City of ROSEVILLE Minnesota, USA

Roseville Economic Development Authority (REDA)

August 29, 2016

Meeting 4:00 p.m.

City Council Chambers

4:00 p.m.	**1.**	**Roll Call**
		Voting & Seating Order: McGehee, Willmus, Roe, Laliberte, Etten
	2.	**Pledge of Allegiance**
	3.	**Approve Agenda**
4:03 p.m.	**4.**	**Public Comment**
	5.	**Board and Executive Director, Reports and Announcements**
	6.	**Approve Consent Agenda**
	7.	**Consider Items Removed from Consent Agenda**
	8.	**Business Items (Action Items)**
4:08 p.m.		a. Approve Transfer of Housing Replacement Funds to General Operating Fund
4:10 p.m.		b. Economic Development Financing Policy Discussion
4:55 p.m.		c. Adopt 2017 REDA Budget
5:45 p.m.		d. Adopt Business Visitation Program
6:05 p.m.		e. Receive Location One Demonstration
6:10 p.m.		f. Review and Receive Update on SE Roseville Properties
6:30 p.m.	**9.**	**Adjourn**

All meetings at Roseville City Hall, 2660 Civic Center Drive, Roseville, MN unless otherwise noted.

ROSEVILLE

REQUEST FOR ECONOMIC DEVELOPMENT AUTHORITY ACTION

Date: 8/29/2016
Item No.: 8.a

Department Approval | Executive Director Approval

Item Description: Authorize Transfer of Funds from Housing Preplacement/Single Family Construction Program (Funds 720) account to the EDA General Operating Account (723) to fund the 2016 Proactive Economic Development Priorities

BACKGROUND

At the June 21 Roseville Economic Development Authority (REDA) meeting Staff provided an outline of priorities derived from the survey the REDA completed. The REDA discussed proactive economic development priorities as well as the resulting budget implications but took no formal action to transfer funds in support of the identified priorities. What follows is an itemized list of funding priorities that were suggested for the remainder of 2016:

2016 Proactive Economic Development

- ***Policy Development - $10,000 for the creation of a public financing policy/application***
- ***Acquisition/Redevelopment Support - $10,000 for the development of an acquisition framework/policy***
- ***Southeast Roseville Visioning and Engagement - $40,000***
- ***Retention Visitation Program* - $6,500**
- ***Market Research - $15,000***

Total $81,500

Staff is recommending the EDA formally transfer funds from the Housing Replacement/Single Family Construction Program (Fund 720) to the EDA General Operating Account (723) to fund the 2016 Proactive Economic Development initiatives of $81,500.

POLICY OBJECTIVE

This transfer of funds is intended to address the EDA 723 operating budget and support the 2016 Proactive Economic Development Priorities.

BUDGET IMPLICATIONS

The Housing Replacement/Single Family Construction Program (Fund 720) account balance as of April 5, 2016, was approximately $607,000. Funding the 2016 Proactive Economic Development Priorities would reduce the fund by $81,500, which will result in a balance of approximately $525,500.

STAFF RECOMMENDATION

Authorize the transfer of $81,500 from Housing Replacement/Single Family Construction Program (Funds 720) account to the EDA General Operating Account (723) to fund the 2016 Proactive Economic Development Priorities.

REQUESTED AUTHORITY ACTION

Motion to authorize the transfer of $81,500 from Housing Preplacement/Single Family Construction Program (Funds 720) account to the EDA General Operating Account (723) to fund the 2016 Proactive Economic Development Priorities.

Prepared by: Jeanne Kelsey, Community Development Department 651-792-7086
Attachments: A: Memo Dated April 5, 2016

Memo

To: Kari Collins, Interim Community Development Director

Jeanne Kelsey, HRA Director

From: Chris Miller, Finance Director

Date: April 5, 2016

Re: Summary of Available Funds for the Roseville EDA

Kari and Jeanne,

The information below contains a brief overview of the funds available to the Roseville Economic Development Authority for the period ending 12/31/15. For legal and management purposes, these monies are segregated into one restricted fund and four unrestricted funds.

The *restricted* fund is governed by an agreement with Ramsey County which specifies how the monies can be spent in accordance with federal law. The remaining funds were established to address specific goals or priorities, but technically can be repurposed at any time.

<u>Restricted Funds</u>

- Community Development Block Grant (CDBG) Program *(Fund 721)*

<u>Unrestricted Funds</u>

- General EDA Programs *(Fund 723)*
- Housing Replacement / Single Family Construction Program *(Fund 720)*
- Property Abatement Program *(Fund 722)*
- Multi-Family & Housing Program *(Fund 724)*

The available funds as of 12/31/15 are as follows:

Program	Funds Available
CDBG **(Restricted)**	$ 333,000
General EDA Programs **	294,000
General EDA Programs: SF Revolving Loan via GMHC	600,000
Housing Replacement / Single-Family Construction	607,000
Property Abatement	121,000
Multi-Family & Housing Program	1,566,000
Total Available Funds	$ 3,521,000
** $165,000 is needed for cash-flow purposes to meet operational needs in between tax levy collection periods.	

As shown in the table above, the total amount of available monies as of 12/31/15 is $3,521,000, of which, $3,188,000 is *unrestricted*. A portion of these monies were committed or earmarked earlier this year to provide on-going support for existing housing and economic development programs.

In addition to these amounts, the EDA also has a number of outstanding loans and mortgages that will provide varying levels of income in future years. They are summarized in the table below.

Program	Loan/Mortgage Value
CDBG **(Restricted)**: 960 Lovell	$ 12,830
CDBG **(Restricted)**: Sienna Green	351,305
CDBG **(Restricted)**: 1491 Applewood Court	59,000
CDBG **(Restricted)**: 1497 Applewood Court	59,000
General EDA Programs: GMHC	331,585
Housing Replacement / Single-Family Construction: 1481 Applewood Ct.	55,000
Housing Replacement / Single-Family Construction: 1491 Applewood Ct.	36,000
Housing Replacement / Single-Family Construction: 1497 Applewood Ct.	28,000
Multi-Family & Housing Program: Sienna Green	56,095
Total Loan/Mortgage Value	$ 988,815

The total value of existing loans and mortgages as of 12/31/15 is $988,815, of which, $506,680 is unrestricted. However, it will take over 20 years to fully collect on the outstanding balances based on current amortization schedules.

Finally, I will note that the City also holds approximately $600,000 in funds in its TIF District #12 (Arona Site), and is slated to collect another $130,000 in 2016. This District is scheduled for decertification on 12/31/16, however there may be potential uses that the EDA can capitalize on before decertification occurs. Any uses must be within the parameters previously outlined by Bond Counsel.

ROSEVILLE

REQUEST FOR ECONOMIC DEVELOPMENT AUTHORITY ACTION

Date: August 29, 2016
Item No.: 8.b

Department Approval	City Manager Approval
Kari E Collins	Patrick Trudgeon

Item Description: Receive Presentation from Ehlers, Inc. and Provide Feedback on Draft Public Financing Policy

BACKGROUND

On August 8 the City Council received a presentation from Stacie Kvilvang, an Economic Development Consultant from Ehlers, Inc. Ms. Kvilvang led the City Council through background, benefits, and important criteria consideration when developing a public financing policy and application. As part of the presentation, Ms. Kvilvang led the City Council through a criteria development chart for the purpose of targeting development/economic priorities for the Roseville community.

The Roseville Economic Development Authority (REDA) Commissioners completed the spreadsheet which was transmitted to Ehlers, Inc. on August 17 for review. Ehlers, Inc. has reviewed the input and has prepared a draft policy for REDA discussion. Representatives from Ehlers, Inc. will walk the REDA through the policy and solicit input where greater discussion is needed. A copy of the August 8 City Council meeting minutes, memo, and draft policy from Ehlers, Inc. are attached to this report for review.

BUDGET IMPLICATION

No budget implications at this time.

STAFF RECOMMENDATION

Receive presentation from Ehlers, Inc. and provide feedback on draft public financing policy.

REQUESTED REDA ACTION

Receive presentation from Ehlers, Inc. and provide feedback on draft public financing policy.

Prepared by: Kari Collins, Interim Community Development Director
Attachment A: August 8 City Council Meeting Minutes
Attachment B: Memo and Draft Public Financing Policy

Roll Call

Ayes: Willmus, Laliberte, Etten, McGehee and Roe.
Nays: None.

11. Presentations

a. Receive Presentation and Discuss Creating a Public Finance Policy with Economic Development Representatives from Ehlers, Inc.

Interim Community Development Director Kari Collins referenced the RCA as a preamble to tonight's presentation. Ms. Collins introduced Stacie Kvilvang & Jason Aarsvold of Ehlers, Inc.

Ms. Kvilvang provided a historical background of the Ehlers firm, a Roseville business located on Cleveland Avenue, and a brief personal biography and specific expertise of she and Mr. Aarsvold in the public finance field. With both of them having experience from their previous employment with economic and community development in the City of Brooklyn Park, MN, Ms. Kvilvang noted that municipality had also followed a similar route as that of Roseville in moving from a Housing & Redevelopment Authority to an EDA.

Ms. Kvilvang's presentation included a project overview for the newly-created REDA and initial requirements and development of necessary policies, and benefits in having the City Council directly involved in the REDA. Ms. Kvilgang reviewed those policies required by state statute subsequently informing the direction to staff on what projects the REDA would like to assist specific to development/redevelopment priorities. Ms. Kvilvang noted this would allow staff to weed out projects not meeting REDA goals; and for those projects that may be considered borderline, would allow staff to bring them forward to the REDA at a work session. Ms. Kvilvang noted this process and established policies would also provide developers with an understanding of REDA expectations.

Ms. Kvilvang reviewed business subsidies as per state statute and criteria, including tax increment financing as it had evolved over a number of years and tax abatement. Ms. Kvilvang noted twenty-three exemptions under those subsidies that would be part of the consideration for policy development.

In conclusion, Ms. Kvilvang reviewed a spreadsheet of homework questions for individual REDA members (attachments A and B) to submit to staff by August 17, 2017 to allow collation of the information and prepare for the August 29. 2016 REDA meeting and discussion at that time.

Ms. Kvilvang asked the REDA to consider additional information not included in the spreadsheet:

1) *Will you waive city fees (park dedication fees, trunk charges, water access (WAC) or sewer access charges (SAC), building permit fees;*

2) *Is there any development you wouldn't consider giving assistance for – (e.g. doesn't meet city goals or for philosophical reasons).*

Ms. Kvilvang clarified that this information would be anonymous, but provide an overview of public financing preferences and best practice applications to develop a Public Financing Policy for the REDA's review and consideration. With REDA subsequent approval of a draft policy, Ms. Kvilvang noted the public hearing and comment opportunity could then proceed.

Councilmember Willmus asked for an electronic copy of the spreadsheet for completion; and Councilmember Laliberte asked for a copy of tonight's Power Point presentation via email.

Discussion ensued with Ms. Kvilvang, Ms. Collins and council members including acknowledgement and separation of city fees as part of the potential subsidy discussion; need for awareness of existing SAC fee deferment or loan programs offered through the Metropolitan Council or city participation in those programs to avoid making decisions in a vacuum; and identification of individual goals desired and criteria definition as part of the process and for incorporation in future discussions.

At the request of Councilmember Laliberte, Mayor Roe suggested that existing policies used by the city on past projects be considered "old" and that the City Council start fresh using consistent criteria to ensure the policy is relevant going forward. As an example, Ms. Kvilvang noted the many requirements in the existing tax increment financing housing criteria no longer applicable.

At the request of Mayor Roe specific to the wage floor concept and a possible tiered approach within a certain range that would apply to the level of assistance depending on the range, Ms. Kvilvang cautioned not to overcomplicate it, but to simply use a floor. Ms. Kvilvang advised that this still allowed for the ability to negotiate but provided staff clear direction on what the REDA was seeking based on whether or not it was seeking higher wage jobs as the key criteria for development or redevelopment.

For clarification purposes, Ms. Kvilvang noted that, for this exercise, salary excluded benefits to keep the analysis and future reporting as simplistic as possible.

In response to Councilmember Etten, Ms. Kvilvang agreed that the REDA select either minimum or average wage for their criteria rather than categories; with the ultimate goal being to define what was most important to the city.

