
- Four Offices in Minnesota/Wisconsin
- Government Focus
- TIF Analysis

Michael A. Fischer, AIA

- Architect with 30 years experience
- Former City Council President
- Former Planning Commission Chair
- Former Metropolitan Planning Organization Chair

Bachelor of Architecture, NDSU

Master of City Planning, MIT

Master of Science in Real Estate Development, MIT

Urban Design Certificate, MIT

Why TIF Analysis?

- Focus on Municipal Clients
- Redevelopment is Critical to the Economic Health of our Cities and Region
- TIF is an Important Redevelopment Tool
- Walser Auto Sales, Inc. vs. City of Richfield (2001)
- Attempt to Improve the Process
- First TIF Analysis in 2002

My Job is to make sure you are following the rules

- Work for the Public Entity

- Consistency
  - Interpreting State Statutes
  - Judgements in the Field
  - Cost Estimating Procedures

- **Over 200 TIF Districts, 1,100 Buildings, 80 Cities**

Minnesota Statute 469.174, Subdivision 10 Requirements

1. Coverage Test

2. Condition of Buildings Test

   A. Structurally Substandard

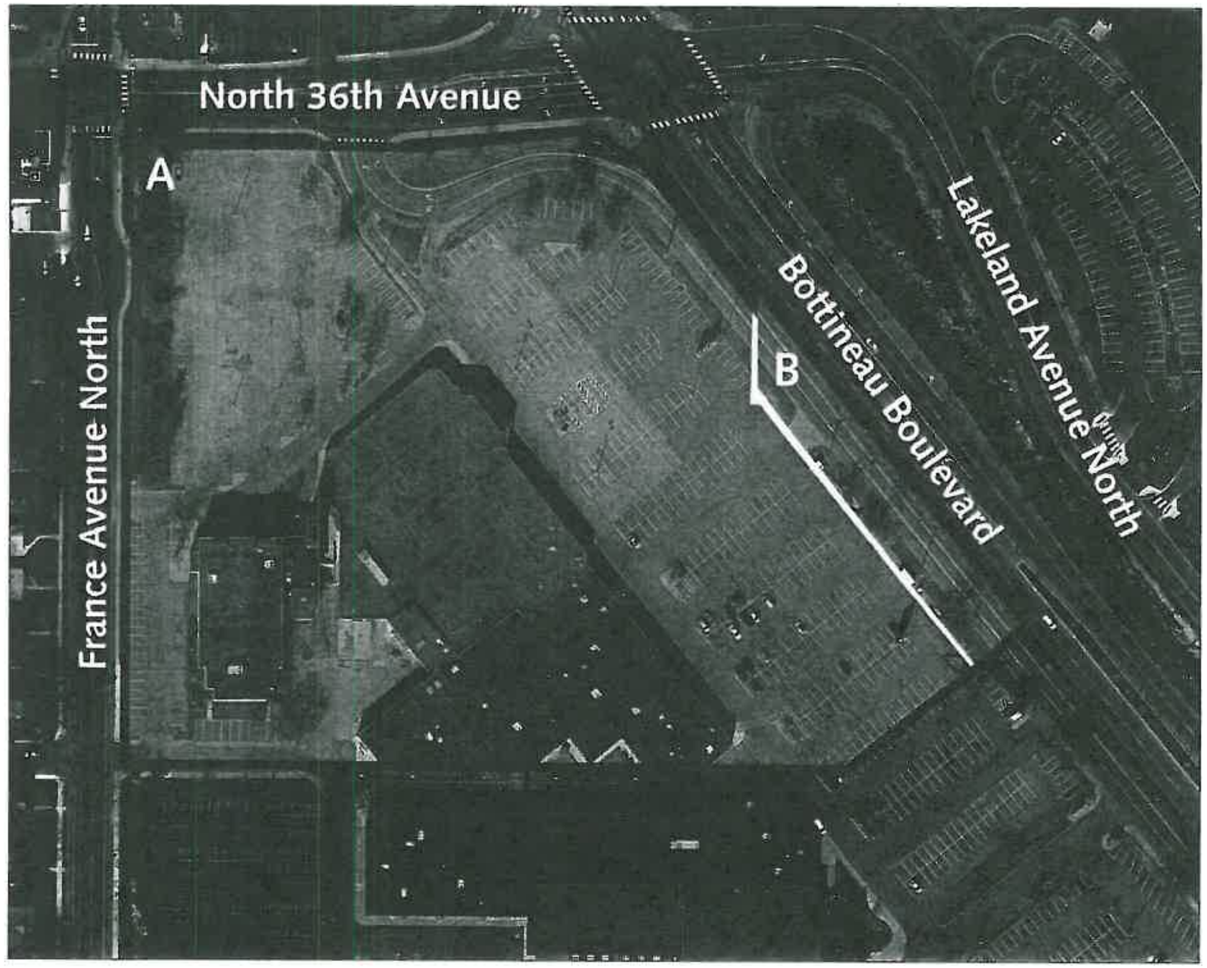
   B. Building Code Qualification

3. Distribution of Substandard Structures

Minnesota Statute 469.174, Subdivision 10 Requirements

1.Coverage Test

70 percent of District must be occupied by buildings, streets, utilities, or paved or gravel parking lots.



