



REQUEST FOR ECONOMIC DEVELOPMENT AUTHORITY ACTION

Date: 8/12/2019

Item No.: 5.b

Department Approval

City Manager Approval

Janice Gundlach

Paul J. Trueman

Item Description: Adopt a Resolution Requesting a Preliminary Levy Collectible in 2020

BACKGROUND

On July 15, 2019, staff proposed a preliminary REDA (Roseville Economic Development Authority) levy for 2020 of \$463,400. The information supporting that levy is outlined herein, which is unchanged since the July 15, 2019 published Request for EDA Action. Since the July discussion, staff has not received any additional feedback from the REDA that would support changes from the original preliminary levy that was presented. On July 15th, the REDA opted not to take action on a recommendation to the City Council. Per the by-laws adopted by the REDA, the REDA must review and recommend a preliminary budget to the City Council. While State Statutes do not define a deadline whereby EDA's must make a recommendation on a preliminary levy to the City Council, the REDA's attorney recommends this occur on or before August 30, 2019. This ensures adequate meeting time is reserved in September for the City Council to take action on setting a preliminary levy before the statutorily required deadline of September 30, 2019.

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 2020 is \$915,455.

A preliminary levy of \$463,400 is being proposed for 2020, a decrease of \$10,260 from the EDA's 2019 levy. When factoring in a projected valuation increase of 6.7% for 2020, the preliminary levy amount proposed would result in a zero increase in annual property taxes for the same median valued home now projected to be valued at \$272,000.

STAFFING

The Community Development Director is proposing no changes to the staffing structure for 2020. Economic Development staff that are 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). It's worth noting, that in previous years Neighborhood Enhancement Program (NEP) staff were allocated within General REDA Expenditures and Personnel, however these costs have been allocated under Programming for 2020.

The total cost for EDA staff in 2020 is anticipated to be: ***\$186,540***

<u>General REDA Expenditures and Personnel</u>	\$232,240
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 \$186,540 of staff-only costs)</i>

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36 **PROGRAMMING**

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

40 In 2020, the following programs will continue to operate but do not require additional funds:

<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 available for general redevelopment activities and has a balance of \$1,673,247*.	\$0
Roseville Rehab Revolving Loan Program (consolidated home improvement loan program). This fund has a balance of \$577,269*.	\$0
Abatement Assistance (payment of abatement costs for code enforcement activities). This fund has a balance of \$128,246*.	\$0
Housing Replacement/Single Family Construction Fund. This fund has a balance of \$407,477*.	\$0

41 *fund balances noted are as-of March 15, 2019.

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43 In 2020, the following programs are proposed to be budgeted for as follows:

<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 200 energy efficiency audits to be completed each year. This budget reflects no increase in 2020.	\$27,850
<u>Marketing</u> This budget is maintained for printing and mailing of marketing materials related to REDA programs. This budget reflects no increase in 2020.	\$5,000
<u>Economic Development</u> The Economic Development budget reflects resources to aid in outreach to existing and prospective businesses. Current efforts include partnerships with the Minnesota State Chamber, St. Paul Area Chamber of Commerce, Twin Cities North Chamber, and others to assist with quarterly educational workshop series, newsletters, and yearly networking events. Recruitment, acquisition assistance, and marketing efforts are being programmed through the assistance of economic development consulting (\$50,000), which includes the City’s Public Finance	\$73,500

<p>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 no increase in 2020.</p>	
<p><u>Neighborhood Enhancement</u> The Neighborhood Enhancement Program (NEP) is a seasonal effort whereby a pre-determined geographic area of the City is inspected for compliance with the City's Nuisance Code. This program is partially supported through the EDA as well-maintained neighborhoods and housing are a function of city-wide economic development. Several staff provide support for this program (time allocations provided in parenthesis), including a Seasonal Inspector (0.33), the Building Official (0.05), two Code Compliance Officers (both at 0.10), and a Department Assistant (0.05). Printing and postage costs (\$8,000) for the annual NEP mailing to those properties to be inspected is included. These costs were budgeted in General REDA Expenditures and Personnel in 2019, but for clarify purposes are being separated as a program cost for 2020.</p>	\$49,360
<p><u>Southeast Roseville Initiatives</u> The Cities of Roseville, St. Paul and Maplewood have hired the Saint Paul Area Chamber of Commerce to begin implementation of the Rice & Larpenteur Alliance, which stemmed from completion of the Rice/Larpenteur Gateway Visioning Plan. While SPACC's contract is only for 12 months, staff is recommending the City of Roseville continue to set aside funds in support of efforts towards a long-term alliance and any other initiatives that may occur as a result of the visioning plan. This budget reflects no increase in 2020.</p>	\$50,000
<p><u>Open to Business ***New Program***</u> Ramsey County is positioned to execute a contract with the Metropolitan Consortium of Community Developers to bring the Open to Business program to Ramsey County, including 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. However, staff is proposing the difference from the 2019 levy (\$473,660) and the 2020 REDA operating and program expenses (\$437,950), plus non-property tax revenues (\$23,125 – see below), be set aside as a place-holder to fund a future loan program for small businesses to be administered by Open to Business, such as a matching loan leveraging Open to Business capital.</p>	\$48,575
<p>Total 2019 Levy Supported Program Expenses</p>	\$254,285

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NON-PROPERTY TAX REVENUE

Historically, the levy has been the sole source to funding for activities conducted by the REDA. Several years ago the University of Northwestern committed to paying the City \$23,125 annually in recognition of their tax-exempt status and continued expansion beyond their campus property. This “charitable pledge” is for economic development efforts aimed at expanding the tax base, thus they’ve been allocated to the REDA. This revenue is used to offset expenses, but was not budgeted for in 2019 in light of ongoing litigation. Staff has programmed this revenue back into the budget as the University has continued its payments. It’s worth noting the charitable pledge payments, per the June 2014 agreement, are set to expire in 2024.

Total EDA Proposed Budget: (Program Expenses + REDA Expenditures & Personnel)	<i>\$486,525*</i>
Minus Non-Property Tax Revenue	-\$23,125
Proposed Preliminary 2020 Levy	\$463,400 <i>(2.2% or \$10,260 decrease from 2019)</i>

55 *the cash balance of the EDA general fund on December 31, 2019/January 1, 2020 is projected to be
56 \$285,866, which exceeds 35% of the proposed operating budget for 2020.

57 **STAFF RECOMMENDATION**

58 Consider a Resolution requesting a Preliminary Tax Levy in 2019, collectible in 2020, in the amount of
59 \$463,400.

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61 **REQUESTED COUNCIL ACTION**

62 Motion to adopt a Resolution requesting a Preliminary Tax Levy in 2019, collectible in 2020, in the
63 amount of \$463,400.

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Prepared by: Janice Gundlach, Community Development Director
Attachments: A. Resolution
B. REDA Budget Comparison