12. Public Hearings and Action Consideration

Memo

To:	Kari Collins, City of Roseville
From:	Stacie Kvilvang and Jason Aarsvold, Ehlers
Date:	August 24, 2016
Subject:	Business Subsidy Criteria and Public Financing Policy

Attached for your consideration is a draft of the City of Roseville Business Subsidy Criteria and Public Financing Policy. We prepared this draft based on feedback received from the City Council in its "homework" assignment, as well as typical best practices related to public financing. The policy already includes some general provisions that attempt to synthesize the feedback received to date from the City Council, but is still very broad and will require additional dialogue to incorporate Roseville's specific policy goals. The draft policy is organized as follows:

- Section 1 – Purpose and Authority
  - Required by Statute

- Section 2 – Business Subsidy Public Purpose Requirement
  - Required by Statute
  - State job creation and wage goals – will require further discussion

- Section 3 – Requirement for Subsidy Agreement
  - Required by Statute

- Section 4 – City's Objective for the Use of Public Financing

- Section 5 – Public financing principals
  - Some typical best practices
  - Parameters for review and projects for which the City wouldn't provide assistance

- Section 6 – Minimum & desired qualifications for projects

- Section 6.1 – Minimum qualifications
  - Includes assumptions based on feedback received to date

- Section 6.2 – Desired qualifications
  - Currently blank, pending future conversation with the City Council

- Section 7 – Evaluation Process

At the meeting on August 29th, we will walk the Council through the feedback received and facilitate a discussion around all items to reach some consensus on direction for the policy. From these discussions, we will refine the attached policy to incorporate those and bring the final recommended policy back to the Council for review and consideration.

Please contact either of us at 651-697-8500 with any questions.

City of Roseville
DRAFT - Business Subsidy Criteria and Public Financing Policy
September 2016

INTRODUCTION:

This Policy is adopted for purposes of the business subsidies act, which is Minnesota Statutes, Sections 116J.993 through 116J.995 (the "Statutes"). Terms used in this Policy are intended to have the same meanings as used in Statutes. Subdivision 3 of the Statutes specifies forms of financial assistance that are not considered a business subsidy. This list contains exceptions for several activities, including redevelopment, pollution clean-up, and housing, among others. By providing a business subsidy, the city commits to holding a public hearing, as applicable, and reporting annually to the Department of Employment and Economic Development on job and wage goal progress.

1. PURPOSE AND AUTHORITY

A. The purpose of this document is to establish criteria for the City of Roseville for granting of business subsidies and City public financing for private development within the City. These criteria shall be used as a guide in processing and reviewing applications requesting business subsidies and/or City public financing.

B. The City's ability to grant business subsidies is governed by the limitations established in the Statutes. The City may choose to apply its Business Subsidy Criteria to other development activities not covered under this statute. City public financing may or may not be considered a business subsidy as defined by the Statutes.

C. Unless specifically excluded by the Statutes, business subsidies include grants by state or local government agencies, contributions of personal property, real property, infrastructure, the principal amount of a loan at rates below those commercially available to the recipient of the subsidy, any reduction or deferral of any tax or any fee, tax increment financing (TIF), abatement of property taxes, loans made from City funds, any guarantee of any payment under any loan, lease, or other obligation, or any preferential use of government facilities given to a business.

D. These criteria are to be used in conjunction with other relevant policies of the City. Compliance with the Business Subsidy Criteria and City Public Financing

Guidelines shall not automatically mean compliance with such separate policies.

E. The City may deviate from the job and wage goals criteria outlined in Section 2 D and E below by documenting in writing the reason(s) for the deviation. The documentation shall be submitted to the Department of Employment and Economic Development with the next annual report.

F. The City may amend this document at any time. Amendments to these criteria are subject to public hearing requirements contained in the Statutes.

2. BUSINESS SUBSIDY PUBLIC PURPOSE, JOBS AND WAGE REQUIREMENT

A. All business subsidies must meet a public purpose with measurable benefit to the City as a whole.

B. Job retention may only be used as a public purpose in cases where job loss is specific and demonstrable. The City shall document the information used to determine the nature of the job loss.

C. The creation of tax base shall not be the sole public purpose of a subsidy.

D. Unless the creation of jobs is removed from a particular project pursuant to the requirements of the Statutes, the creation of jobs is a public purpose for granting a subsidy. Creation of at least ______Full Time [or Full Time Equivalents] (FTEs) job is a minimum requirement for consideration of assistance.

E. The wage floor for wages to be paid for the jobs created shall be not less than [________**%** of the State of MN Minimum Wage or $_____/hour]. The City will seek to create jobs with higher wages as appropriate for the overall public purpose of the subsidy. Wage goals may also be set to enhance existing jobs through increased wages, which increase must result in wages higher than the minimum under this Section.

F. After a public hearing, if the creation or retention of jobs is determined not to be a goal, the wage and job goals may be set at zero.

3. SUBSIDY AGREEMENT

A. In granting a business subsidy, the City shall enter into a subsidy agreement with the recipient that provides the following information: wage and job goals (if applicable), commitments to provide necessary reporting data, and recourse for failure to meet goals required by the Statutes.

B. The subsidy agreement may be incorporated into a broader development agreement for a project.

C. The subsidy agreement will commit the recipient to providing the reporting information required by the Statutes.

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4. CITY'S OBJECTIVE FOR THE USE OF PUBLIC FINANCING

A. As a matter of adopted policy, the City may consider using public financing which may include tax increment financing (TIF), tax abatement, bonds, and other forms of public financing as appropriate, to assist private development projects when such assistance complies with all applicable statutory requirements to:

1. Remove blight and/or encourage redevelopment in designated redevelopment/development area(s) per the goals and visions established by the City Council and EDA.

2. Diversify the local economy and tax base.

3. Encourage additional unsubsidized private development in the area, either directly or through secondary "spin-off" development.

4. Offset increased costs for redevelopment over and above the costs that a developer would incur in normal urban and suburban development (determined as part of the But-For analysis).

5. Facilitate the development process and promote development on sites that could not be developed without this assistance.

6. Retain local jobs and/or increase the number and diversity of quality jobs

7. Meet other uses of public policy, as adopted by the City Council from time to time, including but not limited to promotion of quality urban design, quality architectural design, energy conservation, sustainable building practices, and decreasing the capital and operating costs of local government.

5. PUBLIC FINANCING PRINCIPLES

A. The guidelines and principles set forth in this document pertain to all applications for City public financing regardless of whether they are considered a Business Subsidy as defined by the Statutes. The following general assumptions of development/redevelopment shall serve as a guide for City public financing:

1. All viable requests for City public financing assistance shall be reviewed by staff, and, if staff designates so, a third party financial advisor who will inform the City of its findings and recommendations. This process, known as the "But For" analysis is intended to establish the project would not be feasible but for the City assistance.

2. The City shall establish mechanisms within the development agreement to ensure that adequate checks and balances are incorporated in the distribution of financial assistance where feasible and appropriate, including but not limited to:
   a. Third party "but for" analysis

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b. Establishment of "look back provisions"

c. Establishment of minimum assessment agreements

3. TIF and abatement will be provided on a pay-as-you-go-basis. Any request for upfront assistance will be evaluated on its own merits and may require security to cover any risks assumed by the City.

4. The City will set up TIF districts in accordance with the maximum number of statutory years allowable. However, this does not mean that the developer will be granted assistance for the full term of the district.

5. The City will elect the fiscal disparities contribution to come from inside applicable TIF district(s) to eliminate any impact to the existing tax payers of the community.

6. Public financing will not be used to support speculative commercial, office or housing projects. In general the developer should be able to provide market data, tenant letters of commitment or finance statements which support the market potential/demand for the proposed project.

7. Public financing will not be used in projects that would give a significant competitive financial advantage over similar projects in the area due to the use of public subsidies. Developers should provide information to support that assistance will not create such a competitive advantage. Priority consideration will be given to projects that fill an unmet market need.

8. Public financing will not be used in a project that involves a land and/or property acquisition price in excess of fair market value.

9. The developer will pay all applicable application fees and pay for the City and EDA's fiscal and legal advisor time as stated in the City's Public Assistance Application.

10. The developer shall proactively attempt to minimize the amount of public assistance needed through the pursuit of grants, innovative solutions in structuring the deal, and other funding mechanisms.

11. OTHER COUNCIL ITEMS TO BE ADDED

6. PROJECTS WHICH MAY QUALIFY FOR PUBLIC FINANCING ASSISTANCE

A. All new applications for assistance considered by the City must meet each of the following minimum qualifications. However, it should **not** be presumed that a project meeting any of the qualifications will automatically be approved for assistance. Meeting the qualifications does not imply or create contractual rights on the part of any potential developer to have its project approved for assistance.

6.1 MINIMUM QUALIFICATIONS/REQUIREMENTS:

A. In addition to meeting the applicable requirements of State law, the project shall meet one or more of the Public financing objectives outlined in Section 4.

B. The developer must demonstrate to the satisfaction of the City that the project is not financially feasible "but for" the use of tax increment or other public financing.

C. The project must be consistent with the City's Comprehensive Plan and Zoning Ordinances, Design Guidelines or any other applicable land use documents.

D. Prior to approval of a financing plan, the developer shall provide any requested market and financial feasibility studies, appraisals, soil boring, private lender commitment, and/or other information the City or its financial consultants may require in order to proceed with an independent evaluation of the proposal.

E. The developer must provide adequate financial guarantees to ensure the repayment of any public financing and completion of the project. These may include, but are not limited to, assessment agreements, letters of credit, personal deficiency guarantees, guaranteed maximum cost contract, etc.

F. Any developer requesting assistance must be able to demonstrate past successful general development capability as well as specific capability in the type and size of development proposed. Public financing will not be used when the developer's credentials, in the sole judgment of the City, are inadequate due to past history relating to completion of projects, general reputation, and/or bankruptcy, or other problems or issues considered relevant to the City.

G. The developer, or its contractual assigns, shall retain ownership of any portion of the project long enough to complete it, to stabilize its occupancy, to establish project management and/or needed mechanisms to ensure successful operation.

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6.2 DESIRED QUALIFICATIONS:

1. TO BE ADDED FOLLOWING CITY COUNCIL INPUT

7. PUBLIC FINANCING PROJECT EVALUATION PROCESS

A. The following methods of analysis for all public financing proposals will be used:

1. Consideration of project meeting minimum qualifications
2. Consideration of project meeting desired qualifications
3. Project meets “but-for” analysis and/or statutory qualifications
4. Project is deemed consistent with City’s Goals and Objectives

Please note that the evaluation methodology is intended to provide a balanced review. Each area will be evaluated individually and collectively and in no case should one area outweigh another in terms of importance to determining the level of assistance.