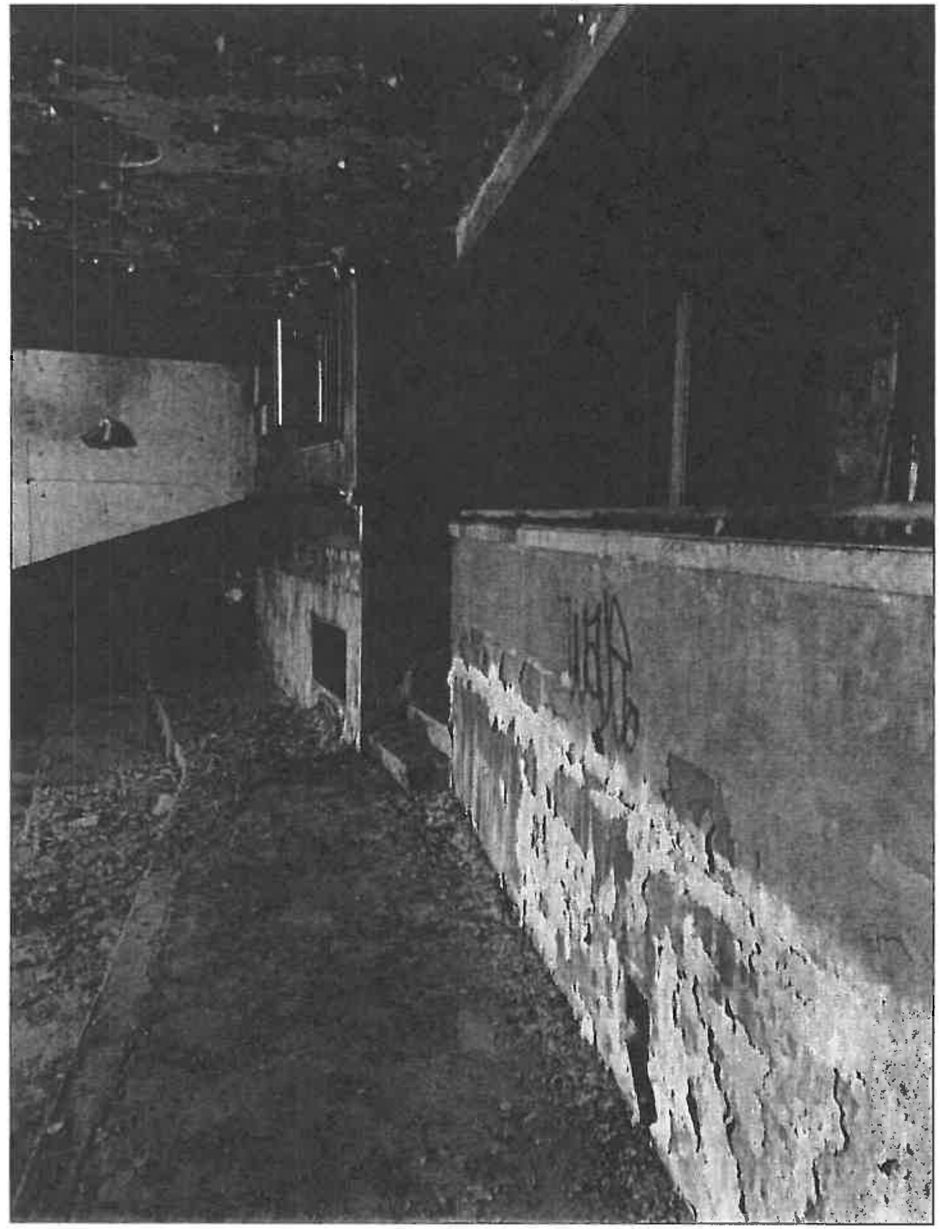
<u>Robbinsdale Terrace Center TIF District</u>
Coverage equals 100 Percent

Minnesota Statute 469.174, Subdivision 10 Requirements

2. Condition of Buildings Test

A. Structurally Substandard

50 percent of the buildings, not including outbuildings, must be structurally substandard to a degree requiring substantial renovation or clearance.



Minnesota Statute 469.174, Subdivision 10 Requirements

"Structurally substandard" shall mean containing 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.

