



REQUEST FOR ECONOMIC DEVELOPMENT AUTHORITY ACTION

Date: July 18, 2022
Item No.: 5d

Department Approval

Executive Director Approval

Item Description: Discussion Regarding the Budget and Preliminary Levy Collectible in 2023

BACKGROUND

Per the by-laws adopted by the Roseville Economic Development Authority (REDA), the REDA must review and recommend a preliminary budget to the City Council.

To request a preliminary EDA levy, the REDA must adopt a budget for consideration by the City Council via Resolution. Once the initial EDA levy request is approved, the levy may be lowered but cannot be raised above the preliminary level. The maximum amount the REDA can levy for in 2023 is \$1,035,389.

A preliminary levy of \$414,975 is being proposed for 2023, a decrease of \$27,595 from the EDA's 2022 levy. When factoring in a projected valuation increase on single family homes of 13.1% for taxes payable in 2023, the preliminary levy amount proposed would result in an estimated decrease of \$1.41 in the annual EDA property tax for a median valued single-family home projected to be valued at \$335,400.

STAFFING

The Community Development Director is proposing no changes to the staffing structure for 2023. Economic Development staff supported by the EDA levy include a full-time Economic Development and Housing Program Manager and a .5 time Economic Development Coordinator (who also holds the title of GIS Specialist). The most significant impact proposed for 2023 consists of inflationary costs related to salaries and benefits.

The total cost for EDA staff in 2023 is anticipated to be: **\$201,550**

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| <u>General REDA Expenditures and Personnel</u> | \$248,250 |
| The REDA has operating costs associated with overhead, staff, attorney fees, recording secretary services, and continuing education/training of staff. This amount reflects total operating costs and personnel costs. | <i>(includes the \$201,550 of staff-only costs)</i> |

Programming costs are provided on the next page.

31 **PROGRAMMING**

32 The tables below outline existing housing and economic development programs the City of Roseville’s
 33 Economic Development Authority currently maintains. In addition to personnel costs, accompanying costs
 34 of these programs are included herein.

35 In 2023, the following programs will continue to operate but do not require additional funds:

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| <p><u>Multi-Family Loan and Acquisition Funds</u> Offers rehabilitation loans to existing rental property owners (whose properties have 5 or more units) and also makes dollars available for energy improvements. This program is also available for general redevelopment activities and has a balance of \$1,727,251* (fund 724).</p> | \$0 |
| <p>Roseville Rehab Revolving Loan Program, Last Resort – Emergency Deferred Program, Manufactured Home Improvement Program, Senior Deferred Loan Program, and First Generation Down Payment Assistance Program. This fund has a balance of \$700,376* (fund 723).</p> | \$0 |
| <p>Abatement Assistance (payment of abatement costs for code enforcement activities). This fund has a balance of \$135,873* (fund 722).</p> | \$0 |
| <p>Housing Replacement/Single Family Construction Fund. This fund has a balance of \$483,077* (fund 720).</p> | \$0 |

36 *fund balances noted are as-of June 30, 2022.

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 38 In 2023, the following programs are proposed to be budgeted for as follows:

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| <p><u>Ownership Rehabilitation Programs</u> Provides residents with free, comprehensive consultation services about the construction/renovation process to maintain, improve, and/or enhance their existing home, with a specific focus on energy efficiency. The program also recognizes homeowners that have done green construction or improvements to their homes and yards. This program budgets for at least 200 energy efficiency audits to be completed each year. This budget reflects a \$2,500 increase, which is attributable to CEE’s proposed professional service cost increase to administer loans.</p> | \$30,350 |
| <p><u>Marketing</u> This budget is maintained for printing and mailing of marketing materials. This budget has also been used to fund housing studies. The Council’s 2021-2022 Strategic Priority related to Housing calls for an updated Housing Needs Assessment in “2022 and beyond”. \$5,000 will not fully fund an updated Housing Needs Assessment. However, based upon the volume of housing units currently under construction, and the state of the housing market generally, staff suggests leaving this budget flat until it is better understood when the most value will come from an updated study. If necessary in 2023, excess fund balance monies could be used or the study could be delayed.</p> | \$5,000 |
| <p><u>Economic Development</u> The Economic Development budget reflects resources to aid in outreach to existing and prospective businesses. Current efforts include partnerships with</p> | \$64,500 |