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Type of Development	Potential Ranking Criteria	Yes	No	Unsure	Amount – Range	Preliminary Thoughts on How Criteria Should be Defined – What Development Goal is Desired
Commercial						
	1. What is the minimum number of jobs that should be created	5	0	N/A	2 – 1 job 1 – 3 jobs 1 – 4 jobs 1- 10 jobs	-High quality, head of household, with benefits, 50 to 60K annual salary minimum -Creation of non-retail jobs is an important criteria; retail seems to be well established w/o further assistance -Leave the door open to many kinds of development
	2. Limit amount of subsidy per job created (i.e. $5,000/job or some other amount)	1	2	2 – no comments	$5,000, with a limit of $1,500,000 per project	-Dependent on number of jobs, size of business, quality of business, traffic generated, need in community, and many other factors listed in the following sections for starters -Needs will vary -Other criteria should more appropriately determine the amount of subsidy
	3. Should credit be given for part-time job creation	4	0	1 – see comment #1	N/A	**-Flexible, but only if those jobs are few, have regular hours, are permanent, have high salaries and benefits. Recognition of individuals who may not be able to work full time, but are excellent employees/or have a good job share arrangement. Minimum salary 60K annual with benefits, so 30K part time plus benefits** -Only outside of retail -But not for part time retail jobs
	4. Is job retention more important than new jobs	1	3	1 – see comment #1	N/A	**-Job retention is important if the jobs are as described in number 1 or number 2** -Retention is equal to or greater than creation in priority; both important, but keeping what we have should be important -Both are important - the goal is quality jobs
	5. Is the quality of jobs important (i.e. higher paying jobs)	5	0	N/A	N/A	-The quality and quantity of jobs is key together with the positive impact on the community—i.e. limited traffic generation, aesthetics of building and site, environmental impact, if service, need in the community -Close to a "living wage" should be the floor for assistance in job creation/retention -These strengthen the community more and provide more money to be spent in the community
	1. Amount above minimum wage (i.e. 2 times State minimum wage, etc.)	4	1 – See comment #1	N/A	3 - 3X minimum 1 – 2X minimum	-Minimum wage is not well tied to "living wage" -Too high and it becomes hard to allow some entry level quality jobs such as in manufacturing
	2. Wage specific (rather than using minimum wage as benchmark, possibly use average annual salary or hourly rate).	3	0	2 - See comment #1 & #2	$20 - $25/hour our $40,000 - $65,000/yr 2X poverty wage	**- Not sure I like this approach because times change** **-This could be OK if we looked at average annual salary for employees and exempted certain top executives. It works less will with a major company** -Some flexibility here on hourly and annual especially if a large number of jobs and salaries are averaged, but firm on at least $18.00 for a few hourly workers -Use official poverty wage for Ramsey County (or suburban Ramsey County?) for 1 adult/2 children or 2 adults/1 child (currently $10 to $11/hr.) as an index; prefer to tie to an index so as not to set a dollar figure that must constantly be adjusted
	1. Should there be a minimum per sq/ft value for the buildings being constructed	3	2 – see comment #1 & #2	N/A	$125, $130, $350 per sq. ft.	-Too much variability in $$ per square foot among desirable-to-assist uses; also some less desirable-to-assist uses (retail) have high per sq. ft. values -I am more interested in the quality of the business and how it serves the community
	2. Should the property valuation before and after development be weighted	5	0	N/A	N/A	-The tax valuation and construction of the building should exceed "average" standards and generate substantial tax base increase -This is important to increasing property taxes and diversifying tax base -We want to promote tax base improvement
	1. Corporate campus	5	0	N/A	N/A	
	2. Office	5	0	N/A	N/A	
	3. Multi-tenant buildings	5	0	N/A	N/A	-Flexible, but would have to be a good, innovative plan with excellent, long term tenants; not a strip mall and no retail except if highly desired by community or of great need in community, jobs, finish, design, etc., would all be factors -Multi-tenant in the other target sectors - but not in retail

Commercial	4. High tech or major manufacturer	5	0	N/A	N/A	-Would depend on product and its impact on community, jobs, pollution, traffic, etc.
	5. Research and development	5	0	N/A	N/A	-Again, dependent on Items listed in 3 and 4, high tech or major manufacturer
	6. Warehouse/Distribution	1	2 – see comment #1	1 ? 1 - Maybe	N/A	**-Have much, too much traffic, jobs not high quality**
	7. Medical office/facilities	5	0	N/A	N/A	-If needed in community, question things like hospitals or large emergency centers
	8. Sit down restaurant	2	2	1 – Maybe – see comment #	N/A	**-If unique and not a chain, fast food, or have a drive through component.. One can sit down in Denny's, but that doesn't make it a "restaurant"** -Not needed in our strong retail environment -Maybe if a unique non-chain restaurant but probably not - I think this is worthy of a conversation regarding national chains, franchises, and independent ownership….
	9. Small specialty retail	1 – See comment #2	0	2 – See comment #1& #3 1 – wants more discussion 1 - unsure	N/A	**-Where and what service? Perhaps as a small area of unique specialty shops near Rosedale or HarMar, but not as an item in some new strip mall or new retail building, repurposed use only in the existing retail area** - Something unique hat diversifies offerings in city or provides unique products - no chains - **Perhaps as part of Small Business target**
	10. Small business (non, start up, but under 50 employees)	5	0	N/A	N/A	-What service to local community or wages paid or likely success? Should conform to above salaries, benefits, and if a new building, design, environmental aspects, impact of production process - Especially if it fits categories above
	11. Other (specify)	1 – See comment #1	0	1 – Wants to think about it more 1 – unsure 2 – N/A	N/A	-Looking in general for development needed to make a more complete community with particular attention to impact on the community, other businesses, and the environment. Wages and benefits are important. Looking for developer who brings something new, not what was in style 10 years ago, just dusted off for now
	1. Measure public vs private investment (inclusive of grants)	3	0	1 – Flexible – see comment #1 1 – unsure – see comment #2	N/A	-Would depend on service and community need, possible 1-10 ratio public to private - Prefer public investment to be minimized to the extent practically possible
	2. Leverages other resources	2	2	1 – Flexible – see comment #1	N/A	-Would depend on service and community need, private must show all efforts attempted before considered further. I would be flexible, but I would expect a 30 public to 70 private match - Prefer using multiple sources to "going it alone" - We should always do this to maximize the impact of our role and reduce costs to tax payers
	1. Clean up of blighted areas	4	0	1 - Questionable	N/A	**-Depends** upon the definition of "blighted" - Due to other sources of funding, this is not a highly rated bonus criteria, however
	2. Clean up of polluted area	5	0	N/A	N/A	**-Only if** standard is high and clean-up is quality, no pave overs -Due to other sources of funding, this is not a highly rated bonus criteria, however
	3. Preservation/stabilization of Malls/major commercial nodes	2 – see comment #1 and #3	1 – See comment #2	1 – Not sure and wants more discussion on the issue 1 - ? to no	N/A	**-Only if** market and private sector has a quality, workable, plan -Not a concern in Roseville -Revitalization of these. Preservation is not the key. If a mall went away for a stronger use that is OK
	4. Special purpose project of the City (i.e. SE Roseville, Twin Lakes, Roseville Revived, etc.)	5	0	N/A	N/A	**-Only if** the project was thoroughly vetted by the community through a referendum! -SOME bonus for this, but not necessarily a lot. What is "Roseville Revived?"
	5. Retains major employer (top 10)	5	0	N/A	N/A	**-Only if** the employer meets some of the criteria required in the first section of this assignment -Top employers help anchor the entire city. I am not interested in huge giveaways here, though - Very important to retain top non-retail employers!

	6. Significant rehabilitation or expansion of an existing property	3 – see comments	0	1 – Possibly 1 - Unsure	N/A	-**Only if** the project met environmental, community, design, and wage requirements for other projects and that the entity is viable -Non-Retail -This is a high priority thinking about revitalizing areas
	7. Demonstration of extraordinary energy efficiency practices (i.e. solar, geothermal, LEED, reduction of carbon footprint, etc.)	4 – See comment #1 and #3	1 – See comment #2	N/A	N/A	-These are over and above and would qualify for review, but other criteria would also need to be reviewed as well -There are many state and federal dollars for these things that we should help leverage but not necessarily pay out ourselves. -SOME bonus for this, but not necessarily a lot.
	8. Other (specify)	2 – See comments	0	1 – Wants to think about it more 1 - ? 1 – No response	N/A	-Perhaps some other types of humane aspects such as working style, flexible hours, on-site child care, etc. -Pedestrian or transit oriented features of a project should be promoted/assisted with some bonus consideration.
Housing						
	1. Provide higher scoring for higher density vs. lower density (i.e. more efficient use of land)	0	5 – see comments	N/A	N/A	-Density alone does not speak to sustainability, community, quality of life, amenities, quality of construction, etc. -Not density for density's sake; but perhaps density in exchange for PUD criteria could be considered -Only for diversifying offerings in Roseville in the medium to high density areas. Single family homes do not need support
	2. Provide higher points/scoring for providing affordable housing	3 – see comments	2	N/A	N/A	-Only if there is a quality plan which includes, accessibility, underground parking, high quality construction, energy efficiency, excellent interior finish, green space, good location, affordable units (with identical amenities) mixed at a 20% rate in market rate building, etc. - We have needs in certain sectors such as Seniors and entry level works for quality housing -Workforce housing; similar criteria to wage floor in economic development
	3. Provide higher points/scoring for providing luxury apartments	1 – see comment #1	4 – see comment #3	N/A	N/A	-There is come demand for that for residents who wish to stay in our community. Lexington is the only thing close to that and it is 25-30 years old. Also required for those coming into the area for consulting or medium stays at local industries. Again, there should be a 10 to 20% affordable component. -All the same items as listed above for affordable housing, with the 20% affordable -Should not need assistance for luxury apts.
	4. Should City set parameters on mix of affordable units (i.e. at least X%)	2 – See comment #1 and #3	2	1 – Maybe – See comment #2	Important	-Every multifamily housing project should have between 10 and 20% affordable units. These units should have the same quality of finish, amenities, and approximate size as the average of the other units. A "two building" "have and have not" solution is not acceptable. - A low threshold here to allow a developer the ability to design what will sell. The higher the amount of affordable the great potential for subsidy from us outside groups. -Yes, BUT, be flexible. Set a reasonable floor across a project vs per building. NOT necessarily a mix PER BUILDING, as that can negatively affect the ability to obtain other funding sources for affordable. Must first hear from the industry (developers and affordable advocates/other cities with experience) as to appropriate mix to promote.
	5. Other	1	3	1 – Wants to think about it more	N/A	-Consideration of small "community" developments with smaller homes and lots with shared green space and community building—own home, but not a "high rise" or apartment setting. Good for seniors, singles, one parent small family, veterans, physically challenged, etc. Perhaps modular, prefabricated homes. Novel housing solutions that are sustainable, environmentally sound, aesthetically pleasing, and build community if built as a "development."
Housing	1. Should there be a minimum per/unit value for the buildings being constructed	3 – See comment #1	2 – See comment #2	N/A	N/A	-Any subsidy should be a benefit to the community and the tax payers providing the subsidy. -Residential construction has a pretty well determined valuation based on costs of materials, labor, etc., to meet current building codes. No need to set a floor as a result.
	2. Should the property valuation before and after development be weighted	5 – see comments	0	N/A	N/A	- Any subsidy should be a benefit to the community and the tax payers providing the subsidy. -We want to promote tax base improvement

	1. Work force/Affordable	3 – see comments	0	2 – 1 wants more discussion	N/A	**-Only** as part of or comparable to a market rate project with same amenities, etc. as listed above. Would consider for a really high quality, interesting design, innovative idea of housing, etc. Not just the same old, same old. It would have to be very, very, special with lower density.
	2. Luxury rental	1 – see comments	4	N/A	N/A	-There is some demand for that for residents who wish to stay in our community. Lexington is the only thing close to that and it is 25-30 years old. Also required for those coming into the area for consulting or medium stays at local industries. Again, there should be a 10 t0 20% affordable component.
	3. Senior independent rental	2 – see comments	1	1 – Unsure 1 – No response	N/A	-Same as above for amenities, location, finish, sustainability, “affordable component”
	4. Senior housing with services	0	4– see comment #1	1 – See comment #2	N/A	-More than adequate now -If market study notes a need
	5. Senior cooperative	0	3	2 – Possibly – see comments	N/A	-Have three already, so anything else would have to be different with some new ideas, finishes, and perhaps an “affordable” component as required of other housing. - If market study notes a need
	1. Measure public vs private investment (inclusive of grants)	4 – see comments #1 & #2	0	1 – Not sure see comment #3	N/A	**-Would depend on** community need, possible 1-10 ratio public to private -Taxpayer bang for buck - others contributing help balance city costs -Prefer public investment to be minimized to the extent practically possible
	2. Leverages other resources	3 – see comments	2	N/A	N/A	**-Would depend on** community need, private must show all efforts attempted before considered further. I would be flexible, but it would be a stretch to support more than a 30 public to 70 private expenditure match. -Taxpayer bang for buck - others contributing help balance city costs -Prefer using multiple sources to "going it alone"
	1. Clean up of blighted area	5 – see comments	0	N/A	N/A	-Again, it would depend on the definition of “blighted” -Due to other sources of funding, this is not a highly rated bonus criteria, however
	2. Clean up of polluted area	5 – see comments	0	N/A	N/A	**-Only if cleaned to “residential” standards throughout!** -Due to other sources of funding, this is not a highly rated bonus criteria, however
	3. Special purpose project of the City (i.e. SE Roseville, Twin Lakes, Roseville Revived, etc.)	5 – see comments	0	N/A	N/A	**-A very thorough vetting by the entire community,** possibly followed by a referendum—at a special election if cost of subsidy exceeded $1.5 million -Yes to SE Roseville, NO to Twin Lakes SOME bonus for this, but not necessarily a lot. What is "Roseville Revival?" -My answer of yes would be tied to specific projects/areas and not just an “across-the-board” yes for anything the city happens to be focused on at the time. Example – yes to Southeast Roseville, but would want more discussion about other projects/areas.
	4. Provides housing option not currently available	3 – see comments	0	1 – not sure what it would be and would like to discuss more 1 - ?	N/A	-Provided it meets other criteria listed throughout this document, see 5 under Number and Types of Units above or Number 7 below. -Or not enough to meet demand -Per our market studies
	5. Significant rehabilitation of an existing apartment complex	3 – see comments	0	1 – not sure and would like more discussion 1 - ?	N/A	**-Only if** it actually brings the building up to modern standards, including adequate parking off street, green space for residents, storm water management if necessary, accessibility to building, sprinkler systems, energy efficiency, etc. -We need updates to our older multi-family stock -Limit - not like a new development adding jobs
	6. Demonstration of extraordinary energy efficiency practices (i.e. solar, geothermal, LEED, reduction of carbon footprint, etc.)	4 – see comments #1 & #3	1 – see comment #2	N/A	N/A	-Together with all the other more mundane requirements listed in this document -There are many state and federal dollars for these things that we should help leverage but not necessarily pay out ourselves -SOME bonus for this, but not necessarily a lot