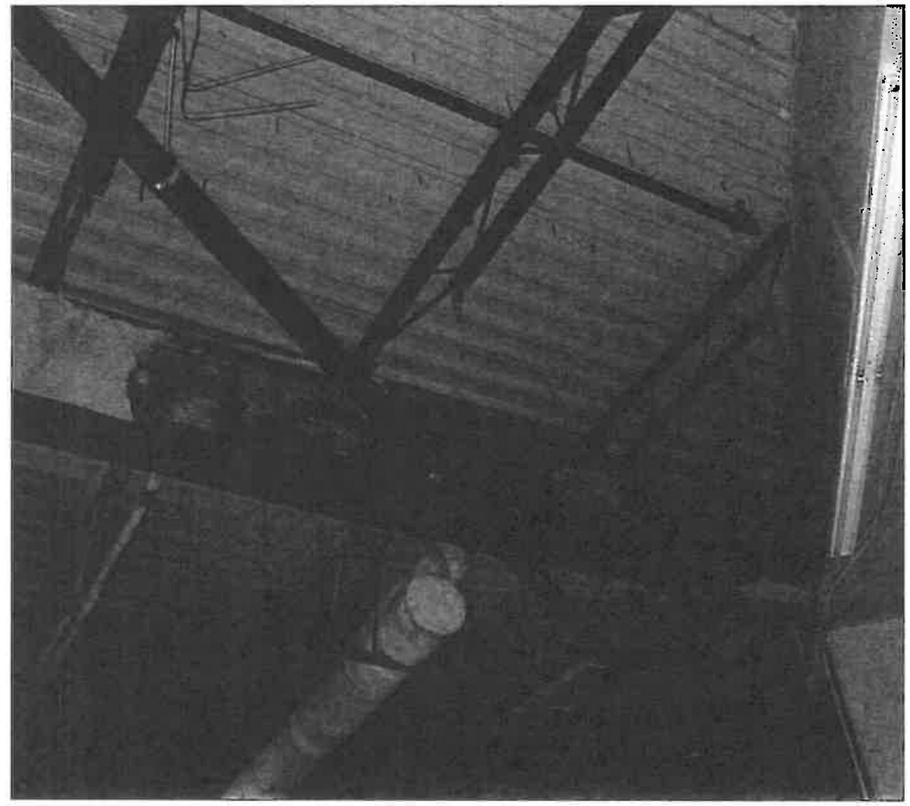
<u>Robbinsdale Terrace Center TIF District</u>

100 Percent Structurally Substandard

Minnesota Statute 469.174, Subdivision 10 Requirements

2. Condition of Buildings Test

B. Building Code Qualification



A building cannot be considered structurally substandard if its code deficiencies are not at least 15 percent of the replacement cost of the building.