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| <p>the Minnesota State Chamber, St. Paul Area Chamber of Commerce, Twin Cities North Chamber, and others to assist with quarterly educational workshops, newsletters, and yearly networking events. Recruitment, acquisition assistance, and marketing efforts are being programmed through the use of economic development consulting (\$40,000), which includes the City’s public finance consultant Ehler’s. Annual contract obligations for Golden Shovel Agency economic development marketing services are also included in this total (\$12,000). This budget reflects an increase of \$11,000 from 2022. Staff is proposing contracting with the St. Paul Area Chamber of Commerce for BRE&A services at a cost of \$10,000. The increase also includes \$1,000 to reflect actual incurred costs of our partnership with the various Chambers.</p> | |
| <p><u>Southeast Roseville Initiatives</u> The Cities of Roseville, St. Paul and Maplewood hired the Saint Paul Area Chamber of Commerce in 2019 to begin implementation of the Rice & Larpenteur Alliance, which stemmed from completion of the Rice/Larpenteur Gateway Visioning Plan. In March of 2022, SPACC’s contract was extended an additional 12 months, with the City of Roseville (and Maplewood and St. Paul) continuing to set aside funds in support of the alliance and any other initiatives that may occur as a result of the visioning plan. The Rice & Larpenteur Alliance’s Strategic Fundraising Framework programs reductions in contributions for contributing cities, however the impact of COVID continues to limit the Alliance’s ability to fundraise. As such, staff would recommend this budget remain flat for 2023. Because Roseville serves as the fiscal agent to the Alliance, and to comply with standard best practices in budgeting, the EDA will budget for the full Alliance funding of \$125,000, even though Roseville’s costs are only \$40,000. A revenue item has been inserted to account for Maplewood and St. Paul’s financial contribution towards the Alliance (\$85,000).</p> | <p style="text-align: right;">\$125,000 (\$40,000 is Roseville’s cost)</p> |
| <p><u>Open to Business/Small Business Assistance</u> Ramsey County executed a contract with the Metropolitan Consortium of Community Developers in the 1st quarter of 2020, bringing the Open to Business program to the City of Roseville. This program provides free business consulting services to Roseville businesses, as well as access to capital. There is no cost to the City for Open to Business. Beginning in 2020, the EDA began setting aside funds to administer a small business loan program in partnership with Open to Business. For year 2021, the EDA raised this budget by \$50,000 in recognition that small businesses will likely need additional support post-COVID. In 2021, the EDA agreed to create and fund a Small Business Loan Program in partnership with Open to Business, which these funds would be used for. To date, no loans have originated. Based on the program limiting individual loans to \$50,000, and the accumulation of funds since 2020, the EDA can currently fund nearly five loans. As such, staff recommends lowering this budget until such a time that loans are being utilized and there is a demand for more funding. Staff recommends continuing to budget for at least one new loan per year, or \$50,000. This would be a decrease of \$48,575 from 2022.</p> | <p style="text-align: right;">\$50,000</p> |
| <p>Total 2023 Levy Supported Program Expenses</p> | <p style="text-align: right;">\$274,850</p> |

41 **NON-PROPERTY TAX REVENUE**

42 Historically, the levy has been the sole source to funding for activities conducted by the REDA. Several
43 years ago the University of Northwestern committed to paying the City \$23,125 annually in recognition of
44 their tax-exempt status and continued expansion beyond their campus property. This “charitable pledge” is
45 for economic development efforts aimed at expanding the tax base, thus they’ve been allocated to the
46 REDA. This revenue is used to offset expenses. Staff continues to program this revenue towards the EDA.
47 The charitable pledge payments, per the June 2014 agreement, are set to expire in 2024. In the fourth
48 quarter of 2022, staff will begin engaging with Northwestern to extend the Charitable Pledge Agreement.
49 There are no guarantees Northwestern will cooperate.
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| Total EDA Proposed Budget: (Program Expenses + REDA Expenditures & Personnel) | <i>\$523,100</i> |
| Minus Non-Property Tax Revenue | <i>-\$23,125</i> |
| Southeast Roseville Revenues | <i>-\$85,000</i> |
| Proposed Preliminary 2023 Levy | <i>\$414,975</i> <i>(6.2% or \$27,595 decrease from 2022)</i> |

51 **STAFF RECOMMENDATION**

52 Discuss the EDA’s proposed 2023 Budget and Preliminary Tax Levy in the amount of \$414,975.
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54 **REQUESTED EDA ACTION**

55 Advise staff of any requested changes to the 2023 Budget and Preliminary Tax Levy.

56 If appropriate, make a motion to adopt a Resolution requesting a Preliminary Tax Levy in 2022, collectible
57 in 2023, in the amount of \$414,975.

58 **ALTERNATIVE EDA ACTION**

59 Direct staff to schedule a subsequent discussion on September 19th for consideration of the Resolution.
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Prepared by: Janice Gundlach, Community Development Director
Attachments: A. Resolution
B. REDA Budget Comparison