	7. Other (specify)	2 – see comments	2 – no response	1 – will continue to think	N/A	-New, interesting, innovative designs and ideas for housing and community building in these types of multifamily projects. We do not have a small hospice home in Roseville, and that would be appropriate given our demographic and seniors wishing to stay in their homes. Interesting housing for those with physical disabilities to provide more independent living. As listed above, some area of smaller homes providing homeownership options in a "community" setting, small cottages for a multi-generational, diverse community - Pedestrian or transit oriented features of a project should be promoted/assisted with some bonus consideration
Open Comment	1. Is there any use you do not want to provide assistance to?	3 – see comments	0	1 – would benefit from more discussion 1 - unsure	N/A	-Adult entertainment venues or retail establishments, pawn shops, large multifamily housing units without the above amenities or with densities over 30 units per acre, trucking terminals, projects that pollute with noise, or contaminate the air, ground, or ground water. Any retail unless in neighborhoods where a small grocery or family owned sit down restaurant might be a community amenity. Any projects that arise from the staff and/or Council that are not then thoroughly vetted in a charrette process in the community. Anything that does not provide good jobs with benefits. No big box stores. Assisted living only if it is a new concept and would replace/upgrade something we already have. No incentive discussions unless and until there is a realistic, documented, and vetted proposal. -Most high density - all single family LDR1 - most general retail or chain stores -No assistance for most retail except perhaps small start-ups
	2. Are there specific things that you are of the opinion that public assistance should only be given to (i.e. public infrastructure, affordable housing, below grade parking, density bonus, etc.)?	1	1	1 – Flexible see comment #1 1 – would benefit from more discussion 1 – ?	N/A	-Public infrastructure, underground parking, ramp parking, affordable housing as 20% of a luxury or market rate project--in the same building with the same amenities, innovative housing initiatives, green enhancements, possibly stormwater management portions of projects if of general benefit existing City residents, other green and/or sustainable initiatives. -In some cases, non-targeted sectors could be assisted if the assistance goes toward pedestrian or transit amenities, or reduced surface parking, or increased green space or stormwater treatment
	3. Is there anything we have missed that you would like to provide thoughts on?	2 – see comments	0	1 – will continue to think 1 - ? 1 – no response	N/A	-It seems a rather complete set of questions; I hope the answers provide sufficient lower and upper bounds for screening of applicants desiring financial assistance. There are many ways to make things unique, innovative, humane, fair, …and serve to make our community better for everyone. There are many ways to encourage diversity, provide interesting opportunities for the vulnerable among us, and keep our community healthy, vibrant, welcoming, sustainable, and perhaps a bit unique. We have an excellent base upon which to build, keeping in mind that our first obligation is to our residents and taxpayers and the future of the city. I feel flexible, yet committed to not supporting "ordinary" projects. Make the applicants reach and my support might even exceed what I presently feel would be my limit - In response to whether to consider waiving City fees, I support considering existing programs related to SAC fees through Met Council, but am hesitant to blanket waive Park Dedication or development fees. However, we could consider a negotiated fee structure on a case by case basis. Note that with Park Dedication it can be land versus fees, so that is always on the table in an effort to enhance open/public space as a part of development

ROSEVILLE

REQUEST FOR ECONOMIC DEVELOPMENT AUTHORITY ACTION

Date: August 29, 2016
Item No.: 8.c

Department Approval | City Manager Approval

Item Description: Consider 2017 Economic Development Authority Budget Options and Adopt a Resolution Adopting A Preliminary Tax Levy in 2016 Collectible in 2017

BACKGROUND

Per the by-laws adopted by the Roseville Economic Development Authority (REDA), the REDA must review and recommend a preliminary budget the first meeting in August. Staff has put together the attached budget (Attachment A) with a range of options for consideration. Included in the budget are three staffing options in an effort to align staffing and staffing capacity with the priorities articulated by the REDA. The maximum amount the REDA can levy for 2017 is $787,000.

To request a preliminary EDA levy, the REDA must adopt a budget for subsequent consideration by the City Council via resolution. The 2017 EDA preliminary budget is scheduled to go to the City Council on September 12. Assuming approval, the REDA budget will be included in the City budget and levy request that is submitted to Ramsey County. Once the initial EDA levy request is approved in August, the levy can still be lowered but cannot be raised above the preliminary level. No EDA levy was approved in 2016, however in 2014 and 2015 the HRA levy was $703,579. The impact on a median-valued home of approximately $226,800 will range depending on the 2017 budget option selected.

The attached budget spreadsheet reflects the cost of three varying budget options including three different staffing structures. Funds for programming in each budget option are the same with the exception of the as-is option, Option 1. Option 1 does not include any funds dedicated to site acquisition.

STAFFING OPTIONS

In 2016, $177,000 was allocated to housing and economic development staffing. In an effort to align staff with the priorities of the REDA, the Interim Community Development Director has developed three staffing options for REDA consideration.

Option 1 – Existing Staff Structure

Staffing Option 1 reflects the current 2016 staffing structure, with one staffing reclassification suggested. Due to the conversion from a Housing and Redevelopment Authority (HRA) to an Economic Development Authority (EDA), the only change that must be considered is the reclassification of the HRA Executive Director. In Option 1, the HRA Executive Director would be reclassified to a Housing & Economic Development Program Manager. The reclassification would result in a small salary decrease as this role would no longer have the responsibilities and authority managing a monthly board. The role would continue to assist the Community Development Director in managing existing housing programs, business retention/visitation/outreach efforts, and review public assistance applications. This staffing option is the leanest option and does not currently include funding for consultants. As part of the priority setting discussion on June 21 (minutes included with your packet), Community Development Staff outlined the initiatives below as requiring additional staff or consultant support:

- Business Concierge (15) – *Proactive* - 2016 Medium Priority
- Marketing strategy (19) – *Proactive* - 2016 Medium Priority
- Execute pro-active marketing strategy (17) – *Proactive*
- Support partner-sponsored job fairs and/or opportunities to expose students to careers with Roseville employers (17) - *Proactive*
- Integrate deeply into business retention, expansion and attraction (16) - *Proactive*

The existing staff structure under this option would not have the capacity to take on these priorities, assuming they remain priorities in 2017.

Option 1, Existing Staffing Structure, is as follows:

Community Development Director (Paid from Comm. Dev. Fund) → Senior Office Assistant paid .5 EDA

↓ Housing & Ec. Dev. Program Manager ↓ GIS Technician (Paid From Comm. Dev. Fund)

↓ Economic Development Intern(s)

The total cost to continue this staffing structure is: **$172,000**

Option 2 – Consultant Support and Realignment of Staff

Staffing Option 2 emphasizes business retention, recruitment, acquisition, and marketing efforts as the responsibility of the Housing and Economic Development team. In Option 2, $50,000 would be dedicated for consultant assistance on policies, projects, marketing, or on-call support for greater *proactive* economic development. As the REDA continues to lay a foundation to support more proactive economic development in 2017, having funds available for consultants with varying specialties would be desirable. As part of the priority setting discussion in June, Community Development Staff outlined initiatives that would require additional staff or consultant support (listed in Option 1). A consultant may be used to help target these initiatives assuming the REDA maintains these as priorities in 2017.

In addition to a consultant, Option 2 reclassifies the GIS Technician to better support economic development coordination. Currently the GIS technician serves the City of Roseville four days each week, and spends one day serving the City of North St. Paul. The additional day would allow for greater coordination, research into programs, and project/contract management. The Senior Office Assistant would no longer be paid half time out of the EDA. The Senior Office Assistant currently serves the Community Development Department as a whole as needs arise (including the EDA on an occasional basis), therefore shifting the position to be supported fully out of the Community Development Fund seems more appropriate. Conversely, the GIS Technician has largely supported housing and economic development projects, including working with environmental consultants in coordinating environmental information on properties in the Twin Lakes Area. This staffing option would fund an Economic

Development Coordinator/GIS Specialist half from the EDA and half from the Community Development Fund as the Community Development Department would still require a significant level of GIS support.

Option 2, Consultant Support and Realignment of Staff, is as follows:

Community Development Director (paid from CD Fund) → On-Call Consultant

Housing & Ec. Dev. Program Manager

Ec. Dev. Program Coordinator/GIS Specialist (.5 EDA/.5 CD Fund)

Economic Development Intern(s)

The total cost for this staffing structure is: **$224,500**

Option 3 – Economic Development Manager Led

Staffing Option 3 is a staff-heavy approach creating a Housing & Economic Division with an Economic Development Manager at the helm. The Economic Development Manager would supervise a ¾ Housing and Economic Development *Program* Manager (dollars repurposed from former HRA Executive Director position), as well as the Economic Development Coordinator/GIS Specialist. All economic development activities would be funneled through the Economic Development (ED) Manager, and the ED Manager would be responsible for managing the materials sent to the REDA. The ED Manager would be responsible for all retention, recruitment, acquisition, and marketing efforts for the City and would be responsible for targeting all 2017 priorities identified in June (Attachment C), including the initiatives that were categorized as being outside current staff capacity. It should be noted that in addition to wages and benefits for this new role, the total cost reflects various administrative charges that accompany professional staff (e.g. conferences, phone, etc.) There would also be an initial cost to accommodate office space for a new position. The Community Development Department is currently at capacity with space, with staff presently sharing cube space under the existing staffing structure. This option does not set aside funds for consultants.

Option 3, Economic Development Manager Led, is as follows:

Community Development Director (Paid from CD Fund)

Economic Development Manager

¾ Housing & Economic Dev. Program Manager

Ec. Dev. Program Coordinator/GIS Specialist (.5 EDA/.5 CD Fund)

Economic Development Intern(s)

The total cost for this staffing structure is: **$300,725**

PROGRAMMING

The tables below outline existing housing and economic development programs that the City of Roseville currently maintains. In addition to the staffing options outlined, accompanying cost of existing programs will need to be budgeted as well.

In 2017, the following programs will continue to operate but will receive no additional funds:

Roseville Loan Program (consolidated home improvement loan program)	$0
Abatement Assistance (payment of abatement costs for code enforcement activities).	$0
Housing Replacement/Single Family Construction Fund	$0

In 2017, the following programs will be continued or expanded based on a budget option that is approved:

Multi-Family Loan and Acquisition Funds 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 used for site assemblage for redevelopment of higher density housing.	$0 - $200,000 Depends on adopted budget for 2017.
Ownership Rehabilitation Programs 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.	$27,850
Neighborhood Enhancement Program (NEP) This funding pays for professional services for seasonal program along with printing and mailing of program materials.	$54,585
Marketing This budget is maintained for printing and mailing of marketing materials of the REDA programs. In addition, workshops are done 8 times a year to address home improvements, sustainability, gardening and healthy living.	$8,000
Economic Development REDA is working to implement the Business Visitation Program. The intent is to help business expand, retain and attract desirable businesses that lead to employment, and investment in the community. The budget reflects continued implementation of the recommendations from 2016 and resources for outreach to existing 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 (or those efforts considered ‘proactive’) would be programmed through the assistance of an on-call consultant as outlined in Staffing Option 2 of this report. Additional assistance and support would be funded through help of graduate-level economic development interns and is included in this range.	$18,500 - $73,500 Depends on 2017 staffing option selected

General REDA Expenditures The REDA has operating costs associated with overhead, staff, attorney, recording secretary services, continuing education and training of staff. This range reflects total operating costs depending on the staffing options/programming (acquisition funds) options included.	$192,650 - $327,586 Depends on 2017 staffing option selected
Total Expenses	$303,710 - $641,521

BUDGET IMPLICATION

Attachment A of the staff report outlines the budget implications/levy impact of adopting Budget Options 1, 2, or 3.