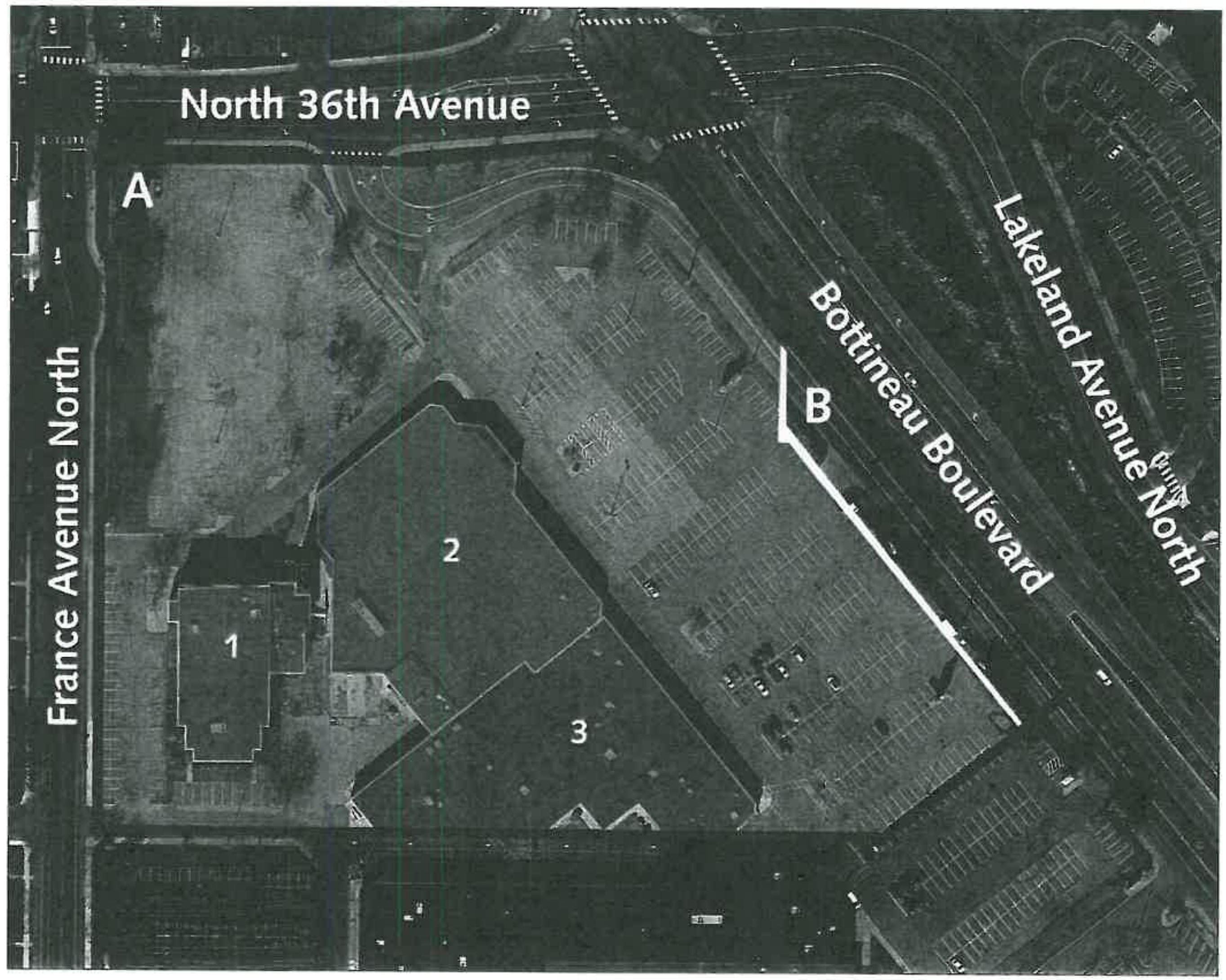
Robbinsdale Terrace Center TIF District

100 percent meet Building Code Criteria

Parcel A-1	44.25%
Parcel A-2	27.12%
Parcel A-3	21.73%

Minnesota Statute 469.174, Subdivision 10 Requirements

3. Distribution of
   Substandard Structures



Nuances of TIF Analysis

“Grandfathering” Issue

TIF inspections differ from typical building inspector reviews of a building

Cost Estimating

We are comparing the cost of a new “replacement” building of similar size, type, and location meeting current codes with the costs to bring the existing building into compliance with the building codes applicable to new buildings

Historic Preservation is not accounted for

Attachment 2
(Document available on City Website
or at City Hall)

As of August 18, 2016
Draft for Public Hearing

Redevelopment Plan

for the establishment of

Redevelopment Project No. 12

Robbinsdale Economic Development Authority
City of Robbinsdale
Hennepin County
State of Minnesota

Public Hearing: August 23, 2016
Adopted:

EHLERS

Prepared by: EHLERS & ASSOCIATES, INC.
3060 Centre Pointe Drive, Roseville, Minnesota 55113-1105
651-697-8500 fax: 651-697-8555 www.ehlers-inc.com

Attachment 3
(Document available on City Website or at City Hall)

As of August 18, 2016
Draft for Public Hearing

Tax Increment Financing Plan

for the establishment of

Tax Increment Financing District No. 12 - Terrace Redevelopment Area (a redevelopment district)

within

Redevelopment Project No. 12

Robbinsdale Economic Development Authority
City of Robbinsdale
Hennepin County
State of Minnesota

Public Hearing: August 23, 2016
Adopted:

EHLERS

Prepared by: EHLERS & ASSOCIATES, INC.
3060 Centre Pointe Drive, Roseville, Minnesota 55113-1105
651-697-8500 fax: 651-697-8555 www.ehlers-inc.com

Member Greenberg moved and Member Ulbrich seconded a motion that the following resolution be read and adopted this 18th day of August 2016.

ROBBINSDALE PLANNING COMMISSION
RESOLUTION NO. 2016-01

A RESOLUTION FINDING THE REDEVELOPMENT DISTRICT PLAN FOR TAX INCREMENT FINANCING DISTRICT NO. 12 AND THE PLAN FOR TAX INCREMENT FINANCING FOR THE PROJECT AREA ON THE SOUTHEAST CORNER OF FRANCE AND 36TH AVENUES NORTH CONSISTENT WITH THE ROBBINSDALE COMPREHENSIVE PLAN

WHEREAS, the Robbinsdale Economic Development Authority ("REDA") has authorized the preparation of a tax increment financing plan (the TIF Plan") and a Tax Increment Financing District No. 12 (the "Project") to enable the redevelopment of commercial land known as the Terrace Redevelopment Area; and