STAFF RECOMMENDATION

Consider 2017 Economic Development Authority Budget Options and Adopt a Resolution Adopting A Preliminary Tax Levy in 2016 Collectible in 2017

REQUESTED COUNCIL ACTION

Motion to Adopt a Resolution Adopting A Preliminary Tax Levy in 2016 Collectible in 2017

Prepared by: Kari Collins, Interim Community Development Director
Attachment A: Budget Summary
Attachment B: Draft Resolution
Attachment C: June 21 Staff Report Outlining 2016 & 2017 Economic Development Priorities

City of Roseville Economic Development Authority
2017 Proposed_Budget_Fund 723

Account Number 723	Description	2016 Approved Budget	2016 Cash Available and Expenditure to date 7/31/2016	2016 Modified Budget for operating 8/29/2016	2017 Proposed Budget A Staffing	2017 Proposed Budget B Staffing	2017 Proposed Budget C Staffing	Notes on Budget
	Proposed Revenues:	**Revenue**		**Revenue**	**Revenue**	**Revenue**	**Revenue**	
	Investment Income		**588.19**					
	Cash carry-over	**$128,917.60**	**$128,917.60**		**$0.00**			
	Cashflow Reserve	**$165,109.58**	**$165,109.58**		**$0.00**			
	Property Tax paid late		**$14,290.44**					
	EDA Levy	**$0.00**	**$0.00**		**$303,710.00**	**$568,585.00**	**$636,521.25**	Maximum Levy 2017 $787,000
	ECHO Participation 2016	**$0.00**	**$10,000.00**		**$0.00**			
	Transfer of Cash from other accounts	**$0.00**		**$81,500.00**				Transfer 2016 from 720 , 2017 from Loan Program
	Miscellaneous Income - Grants for ED Intern	**$0.00**	**$1,000.00**					Grant from EDAM for intern/ECHO project carryover
	Percentage of Maximum Levy of $787,000				**39%**	**72%**	**81%**	
	Total Revenue	**$294,027.18**	**$319,905.81**	**$81,500.00**	**$303,710.00**	**$568,585.00**	**$636,521.25**	

Account Number 723	Description	2016 Approved Budget	2016 Cash Spent to Date 7/31/2016	2016 Additional identified Expenses	2017 Proposed Budget			
	Proposed Expenses:	**Expenses**		**Expenses**	**Expenses**			
71	**Housing Replacement/Single Family Construction Funds**							
430000	Professional Services	**$0.00**			**$0.00**	**$0.00**	**$0.00**	
434000	Printing	**$0.00**			**$0.00**	**$0.00**	**$0.00**	
448000	Miscellaneous	**$0.00**			**$0.00**	**$0.00**	**$0.00**	
490000	Contractor Payments							
71	**Housing Replacement/Single Family Construction Funds**	**$0.00**		**$0.00**	**$0.00**	**$0.00**	**$0.00**	
72	**Multi Family Loan & Acquisition Fund**							
430000	Professional Services	**$0.00**			**$0.00**	**$0.00**	**$0.00**	
434000	Printing	**$0.00**			**$0.00**	**$0.00**	**$0.00**	
448000	Rental Licensing - Manager/Owner Meeting							
	Other Services & Charges - Acquisition	**$100,000.00**	**$0.00**			**$200,000.00**	**$200,000.00**	
490000	ECHO Project 2016 Final		**$43,875.00**					
72	**Multi Family Loan & Acquisition Fund**	**$100,000.00**	**$43,875.00**	**$0.00**	**$0.00**	**$200,000.00**	**$200,000.00**	
73	**Ownership Rehab Program**							
430000	Professional Services-HRC	**$12,000.00**	**$12,000.00**		**$15,000.00**	**$15,000.00**	**$15,000.00**	
433000	Advertising	**$0.00**						
	Other Services & Charges Fees for Loan Closing							
490000	Green Award Program	**$850.00**			**$850.00**	**$850.00**	**$850.00**	
	Energy Efficiency Program	**$12,000.00**	**$6,840.00**		**$12,000.00**	**$12,000.00**	**$12,000.00**	
73	**Ownership Rehab Program Total**	**$24,850.00**	**$18,840.00**	**$0.00**	**$27,850.00**	**$27,850.00**	**$27,850.00**	
74	**First Time Buyer Program**							
430000	Professional Services - Educational Outreach	**$0.00**						
433000	Advertising							
448000	Other Services & Charges (448000, 424000)	**$0.00**			**$0.00**	**$0.00**	**$0.00**	
490000	Live/work RSV program							
74	**First Time Buyer Program Total**	**$0.00**	**$0.00**	**$0.00**	**$0.00**	**$0.00**	**$0.00**	
78	**Neighborhood Enhancement Program**							
430000	Prof Services - City of Roseville	**$47,500.00**	**$47,500.00**		**$47,900.00**	**$47,900.00**	**$47,900.00**	
433000	Marketing -Printing and Mailing	**$6,475.00**			**$3,070.00**	**$3,070.00**	**$3,070.00**	
	Other Services & Charges				**$3,615.00**	**$3,615.00**	**$3,615.00**	
78	**Neighborhood Enhancement Program Total**	**$53,975.00**	**$47,500.00**	**$0.00**	**$54,585.00**	**$54,585.00**	**$54,585.00**	
82	**Marketing Studies**							
430000	Intern for researching Hotel/Motel enforcement	**$10,000.00**			**$0.00**	**$0.00**	**$0.00**	
430000	Market Research			**$15,000.00**				
430000	Professional Services to review SE opportunities	**$10,000.00**		**$40,000.00**				
433000	GRPB Civic Plus Platform, Design of New Brochure		**$4,700.00**		**$0.00**	**$0.00**	**$0.00**	Carryover costs from 2015 budget
434000	Printing Marketing Materials	**$6,500.00**	**$1,674.98**		**$6,500.00**	**$6,500.00**	**$6,500.00**	
448000	Miscellaneous-Postage	**$1,500.00**	**$15.52**		**$1,500.00**	**$1,500.00**	**$1,500.00**	
82	**Marketing Studies**	**$28,000.00**	**$6,390.50**	**$55,000.00**	**$8,000.00**	**$8,000.00**	**$8,000.00**	
56	**Economic Development**							
430000	BR&E Intern	**$10,000.00**	**$5,702.75**	**$6,500.00**	**$10,000.00**	**$15,000.00**	**$15,000.00**	
430000	Economic Development Consultant On-Call			**$20,000.00**		**$50,000.00**		
433000	BR&E Newsletter page, other outreach	**$10,000.00**			**$6,000.00**	**$6,000.00**	**$6,000.00**	6,000 for newsletter
	Economic Development Funds	**$300,000.00**			**$0.00**			
441000	Business Educational Series	**$6,000.00**	**$460.00**		**$2,000.00**	**$2,000.00**	**$2,000.00**	
448000	Salesforce & Misc.	**$400.00**			**$500.00**	**$500.00**	**$500.00**	
56	**Economic Development Program Total**	**$326,400.00**	**$6,162.75**	**$26,500.00**	**$18,500.00**	**$73,500.00**	**$23,500.00**	
00	**General EDA Expenditures**							
430000	Prof. Services - City of Roseville	**$157,100.00**	**$157,100.00**		**$162,000.00**	**$159,500.00**	**$260,725.00**	
430000	Prof. Svs. (Secretary)	**$2,500.00**	**$920.65**		**$2,500.00**	**$2,500.00**	**$2,500.00**	
0006	Prof. Svs. (EDA Attorney)	**$15,000.00**	**$1,902.75**		**$15,000.00**	**$15,000.00**	**$15,000.00**	
448001	Fiscal/Overhead Fee	**$9,080.00**	**$9,080.00**		**$9,275.00**	**$9,650.00**	**$15,361.25**	
441000	Education (Training/Conferences)	**$2,500.00**	**$928.32**		**$2,500.00**	**$2,500.00**	**$5,000.00**	
441000	Training/Conferences for Board members	**$1,000.00**			**$0.00**	**$0.00**	**$0.00**	
442000	Mbrship/Subscriptions	**$1,500.00**	**$780.00**		**$1,500.00**	**$1,500.00**	**$2,000.00**	
448000	Other Services & Charges(448000,424000,433000)	**$2,000.00**	**$878.03**		**$2,000.00**	**$2,000.00**	**$27,000.00**	
00	**General EDA Expenditures**	**$190,680.00**	**$171,589.75**	**$0.00**	**$194,775.00**	**$192,650.00**	**$327,586.25**	
	Subtotal Expenditures	**$723,905.00**	**$294,358.00**	**$81,500.00**	**$303,710.00**	**$556,585.00**	**$641,521.25**	
	Contingency	**$0.00**	**$0.00**					
	Total Budgeted Expenses	**$723,905.00**	**$294,358.00**	**$81,500.00**	**$303,710.00**	**$556,585.00**	**$641,521.25**	
	Total Expenses to date 7/31/2016		**$294,358.00**					
	Over (under)*	**-$429,877.82**	**$25,547.81**	**$0.00**				
	Operating Reserve Recommended 35% of Budget				**$106,298.50**	**$194,804.75**	**$224,532.44**	Transfer from Rovolving Loan Program
	Percentage of Levy Funds for Staffing/Consultants				**56.63%**	**39.48%**	**47.25%**	
	Overall Staffing Costs				**$172,000.00**	**$224,500.00**	**$300,725.00**	

EXTRACT OF MINUTES OF MEETING OF THE ROSEVILLE ECONOMIC DEVELOPMENT AUTHORITY

Pursuant to due call and notice thereof, a meeting of the Roseville Economic Development Authority, County of Ramsey, Minnesota, was duly called and held at the City Hall on Monday, the 29th day of August, 2016, at 4:00 p.m.

The following members were present:

and the following were absent:

Commissioner __________________introduced the following resolution and moved its adoption

Resolution No. 2

A Resolution Adopting A Tax Levy in 2016 Collectible in 2017

BE IT RESOLVED by the Board of Commissioners (the "Board") of the Roseville Economic Development Authority, Minnesota (the "Authority"), as follows:

Section 1. Recitals.

1.01. The Authority is authorized by Minnesota Statutes Section 469.107 to request that the City of Roseville, Minnesota (the "City") levy a tax on all taxable property within the City, subject to approval of such tax levy by the City Council of the City, for the benefit of the Authority (the "EDA Levy").

1.02. The Authority is authorized to use the amounts collected by the EDA Levy for the purposes provided in Minnesota Statutes, Section 469.090 to 469.1081 (the "EDA Act").

Section 2. Findings

2.01. The Authority hereby finds that it is necessary and in the best interest of the City and the Authority to request that the City Council of the City adopt the EDA Levy to provide funds necessary to accomplish the goals of the Authority.

Section 3. Adoption of EDA Levy.

3.01. The Authority hereby requests that the City levy the following amount, which is no greater than 0.01813 percent of the City's estimated market value, to be levied upon the taxable property of the City for the purposes of the EDA Levy described in Section 1.02 above and collected with taxes payable in 2017:

Amount: __________________________

Section 4. Report to City and Filing of Levies.

4.01. The executive director of the Authority is hereby instructed to transmit a certified copy of this Resolution to the City Council with the Authority's request that the City include the EDA Levy in its certified levy for 2017.

Adopted by the Board of the Authority this 29st day of August, 2016.

Certificate

I, the undersigned, being duly appointed Executive Director of the Roseville Economic Development Authority, Minnesota, hereby certify that I have carefully compared the attached and foregoing resolution with the original thereof on file in my office and further certify that the same is a full, true, and complete copy of a resolution which was duly adopted by the Board of Commissioners of said Authority at a duly called and regularly held meeting thereof on August 29, 2016.

I further certify that Commissioner___________ introduced said resolution and moved its adoption, which motion was duly seconded by Commissioner ______________, and that upon roll call vote being taken thereon, the following Commissioners voted in favor thereof:

and the following voted against the same:

whereupon said resolution was declared duly passed and adopted.

Witness my hand as the Executive Director of the Authority this 29th day of August, 2016.

____

Executive Director
Roseville Economic Development Authority

REQUEST FOR ECONOMIC DEVELOPMENT AUTHORITY ACTION

Date: 06/21/2016
Item No.: 7.b

Department Approval

Executive Director Approval

Item Description: Receive Update on Priorities Identified by the Economic Development Authority(EDA) and Discuss Staff/Budget Capacity for 2016 and 2017

BACKGROUND

At the May 25 Economic Development Authority (EDA) meeting, Janna King, the City's Economic Development Consultant, presented information about how the City could expand its Economic Development initiatives. Ms. King organized the initiatives into 3 categories: Current, A Step-Up, and High Performing and asked the EDA to prioritize the initiatives using a High, Medium, and Low ranking structure. Ms. King then totaled the rankings to determine how best to focus energy in 2016 and in 2017 (Attachment A). In reviewing the rankings, three themes emerged:

- **Policy Development**
- **Proactive Economic Development (e.g., visioning and engagement)**
- **Acquisition/Redevelopment Support**.

Initiatives have been separated as 2016 Priorities and 2017 Priorities. The Community Development Department has six months to achieve the priorities agreed upon for 2016, and the intent of this separation was to be realistic with what can be accomplished from an aspect of staff time and budget. Priorities in 2016 identified as Medium Priorities may need to be deferred until 2017 to allow for enough time to appropriately address the 2016 High Priorities.

Economic Development Priorities for 2016 and Staff Capacity

Resident Oriented/Neighborhood Commercial:

- Targeted acquisition & redevelopment support (24) - ***Acquisition/Redevelopment Support***
- Engage owners and residents (starting in SE Roseville) (23) - ***Proactive***
- Understand stakeholder goals; create revitalization vision (21) - ***Proactive***

Additional Research to support development strategy and comprehensive plan

- Dialogue with brokers, developers, and owners (23) – ***Proactive***

Build organizational capacity and clearly defined partner relationships to support economic development

- Clarify role/relationships and collaborate with partner organizations (e.g., Greater MSP, county, chambers workforce orgs & others) (23) - ***Proactive***

- Identify & implement preferred approach to providing staff and/or consulting capacity for economic development (21) **– *In Progress***

Business Friendly Practices & Reputation

- Clear Incentive policies & processes (23) **– *Policy***
- “Shovel Ready” sites (22) – ***Policy & Acquisition/Redevelopment Support***
- Listen & adjust policies that aren’t working (21)- ***Policy***

Financing/Incentives

- Clear policies: business subsidy, TIF, tax abatement (23) **- *Policy***

Redevelopment, Reuse, Revitalization (other areas, facades)

- Engage property owners, affected business owners & residents (23) **- *Proactive***

2016 Staff Capacity – Policy Development

Staff currently has general business subsidy policies and TIF policies that have been provided by Springsted, Inc. Staff also has a baseline framework for incentive policies, including a Twin Lakes Incentive Policy from 2008 that can be used as a starting point. To *adapt* the policies for current needs, staff would need assistance from a consultant.

The EDA will need to determine which policies should be reviewed/created in 2016 and which can be reviewed in 2017. The EDA could consider a larger Business Subsidy Policy that encompasses all possible incentive options. Appropriate funds to work with a consultant on developing policies in 2016 may fall in the realm of **$10,000.**

2016 Staff Capacity – Acquisition/Redevelopment Support

The EDA has taken a more active interest in land purchases and shovel-ready programs. Staff has the capacity, with the assistance of our real estate attorney/other consultants, to project-manage sites that are in various stages of acquisition.

Staff suggests that in 2016 the EDA consider allocating dollars toward developing a framework for site acquisition. A framework will help Staff and the EDA determine *where* the priority areas are, *when* to bring a site forward to the EDA for consideration, and articulate when a consultant should be engaged. A consultant would need to be hired to assist in developing such a framework, and staff estimates the cost at **$10,000**. There would also be additional costs for specialized consultants to assist in the acquisition process as needed.

2016 Staff Capacity – Proactive Economic Development

The EDA has identified as a priority a heightened level of engagement in various areas of economic development as indicated by the initiative titled, “Resident Oriented/Neighborhood Commercial.” One area where this is already happening is in Southeast Roseville where staff is working with a multi-jurisdictional planning group to determine the best way to approach the Rice/Larpenteur corridor revitalization. The group is also working on a visioning process that would include efforts to engage the surrounding community. At a City Council meeting in April, staff outlined several visioning options for Southeast Roseville and estimated the cost at that time to range from $20,000 - $50,000**,** depending on the level of staff involvement. Although the cost of visioning, engagement, and reinvestment is unknown at this time, staff suggests that the EDA consider setting aside a funds in 2016 to continue the Southeast Roseville visioning efforts already underway. The suggested amount of funds to be budgeted fall in the middle range of visioning at, **$40,000.**

Other initiatives identified as Proactive (not specific to resident oriented/neighborhood commercial), may be accommodated with the assistance of area chambers of commerce. Staff is currently in the process of laying a foundation for a visitation program. The Community Development Department Economic Development Intern has been developing a business inventory and researching successful visitation programs. Staff believes that a framework for an aggressive visitation program could be completed by the end of 2016 which would allow for greater engagement with our business community. The cost of developing this program would be the cost of our graduate student intern to continue through the Fall semester, and would range between **$5,500 - $6,500.**

Staff suggests that the EDA define a Visitation Team in 2016 to clarify who will be going out to greet new and existing businesses. The St. Paul Area Chamber of Commerce (SPACC) agreed to coordinate and record input from visits with area businesses at a cost of **$500/month**. This could be considered for 2017 after the objectives of a visitation program are defined.

Additional proactive economic development may also include market research and input from the developers, brokers and property owners. This information could inform the comprehensive plan and the economic development marketing strategy in 2017 as well as incentive and business friendly policies and processes in 2016 and 2017. Staff estimates working with a consultant on market research in 2016 may cost approximately, **$15,000.**

Total (Maximum) Cost of 2016 Initiatives:

Policy Development – (2 Policies at $2,000/each):	$10,000
Acquisition – Acquisition Framework:	$10,000
Proactive - SE Visioning:	$40,000
Visitation Program:	$6,500
Market Research:	$15,000
Total:	**$81,500+**

Economic Development Priorities for 2017 & Staff Capacity

Initiatives highlighted in **RED** may need additional staffing or a longer-term contract with a consultant.

Resident Oriented/Neighborhood Commercial

- Assist with market analysis & planning (19) **–** ***Proactive*** **-** 2016 Medium Priority
- Tailor incentive policies, programs & need for organization support (20) **-** ***Policy***
- Targeted organizational support and/or relationships (20) **-** ***Proactive***
- Promote vision/opportunity (20) **-** ***Proactive***

Additional Research to Support Development Strategy and Comprehensive Plan

- Econ & Market insights inform development strategies & comp plan (19) - ***Proactive***
- Market trends/implications for Roseville (19) – ***Proactive/Policy*** **-** 2016 Medium Priority
- Fiscal implications of development (17) **–** ***Proactive/Policy*** **-** 2016 Medium Priority

Brownfield Redevelopment (priority-Twin Lakes)

- Clean up grants & technical assistance (17) – ***Policy*** **-** 2016 Medium Priority
- Work with/assist property owners with environmental assessment, funding, market insights (15) – ***Proactive*** **-** 2016 Medium Priority

- Acquisition & site assembly (15) – ***Acquisition/Redevelopment Support*** - 2016 Medium Priority

Business Friendly Practices & Reputation

- ***On-line permitting (16) – *Proactive*- 2016 Medium Priority
- Business Concierge (15) **–** ***Proactive*** - 2016 Medium Priority

*Currently an initiative of the Community Development Department.

Financing/Incentives

- Establish & Implement systems to measure, report & shape policy/programs (21) - ***Policy***
- Consider carefully tailored local tools (19) - ***Policy***

Redevelopment, Reuse, Revitalization (other areas, facades)

- Promote vision/opportunity (18) – ***Proactive*** - 2016 Medium Priority
- Tailor incentive policies and programs (18) – ***Policy*** - 2016 Medium Priority
- Targeted acquisition & redevelopment support (15) – ***Acquisition/Redevelopment Support*** - 2016 Medium Priority

Business Retention and Expansion (BRE)

- Organized approach to pro-active and reactive business visitation (19) – ***Proactive*** - 2016 Medium Priority
- Greater MSP bio-med focus (15) – ***Proactive***- 2016 Medium Priority
- Business as city stakeholder and customer (e.g. training, surveying, engage with comp plan, other (17) – ***Proactive*** - 2016 Medium Priority

Marketing/Image of Roseville

- Marketing strategy (19) – ***Proactive*** - **2016 Medium Priority**
- Execute pro-active marketing strategy (17) – ***Proactive***

Workforce/Talent

- Expand coverage of workforce at Roseville Business Council & in communications with businesses (e.g., Business Spotlight) (19) **–** ***Proactive*** - 2016 Medium Priority
- Build information/referral capacity (19) – ***Proactive*** - 2016 Medium Priority
- Work with Metro Transit to expand transit to business parks & major employers (19) - ***Proactive***
- Support partner-sponsored job fairs and/or opportunities to expose students to careers with Roseville employers (17) - ***Proactive***
- Integrate deeply into business retention, expansion and attraction (16) – ***Proactive***

2017 Staff Capacity – Policy Development

In a review of the EDA input, it is apparent that there is a strong desire to lay a framework of policy development prior to a robust marketing and engagement strategy. Assuming an aggressive level of policy creation in 2016, Staff suggests that the EDA consider setting aside **$5,000** for policy revision, tailoring, or creation.

Appropriate funds should be set aside in 2017 for graduate student interns to provide program/project support. One time projects, such as exploring fiscal implications, could be assumed by a graduate student intern or class project. A recommended budget for interns for 2017 is, **$30,000.**

2017 Staff Capacity – Acquisition/Redevelopment Support
As mentioned as a possible action item for 2016, a framework for establishing acquisition criteria may be valuable. Staff would suggest setting aside **$5,000** in 2017 for tweaking an acquisition framework if desired.

2017 Staff Capacity – Proactive Economic Development
Proactive economic development will undoubtedly be the bulk of new initiatives in 2017 and may have the greatest impact on staff capacity. Of the initiatives identified, those highlighted in **red** would be difficult to accomplish with the existing staff structure.

Initiatives where additional staff/consultant may be needed include:

- Business Concierge (15) **– *Proactive* - 2016 Medium Priority**
- Marketing strategy (19) **–** ***Proactive*** **- 2016 Medium Priority**
- Execute pro-active marketing strategy (17) **– *Proactive***
- Support partner-sponsored job fairs and/or opportunities to expose students to careers with Roseville employers (17) - ***Proactive***
- Integrate deeply into business retention, expansion and attraction (16) - ***Proactive***

Additional Staffing
The EDA could consider utilizing consultants, repurposing existing staff, or adding an additional staff person to accommodate the economic development activities in 2017 and beyond. A range of **$50,000 - $150,000** could be considered to accommodate additional staffing depending on what the EDA desires. This range may be a conservative estimate of what is needed, however, a reliance on interns may diminish if additional staffing is desired. If an additional staff person is desired, the department will need to do a space analysis. The department currently has staff sharing cube space, and additional funds would need to be set aside to build space and/or reconfigure existing space to accommodate increased staff. The cost of a space analysis and reconfiguration is not included in the 2017 initiatives as this affects the Department as a whole and would be budgeted across all divisions.

Total (Maximum) Cost of 2017 Initiatives:

**SE Roseville Visioning*	*$40,000 (not in total)*
Policy Development:	$5,000
Acquisition – Acquisition Framework:	$5,000
Proactive – Research (Interns):	$30,000
SPACC Visitation Facilitation	$6,000
Additional Staffing/Consultant	$150,000
Total:	$**196,000+**

*Visioning funds for SE Roseville have been identified as a 2016 priority. If funds are not used in 2016, staff recommends carrying over funds for 2017.