WHEREAS, it is necessary that the Planning Commission consider the TIF Plan and the Redevelopment District for their consistency with the City's Comprehensive Plan and finds as follows:

A That the prompt development of the property within the project area be promoted and secure, such property which is not now in its most productive use, in a manner consistent with the Comprehensive Plan of the City, thus realizing Comprehensive Plan, land use and tax base goals;

B. That development in the Project Area which is not now in productive use or in its highest and best use, to remove contaminated soils or hazardous materials, to make or defray the cost of soil corrections or site improvements on said property and to construct or reimburse the cost of soil corrections or site improvements on said property, and to construct or reimburse the developer for the construction of public improvements and other facilities on or for the benefit of said property, thereby promoting and securing the development of other land within the Project Area;

C. That the redevelopment of commercial land to serve the Project Area and the City as a whole;

NOW, THEREFORE, BE IT RESOLVED by the Planning Commission of the City of Robbinsdale, Minnesota, that the Tax Increment Financing District No. 12 and Terrace Redevelopment Area are determined to be consistent with the City's Comprehensive Plan.

The question was on adoption of the resolution and upon a vote being taken thereon, the following voted in favor thereof: Bontrager, Greenberg, Ulbrich, Chair Harper (Stoneberg absent)

and the following voted against the same: None

WHEREUPON SAID RESOLUTION WAS DECLARED DULY PASSED AND ADOPTED THIS 18TH DAY OF AUGUST 2016.

Judd J. Harper, Planning Commission Chair

ATTEST:

Mark Bontrager, Planning Commission Co-Chair

Tax Increment Financing District Overview

City of Robbinsdale

Tax Increment Financing District No. 12

(Terrace Redevelopment Area)

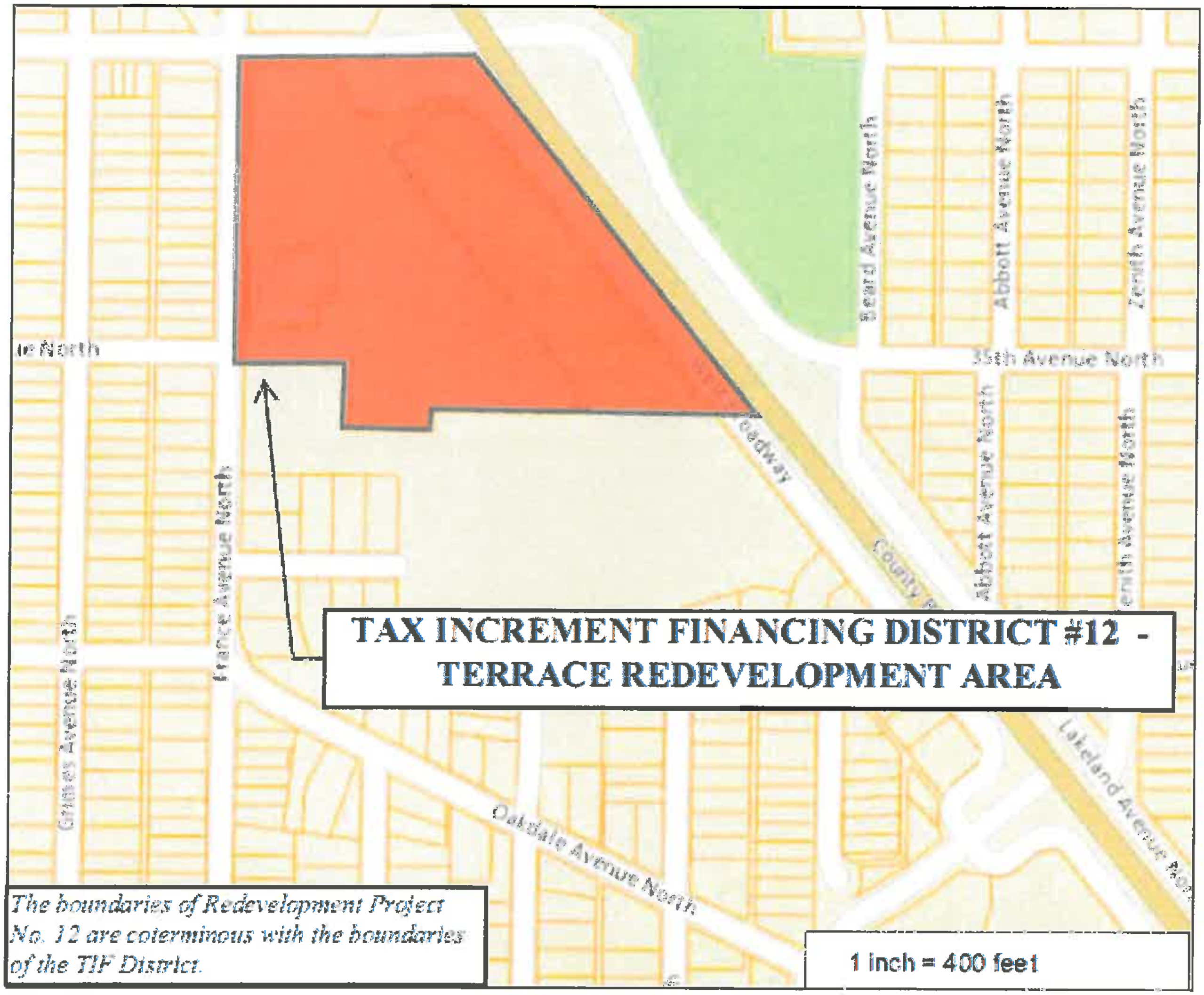
The following summary contains an overview of the basic elements of the Tax Increment Financing Plan for Tax Increment Financing District No. 12 (Terrace Redevelopment Area). More detailed information on each of these topics can be found in the complete Tax Increment Financing Plan.