2016/2017 Low Priorities

Low priorities are listed below and are not being budgeted for at this time. The EDA may want to consider whether these initiatives may be suitable for 2018 or whether they no longer rise to a priority level.

Brownfield Redevelopment (priority-Twin Lakes)
- Incentives (13)
- Marketing or Developer RFPs (8)

Build organizational capacity and clearly defined partner relationships to support economic development
- Support establishment of complementary economic development organization, assuring strong communication and alignment with EDA (14)
- Explore options to build economic development organizational capacity that complements the city EDA (Commission, EDO, etc.) (13)

Business Friendly Practices & Reputation
- Expedited Review Process (7)

Business Retention and Expansion (BRE)
- Resources & support for business (13)
- Engage referral sources – CPAs, utilities, bankers, brokers, lawyers (13)

BUDGET IMPLICATIONS

City Finance Director/EDA Assistant Treasurer, Chris Miller, has provided an updated memo outlining the funds available to the EDA for programming. Fund 723, the operational fund, will not be able to accommodate the total cost approximated for 2016. The EDA will need to look at repurposing dollars from unrestricted funds in the Single Family Revolving Loan Program, Housing Replacement/Single-Family Construction Program, Property Abatement Program, or Multi-Family Housing Program to fulfill the priorities identified in 2016. Similarly, the EDA will also need to review the 2017 initiatives and determine how funds to support the EDA strategy will be determined. Staff would encourage the addition of an EDA meeting in July to outline priorities and funding approach after input is received.

The EDA, per the by-laws, is required to adopt a 2017 preliminary budget the first meeting in August.

STAFF RECOMMENDATION

Review priority initiatives/staff capacity and provide direction on 2016 activities and 2017 activities.

REQUESTED EDA ACTION

Review priority initiatives/staff capacity and provide direction on 2016 activities and 2017

Prepared by: Kari Collins, Interim Community Development Director
Attachments: A: EDA Priorities High to Low

Current	A step up	Your Preferred Timeframe	Your Priority
High Priority			
Resident Oriented/ Neighborhood Commercial	Targeted acquisition & redevelopment support	2016 & ongoing	24
Business Friendly Practices & Reputation	Clear incentive policies & processes	2016	23
Finance and Incentives	Clear policies & processes – business subsidy, tax increment, tax abatement	2016	23
Brownfield Redevelopment (priority-Twin Lakes)	Clarify policies re: city roles & incentives	2016	23
Resident Oriented/ Neighborhood Commercial	Engage business/property owners & residents (starting with SE Roseville)	2016 & ongoing	23
Redevelopment, reuse, revitalization (other areas, facades)	Engage property owners, affected business owners & residents	Ongoing	23
Additional research to support development strategy and comprehensive plan	Dialogue with brokers, developers and property owners in Roseville market	Ongoing/as needed	23
Build organizational capacity and clearly defined partner relationships to support economic	Clarify roles/relationships and collaborate with partner organizations (e.g. GREATER MSP,	2016	23
Business Friendly Practices & Reputation	“Shovel Ready” sites	2016 & ongoing	22
Business Friendly Practices & Reputation	Listen & adjust policies that aren’t working well	Ongoing	21
Resident Oriented/ Neighborhood Commercial	Understand stakeholder goals & create revitalization vision	2016 & ongoing	21
Build organizational capacity and clearly defined partner relationships to support economic development	Identify & implement preferred approach to providing staff and/or consulting capacity for economic development	2016	21
Finance and Incentives	Establish & implement systems to measure, report & shape policy/programs	2017 & ongoing	21
Brownfield Redevelopment (priority-Twin Lakes)	MN DEED “Shovel ready” support for private landowners	2016 & ongoing	21

Resident Oriented/ Neighborhood Commercial	Tailor incentive policies, programs & need for organizational support	2017 & ongoing	20
Resident Oriented/ Neighborhood Commercial	Targeted organizational support and/or relationships	2017 & as needed	20
Resident Oriented/ Neighborhood Commercial	Promote vision/opportunity	2017 & as needed	20
Medium Priority			
Business Retention and Expansion (BRE)	Organized approach to pro-active and reactive business visitation	2016	19
Marketing/Image of Roseville	Marketing strategy	2016-2017	19
Finance and Incentives	Consider carefully tailored local tools	2017	19
Workforce/talent	Expand coverage of workforce at Roseville Business Council & in communications with businesses (e.g. Business Spotlight)	2016 & onging	19
Workforce/talent	Build information/referral capacity	2016-17	19
Resident Oriented/ Neighborhood Commercial	Assist with market analysis & planning	2016 & 2017	19
Additional research to support development strategy and comprehensive plan	Market trends/implications for Roseville	2016	19
Workforce/talent	Work with Metro Transit to expand transit to business parks & major employers	2017	19
Additional research to support development strategy and comprehensive plan	Econ & market insights inform development strategies & comp plan	2017 & beyond	19
Redevelopment, reuse, revitalization (other areas, facades)	Targeted acquisition & redevelopment support	As needed	18
Redevelopment, reuse, revitalization (other areas, facades)	Promote vision/opportunity	Ongoing	18
Business Retention and Expansion (BRE)	Business as city stakeholder and customer (e.g. training, surveying, engage with comp plan, other)	2017	17
Additional research to support development strategy and comprehensive plan	Fiscal implications of development	2016/2017	17
Marketing/Image of Roseville	Execute pro-active marketing strategy	2017 or later (when ready)	17

Workforce/talent	Support partner-sponsored job fairs and/or opportunities to expose students to careers with Roseville employers	2017 & ongoing	17
Brownfield Redevelopment (priority-Twin Lakes)	Clean up grants & technical assistance	Ongoing	17
Redevelopment, reuse, revitalization (other areas, facades)	Assist with some or all of the following: market analysis, clarifying stakeholder goals and creating a revitalization vision	2017	16.5
Business Friendly Practices & Reputation	On-line permitting	2016	16
Workforce/talent	Integrate deeply into business retention, expansion and attraction	2017 & ongoing	16
Business Retention and Expansion (BRE)	GREATER MSP bio-med focus	2016/2017	15
Brownfield Redevelopment (priority-Twin Lakes)	Work with/assist property owners with environmental assessment, funding, market insights	2016 & onging	15
Business Friendly Practices & Reputation	Business concierge	2017 & ongoing	15
Brownfield Redevelopment (priority-Twin Lakes)	Acquisition & site assembly		15
Low Priority			
Build organizational capacity and clearly defined partner relationships to support economic development	Explore options to build economic development organizational capacity that complements the city EDA including local commission, economic development corporation or similar approach	2016	14
Business Retention and Expansion (BRE)	Resources & support for businesses (e.g. Laliberte suggested mentors)	2017	13
Business Retention and Expansion (BRE)	Engage referral sources – CPAs, utilities, bankers, brokers, lawyers	2017	13
Brownfield Redevelopment (priority-Twin Lakes)	Incentives	Past 2017	13
Build organizational capacity and clearly defined partner relationships to support economic development	Support establishment of complementary economic development organization, assuring strong communication and alignment with EDA	2017 & ongoing	13
Brownfield Redevelopment (priority-Twin Lakes)	Marketing or developer RFPs		8+?
Business Friendly Practices & Reputation	Expedited Review Process		7

ROSEVILLE

REQUEST FOR ECONOMIC DEVELOPMENT AUTHORITY ACTION

Date: 8/29/2016
Item No.: 8.d

Department Approval	Executive Director Approval

Item Description: Receive Presentation and Consider Adopting a Roseville Business Visitation Program

BACKGROUND

During the June 21 REDA meeting, the REDA Board established several priorities for the remainder of 2016 and 2017, one of which was to develop a Business Visitation Program. This goal is very much in line with the recommendation offered in the report prepared by the University of Minnesota's Business Retention & Expansion (BR&E) Strategies Program after they had conducted interviews with several of Roseville's businesses. That report recommended that Roseville City staff and elected officials do the following to engage and support the business community:

- Develop and foster relationships with existing businesses
- Demonstrate that the City is a resource to the business community
- Identify business needs and stumbling blocks
- Build capacity to sustain growth and development

2016 – 2017 EDA Priorities

- Establish a Business Subsidy Policy
- Establish an Acquisition Policy Framework
- Engage in a visioning process to better understand how to revitalize SE Roseville
- ***Devise and implement a Business Visitation Program***

Since those recommendations were made in 2014, Staff worked with the two area chambers to continue to strengthen a monthly educational opportunity (Roseville Business Council) and an annual networking event (Roseville Business Exchange). Staff also established a partnership with the St. Paul Area Chamber of Commerce to make quarterly educational seminars available to Roseville businesses. In response to the recommendations, the City hired an economic development intern, Angela Riffe, a graduate student at the University of Minnesota's Humphrey School, to canvas the City and gather the names and locations of all Roseville's businesses. Ms. Riffe then built a database to store the information. With this information in place, Community Development Department staff has worked with Ms. Riffe to develop a robust visitation program.

Review of State and Local Visitation Programs

Staff researched the visitation programs in Shoreview, Brooklyn Park, and Oakdale to determine who attends business visits (city staff and elected officials), how many businesses each city visits per year (on average 10.1/year), and how they prioritize which businesses to visit. The following table provides a summary of the information gathered.

City	Personnel	Visits/Year *	Survey	Strategy
Shoreview	Mayor + 1 City Council member 1 or 2 EDC members 2 City Staff	6	No	**Visitation Priorities:** Businesses in growth industries; large businesses with anticipated growth challenges
Brooklyn Park	2 City Staff	10	No	**Visitation Priorities:** Businesses that contact City Staff through EDA, EDC, or Businesses Council
Oakdale	Mayor EDC Chair Com. Dev. Director + City Planner	15	Yes	**Visitation Priorities:** Businesses in a specific geographical area in 6-week timeframe

**The Economic development professionals cited scheduling conflicts as a barrier to scheduling more visits.*

City Staff also met with Grow Minnesota! [SM] to explore the Minnesota Chamber of Commerce's state-wide business visitation program. Grow Minnesota! [SM] is a program that partners with local chambers of commerce and economic development authorities across the state to visit nearly 1,000 businesses annually. They use a standardized survey at each visit and maintain a database with the information gathered.

Although each of the programs researched served the needs of their respective constituents, none of the municipal programs use a standardized business survey to capture potential business issues or stumbling blocks, nor did they visit a substantial number of businesses. Given the number of businesses in Roseville, and the diversity of those businesses, visiting such a small number in the first few years of the program would not give the REDA a meaningful overview of potential issues within the business community. Staff, therefore, would recommend the REDA use the Grow Minnesota! [SM] model and partner with the Minnesota Chamber of Commerce to benefit from their well-established business retention and expansion program. Partnership between the Grow Minnesota! [SM] and the Roseville EDA would have several benefits:

- Access to a two-page business visit survey and database tool to implement a turn-key business retention, assistance, and expansion program.
- Invitation to special business events, participation in new initiatives, and notifications of business opportunities.
- Access to three Grow Minnesota! [SM] staff dedicated to assisting their local program's success.

Structure of Roseville Business Visitation Program

After reviewing the visitation programs of nearby cities, and that of the Minnesota Chamber of Commerce, Staff recommends the REDA develop a program that will both identify issues and concerns of Roseville's businesses and provide opportunities to strengthen relationships with the City. Staff recommends the program include two types of visits: a Retention Visit and an Ambassador visit. The Retention visit will be the "first touch" where City Staff visit with business representatives, and conduct a survey to determine if there are any immediate concerns or needs. Ambassador visits will be used to welcome new Roseville businesses to the community. The goal from program implementation until the end of the 2017 will be two Retention visits per week and Ambassadors visits as needed.

Visit Type	Personnel	Visits/Year
Retention Visit • Conversation w/rep of business • Conduct two-page survey • Determine if follow-up is needed	2 City Staff ***OR*** 1 City Staff + 1 Partner Staff from Greater MSP, MN chamber, or Local chamber	2 per week (average)
Ambassador Visit • New businesses located in Roseville	Mayor + 1 City Council Members + 1-2 Member of ED Team (City Staff/ (Com. Dev. Dir/City Manager)	As new businesses emerge

Business Visitation Prioritization

Staff anticipates scheduling the Retention visits in September 2016, and beginning visits as early as October. The goal would be to conduct two Retention visits a week, allowing for up to 120 Retention visits by the end of 2017. The Minnesota Chamber of Commerce and local chambers will provide a list of their members in Roseville and will be invited to accompany Staff on business visits.