Proposed action:	Establishment of Tax Increment Financing District No. 12 (Terrace Redevelopment Area) (the "District") and the adoption of a Tax Increment Financing Plan (the "TIF Plan"). Establishment of Redevelopment Project No. 12 and the adoption of a Redevelopment Plan.
Type of TIF District:	A redevelopment district
Parcel Numbers:	08-029-24-22-0026* 08-029-24-22-0027 08-029-24-22-0028* *Only portions of these parcels will be included in the District. The properties will be re-platted and the district is anticipated to include one parcel. The new PID for the property to be included in the District will be provided prior to certification.
Proposed Development:	The District is being created to facilitate redevelopment of a vacant commercial center and to allow for the construction of an approximately 91,500 square foot grocery store with 4,500 square feet of gas/convenience retail in the City. Please see Appendix A of the TIF Plan for a more detailed project description.
Maximum duration:	The duration of the District will be 25 years from the date of receipt of the first increment (26 years of increment). The City expects the date of first tax increment to be 2019. It is estimated that the District, including any modifications of the TIF Plan for subsequent phases or other changes, would terminate after December 31, 2044, or when the TIF Plan is satisfied.
Estimated annual tax increment:	Up to $406,551

EHLERS
LEADERS IN PUBLIC FINANCE

Authorized uses:	The TIF Plan contains a budget that authorizes the maximum amount that may be expended: Land/Building Acquisition .... $3,000,000 Site Improvements/Preparation .... $500,000 Utilities .... $200,000 Other Qualifying Improvements .... $339,358 <u>Administrative Costs (up to 10%)</u> .... <u>$693,446</u> PROJECT COSTS TOTAL .... $4,732,804 <u>Interest</u> .... <u>$2,895,101</u> **PROJECT COSTS TOTAL .... $7,627,905** See Subsection 2-10, on page 2-6 of the TIF Plan for the full budget authorization.
Form of financing:	As presently proposed, the project is expected to be financed by a pay-as-you-go note and/or interfund loan.
Administrative fee:	Up to 10% of annual increment, if costs are justified.
Interfund Loan Requirement:	If the City wants to pay for administrative expenditures from a tax increment fund, it is recommended that a resolution authorizing a loan from another fund be passed *PRIOR* to the issuance of any check.
4 Year Activity Rule *(§ 469.176 Subd. 6)*	After four years from the date of certification of the District one of the following activities must have been commenced on each parcel in the District: • Demolition • Rehabilitation • Renovation • Other site preparation (not including utility services such as sewer and water) If the activity has not been started by approximately August 2020, no additional tax increment may be taken from that parcel until the commencement of a qualifying activity.
5 Year Rule *(§ 469.1763 Subd. 3)*	Within 5 years of certification revenues derived from tax increments must be expended or obligated to be expended. Any obligations in the District made after approximately August 2021, will not be eligible for repayment from tax increments.

The reasons and facts supporting the findings for the adoption of the TIF Plan for the District, as required pursuant to *M.S., Section 469.175, Subd. 3,* are included in Exhibit A of the City resolution.



TAX INCREMENT FINANCING DISTRICT #12 -
- TERRACE REDEVELOPMENT AREA
Redevelopment Project No. 12

CITY OF ROBBINSDALE
HENNEPIN COUNTY, MINNESOTA

Attachment 6

Member __________ moved and Member __________ seconded a motion that the following resolution be read and adopted this 23rd day of August, 2016

RESOLUTION NO. ___________

A RESOLUTION ESTABLISHING REDEVELOPMENT PROJECT NO. 12 AND ADOPTING A REDEVELOPMENT PLAN THEREFOR; AND ESTABLISHING TAX INCREMENT FINANCING DISTRICT NO. 12 (TERRACE REDEVELOPMENT AREA) THEREIN AND ADOPTING A TAX INCREMENT FINANCING PLAN THEREFOR.

BE IT RESOLVED by the City Council (the "Council") of the City of Robbinsdale, Minnesota (the "City"), as follows:

Section 1. Recitals

1.01. It has been proposed by the Board of Commissioners of the Robbinsdale Economic Development Authority ("REDA") and the City that the REDA establish Redevelopment Project No. 12 and adopt a Redevelopment Plan therefor (the "Redevelopment Plan"); and establish Tax Increment Financing District No. 12 - Terrace Redevelopment Area (the "District") therein and adopt a Tax Increment Financing Plan (the "TIF Plan") therefor (the Redevelopment Plan and the TIF Plan are referred to collectively herein as the "Plans"); all pursuant to and in conformity with applicable law, including Minnesota Statutes, Sections 469.090 to 469.1082 and Sections 469.174 to 469.1794, all inclusive, as amended, (the "Act") all as reflected in the Plans, and presented for the Council's consideration.

1.02. REDA and the City have investigated the facts relating to the Plans and have caused the Plans to be prepared.

1.03. REDA and the City have performed all actions required by law to be performed prior to the establishment of the District and the adoption and approval of the proposed Plans, including, but not limited to, notification of Hennepin County and Independent School District No. 281 having taxing jurisdiction over the property to be included in the District, a review of and written comment on the Plans by the City Planning Commission, approval of the Plans by REDA on August 10, 2016, and the holding of a public hearing upon published notice as required by law.

1.04. Certain written reports (the "Reports") relating to the Plans and to the activities contemplated therein have heretofore been prepared by staff and consultants and submitted to the Council and/or made a part of the City files and proceedings on the Plans. The Reports, including the redevelopment qualifications reports prepared by LHB, Inc. dated August 5, 2016 and planning documents, include data, information and/or substantiation constituting or relating to the basis for the other findings and determinations made in this resolution. The Council hereby confirms, ratifies and adopts the Reports, which are hereby incorporated into and made as fully a part of this resolution to the same extent as if set forth in full herein.

Section 2. Findings for the Establishment of Redevelopment Project No. 12.

2.01. The Council approves the Redevelopment Plan, and specifically finds that: (a) the land within the Project area would not be available for redevelopment without the financial aid to be sought under this Redevelopment Plan; (b) the Redevelopment Plan will afford maximum opportunity, consistent with the needs of the City as a whole, for the development of the Project by private enterprise; and (c) that the Redevelopment Plan conforms to the general plan for the development of the City as a whole.

Section 3. Findings for the Establishment of Tax Increment Financing District No. 12 - Terrace Redevelopment Area

3.01. The Council hereby finds that the District is in the public interest and is a "redevelopment district" under Minnesota Statutes, Section 469.174, Subd. 10 of the Act.

3.02. The Council further finds that the proposed redevelopment would not 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 the District permitted by the Tax Increment Financing Plan, that the Plans conform to the general plan for the development or redevelopment of the City as a whole; and that the Plans will afford maximum opportunity consistent with the sound needs of the City as a whole, for the development or redevelopment of the District by private enterprise.

3.03. The Council further finds, declares and determines that the City made the above findings stated in this Section and has set forth the reasons and supporting facts for each determination in writing, attached hereto as Exhibit A.

3.04. The Robbinsdale Economic Development Authority elects to calculate fiscal disparities for the District in accordance with Minnesota Statutes, Section 469.177, Subd. 3, clause b, which means the fiscal disparities contribution would be taken from inside the District.

Section 4. Public Purpose

4.01. The adoption of the Plans conforms in all respects to the requirements of the Act and will help fulfill a need to develop an area of the City which is already built up, to provide employment opportunities, to improve the tax base and to improve the general economy of the State and thereby serves a public purpose. For the reasons described in Exhibit A, the City believes these benefits directly derive from the tax increment assistance provided under the TIF Plan. A private developer will receive only the assistance needed to make this development financially feasible. As such, any private benefits received by a developer are incidental and do not outweigh the primary public benefits.

Section 5. Approval and Adoption of the Plans

5.01. The Plans, as presented to the Council on this date, including without limitation the findings and statements of objectives contained therein, are hereby approved, ratified, established, and adopted and shall be placed on file in the office of the City Manager.

5.02. The staff of the City, the City's advisors and legal counsel are authorized and directed to proceed with the implementation of the Plans and to negotiate, draft, prepare and present to this Council for its consideration all further plans, resolutions, documents and contracts necessary for this purpose.

5.03 The Auditor of Hennepin County is requested to certify the original net tax capacity of the District, as described in the Plans, and to certify in each year thereafter the amount by which the original net tax capacity has increased or decreased; and the Robbinsdale Economic Development Authority is authorized and directed to forthwith transmit this request to the County Auditor in such form and content as the Auditor may specify, together with a list of all properties within the District, for which building permits have been issued during the 18 months immediately preceding the adoption of this resolution.

5.04. The City Manager is further authorized and directed to file a copy of the Plans with the Commissioner of the Minnesota Department of Revenue and the Office of the State Auditor pursuant to Minnesota Statutes 469.175, Subd. 4a.

The question was on the adoption of the resolution and upon a vote being taken thereon, the following voted in favor thereof:

and the following voted against the same:

WHEREUPON SAID RESOLUTION WAS DECLARED DULY PASSED AND ADOPTED THIS 23RD DAY OF AUGUST, 2016.

Regan L. Murphy, Mayor

ATTEST:

Tom Marshall, City Clerk

EXHIBIT A

RESOLUTION NO. __________

The reasons and facts supporting the findings for the adoption of the Tax Increment Financing Plan (TIF Plan) for Tax Increment Financing District No. 12 - Terrace Redevelopment Area (District), as required pursuant to Minnesota Statutes, Section 469.175, Subdivision 3 are as follows:

1. *Finding that Tax Increment Financing District No. 12 - Terrace Redevelopment Area is a redevelopment district as defined in M.S., Section 469.174, Subd. 10.*

   The District currently consists of three (3) parcels, with plans to redevelop the area for commercial purposes. The property will be re-platted prior to certification into one (1) parcel. At least 70 percent of the area of the parcels in 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 F 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 the 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. The Terrace Theater building has been vacant since 1999 without a viable option for reuse. Since this time, the City, in partnership with the building owner and community studied several options for redevelopment of the site. None of these options were able to come to fruition owing to the complicated ownership of the parcels in the area, poor soils, and the lack of a market for reuse of the site. Finally, in 2013, the Rainbow grocery store also closed on the site and has been vacant ever since. Due to the high cost of redevelopment on the parcels, including: land assembly and acquisition, environmental remediation, soils corrections, and demolition of the existing structures, this project is feasible only through assistance, in part, from tax increment financing.

   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 despite the City's intensive efforts to redevelop the site over the course of the past 17 years, a comparable development project has not been able to move forward. The cost of acquisition, soil correction, and demolition add to the total redevelopment cost. In addition, the City has demonstrated that there is a limited market for reuse of a site of this size.

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 $7,056,500.

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 $3,731,111.

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 $3,325,389 (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 Planning Commission 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 the District will afford maximum opportunity, consistent with the sound needs of the City as a whole, for the development or redevelopment of Redevelopment Project No. 12 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 renovation of substandard properties, increased tax base of the State and add a high quality development to the City.

MEMORANDUM

TO: Mayor and City Council
FROM: Marcia Glick, City Manager
DATE: August 23, 2016
RE: Request to Approve Demolition of Commercial Structure:
Former Terrace Theater building at 3508 France Ave. N.

BACKGROUND:

The owner of the building at 3508 France Ave. N. has submitted a letter requesting that the City of Robbinsdale issue a demolition permit for the Terrace Theater building, Attachment 1.

Demolition of non-residential buildings or structures must be approved by the City Council per City Code section 400.01, Subd. 4.

Analysis/Conclusion:

The owner indicates that they have determined that, due to the deteriorated physical condition of the theater building, it is necessary that they demolish the structure.

Demolition must be carried out in accordance with specifications approved by the city. All demolition contractors will be required to be licensed.

RECOMMENDATION:

Discuss the request.

Consider the requested action: By motion, approve the demolition of the building at the former Terrace Theater building at 3508 France Ave. N.

Marcia Glick

Marcia Glick, City Manager

BRE NON-CORE 2 OWNER B LLC

c/o Brixmor Property Group
420 Lexington Avenue, 7th Floor
New York, NY 10170

August 17, 2016

Marcia Glick
City Manager
City of Robbinsdale
4100 Lakeview Avenue North
Robbinsdale MN 55422

Re: Terrace Theatre at 3508 France Avenue North

Dear Ms. Glick:

BRE Non-Core 2 Owner B LLC, a Delaware limited liability company, is the owner of the property that includes the building formerly operated as the Terrace Theatre located at 3508 France Avenue North. We have determined that, due to the deteriorated physical condition of the theatre building, it is necessary that we demolish the structure. We therefore request that the City of Robbinsdale issue a demolition permit for this property at its earliest opportunity.

Sincerely,

BRE NON-CORE 2 OWNER B LLC

By: (Phillip Solomond)
Its: Vice President

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