The focus in this first year of the program will be on biomedical firms, manufacturing businesses, and businesses that we haven't yet been able to categorize. We are suggesting this focus for the following reasons:

- The biomedical industry has been identified by GreaterMSP as a fast growing industry that is critical to the economic success of the region. GreaterMSP is currently visiting biomedical manufactures in the Twin Cities area. Including biomedical industry in businesses will help to strengthen the existing partnership between GreaterMSP and Roseville EDA.
- Manufacturing businesses generally provide high wages and have the capacity to grow and expand. Ensuring existing businesses have the resources they need to grow is key to local economic success.
- Classifying all industry types for businesses is a key priority through the end of 2017. Categorizing all businesses will yield a final industry mix within Roseville. The "Not Yet Categorized" classification includes home-based businesses that may receive a phone call rather than an in-person visit.

Business Industry	# of Businesses in Roseville	Partnership
Biomedical	23	GreaterMSP
Manufacturing	49	State and local chambers of commerce
Not Yet Categorized	50	State and local chambers of commerce
Total	**122**	

BUDGET IMPLICATIONS

Staff time will be the primary cost of the program. In addition to the time to conduct the business visits, Staff time will be needed to arrange visits, enter data gathered at the visits into the database, and update the database throughout the year.

The cost of the annual membership to Grow Minnesota! ^{SM} visitation program is $500. Fee includes: use of Grow Minnesota! ^{SM} database, reports, and business survey, invitation to business events hosted by the chamber, and access to three Grow Minnesota! ^{SM} staff dedicated to assisting their local program's success.

STAFF RECOMMENDATION

Authorize staff to enter into a partnership with Minnesota Chamber of Commerce's visitation program, Grow Minnesota! ^{SM} and adopt Roseville Visitation Program.

REQUESTED EDA ACTION

Authorize staff to enter into a partnership with Minnesota Chamber of Commerce's visitation program, Grow Minnesota! ^{SM} and adopt Roseville Visitation Program.

Prepared by: Jeanne Kelsey, 651-792-7086
Angela Riffe, Community Development Intern

Attachments: A: Grow Minnesota! ^{SM} Survey Questions

MINNESOTA CHAMBER *of* COMMERCE
GROW MINNESOTA!

Date:_________________ **Interviewer(s)**: ____

Company Name:_____________________ **Contact/Title:**__________________________

Street Address & City: ____

Year Company was founded:____________

Corporate Structure:

□ **LLC** □ **C-Corp (privately held)** □ **C-Corp (publicly held)** □ **S-Corp** □ **Cooperative** □ **Professional Assn.**

□ **Sole Proprietor** □ **Non Profit** □ **Partnership.** □ **Other**____________________________

Has this company's ownership or top management changed over the last year? ◯ **Yes** ◯ **No**

Is this business locally owned? ◯ **Yes** ◯ **No**

Grow Minnesota![SM] Visit Topics & Questions

Facility:

- Is this facility owned or leased? ◯ **Owned** ◯ **Leased**
- Is there room for expansion at this site? ◯ **Yes** ◯ **No**
- Type of facility? *Check all that apply.*

□ **Branch** □ **Distribution** □ **Headquarters** □ **Home-based business** □ **Manufacturing**

□ **Office-operation (non HQ)** □ **R & D** □ **Sales Office** □ **Other:** _______________________________

- Do you have other facilities in MN? ◯ **Yes** ◯ **No**

*If YES, where?*____

Products/services:

- What are your major products and services?____

____

- Have you introduced new products/services in past year? ◯ **Yes** ◯ **No**
- Do you plan to add new products/services in the next year? ◯ **Yes** ◯ **No**

*Explain new products/services.*____

- Over the past year, has total company sales: □ **Increased** □ **Decreased** □ **Stable**
- Over the past year, has company profitability: □ **Increased** □ **Decreased** □ **Stable**

*Explain any sales/profit changes.*____

Workforce:

- How many employees do you have? *(Full time/Part time/& Seasonal?)*____________________
- Has this number changed over the last year? □ **Increased** □ **Decreased** □ **Stable**
- What change in workforce number do you expect over the next year? □ **Increase** □ **Decrease** □ **Stable**
- Are you having difficulty recruiting workers? ◯ **Yes** ◯ **No**
- What types of skills/workers are most difficult to recruit? *Explain.*________________________
- In general, what is it about the applicants that make the openings hard to fill (check all that apply).

□ **Lack of basic education** □ **Lack of technical skills** □ **Lack of candidates** □ **Poor work ethic**

Other: ____

Market information:

- In what geographic location/s are your **primary markets**?

□ **Local (w/in 50 mi)** □ **Minnesota** □ **Midwest (includes MN)** □ **US** □ **International**

- In what geographic location/s are your **fastest growing markets**?

□ **Local (w/in 50 mi)** □ **Minnesota** □ **Midwest (includes MN)** □ **US** □ **International**

- Is the market share of your company's major products or services:

□ **Increasing** □ **Decreasing** □ **Stable** □ **Unsure**

- Does your company export? ◯ **Yes** ◯ **No**

*If YES, where?*____

Investment plans:

- Does this company have plans for new investments? ◯ **Yes** ◯ **No**
- **If 'Yes',** check **all** that apply:

□ **Invest in new facilities** □ **Make major equipment purchases**

□ **Renovate/Expand current facilities** □ **Other**:____________________________

- What is the approximate date of this investment?

□ **Within one year** □ **Within two years** □ **Within three years** □ **Unsure**

- Where will your investment occur?

□ **At current location** □ **At another location-same community** □ **In another community in MN**

□ **In another state** □ **In another country** □ **Unsure**

*If in another community, state, or country – Top reason/s why?*________________________

- Will your expansion add jobs? ◯ **Yes** ◯ **No**

*Explain.*____

Community strengths/weaknesses:

- What are the strengths and weaknesses of doing business? *(In this community? In Minnesota?)*

____

Public policy:

- What legislation are you watching or tracking?________________________________

____

- What local/state/federal policies affect your business most?________________________

____

****For Interviewers ONLY**: ***Does this company require follow-up?*** ◯ **Yes** ◯**No**

If yes, please explain: ____

____

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REQUEST FOR ECONOMIC DEVELOPMENT AUTHORITY ACTION

Date: 8/29/2016
Item No.: 8.e

Department Approval

Executive Director Approval

Item Description: Receive LocationOne Presentation

BACKGROUND

Thanks to a Minnesota Department of Employment and Economic Development partnership, the City of Roseville now has free access to a web-based service called the LocationOne Information System (LOIS). LOIS is the leading online economic development site selection tool, with users in more than 30 states and over 13,000 communities representing nearly 4,000 economic development organizations.

The LOIS map viewer can be embedded directly into the City's website and provides users with search tools and easy access to demographic reports about the surrounding area. Redevelopment sites or specific buildings can be highlighted with images and display all the key details, such as zoning, size, utilities, highway access, available incentives, and more. Custom city data—for example, TIF district boundaries, zoning districts, shoreland buffers—can be added as extra map layers. LOIS offers an easy-to-use way for the City to promote development opportunity sites to a statewide and national audience.

BUDGET IMPLICATIONS

Use of LocationOne is free to Minnesota municipalities through its agreement with the Minnesota Department of Employment and Economic Development.

STAFF RECOMMENDATION

Receive the LocationOne presentation.

REQUESTED EDA ACTION

Receive the LocationOne presentation.

Prepared by: Joel Koepp, 651-792-7085
Attachments: No Attachments

ROSEVILLE

REQUEST FOR ECONOMIC DEVELOPMENT AUTHORITY ACTION

Date: 8/29/2016
Item No.: 8.f

Department Approval | Executive Director Approval

Item Description: Receive Update on Southeast Roseville Properties of Interest

BACKGROUND

On April 11, 2016, as part of the Southeast Roseville presentation, staff made the City Council aware of three properties currently available in the area: 196 S. McCarrons Boulevard, 210 S. McCarrons Boulevard, and 211 N. McCarrons Boulevard (the site of the former Armory). At the conclusion of the discussion, the following direction was given to staff.

1. To obtain an appraisal for 210 S. McCarrons Blvd.
2. Obtain an appraisal for 196 S. McCarrons Boulevard for consideration through acquiring the property using the Housing Replacement Program.
3. Request extension for considering redevelopment of 211 N. McCarrons Blvd. from the Minnesota Department of Military Affairs.

210 and 196 S. McCarrons Blvd

At the May 25 REDA meeting the Board reviewed the appraisals from 210 S. McCarrons Blvd and 196 S. McCarrons Blvd. Staff was directed to do additional due-diligence on 210 S. McCarrons Blvd and bring it back for further consideration at the June 13, 2016 meeting. Based upon direction given to staff, a formal purchase agreement was presented to the property representative and his realtor on June 17, 2016. It was further requested that the seller provide feedback to REDA staff by June 21, 2016 to allow a Closed Session discusssion for consideration of a counter offer.

No feedback followed from the seller after the presentation of an offer, so REDA staff had a conversation with the Realtor on July 15, 2016 and was advised that the Realtor would follow-up. No further follow-up came from the Realtor so the REDA staff requested in writing on July 26 a response by the end of business day on July 27, 2016 of the intended interest of the seller. The Realtor response back was that the seller had not given any counter offer to the Realtor but he had asked for one.

196 S. McCarrons Blvd. property owners have expressed continued interest in selling to the REDA under the Housing Replacement/Single Family Construction Program. If acquired, the REDA could use the property to leverage redevelopment of 210 S. McCarrons Blvd by a private developer to clean up a property line and provide public access to Ramsey County Parks on McCarrons Lake. The representative of the property has identified that the property is already used for access to the

Ramsey County park system since it is vacant and suggested it might be an amenity to maintain that for the residents in the apartment buildings.

211 N. McCarrons Blvd (Armory)

From the Revitalize Rice & Larpenteur public input process on July 27, 2016 area residents are interested in a planning process to discuss reuse of the building and/or property at 211 N. McCarrons. Community Development Staff, including inspectors, did a brief walk-through of the building in April, but an official inspection has not been performed at the site at this time.

Staff has looked into various options that the EDA could explore for next steps for the Armory.

1. An architectural/engineering firm could do a facilities/feasibility study which would look at existing conditions for estimating financial impact for reuse, site feasiblity for value potential, and space needs analysis for reuse. Costs could run **$15,000-$20,000**.

2. Urban Land Institute (ULI) has a Techinical Assistance Panel (TAP). This is unbiased, interdisciplinary panel of developers, architects, and real estate professionals who address a specific project/development. They would present their findings and recommendations in a written report. An input gathering session with the community could be held after the report was finalized to review results. Cost for this TAP and report is **$5,000**.

3. Corridor Development Institute (CDI) has been used for the Dale Street Redevelopment project. This process includes several meetings involving a Technical Panel, and examines the cost of redevelopment of the site as well as market realities. A CDI embeds community input into the process. The cost for a CDI process if **$10,000-$20,000.**

From either of the first two processes, Planning and EDA staff could facilitate a public process to hear and provide feedback from the findings and recommendation of reuse of the building. The CDI would incorporate a public process. The TAP process would not do an exstensive cost-benefit anaylsis for reuse of the building but would get broad professionals opinions. The CDI process would only look at redevelopment of the site.

Community Development Staff could explore partnerships (e.g. Ramsey County) that could reduce some of the cost associated with each of the processes.

POLICY OBJECTIVE

The City of Roseville has identified SE Roseville as part of the Priority Plan for 2016-2017.

BUDGET IMPLICATIONS

1. If 196 S. McCarrons Blvd is acquired in the future, the Board has a fund balance in the Housing Replacement/Single Family Construction Program.
2. Based upon what direction the Board would like to take with 211 N. McCarrons Blvd. (Armory) site staff would need to determine where funds could come from and what partnerships are possible to reduce the costs.

STAFF RECOMMENDATION

1. By motion direct staff to review the appraisals on 196 S. McCarrons Blvd and schedule a Closed Session to further discuss making an offer on the property

OR

Make motion that the REDA is not formally interested in acquiring this property through the Housing Replacement/Single Family Construction Program.

2. Provide direction to staff on the level of interest in exploring the reuse of 211 N. McCarrons based on the options outlined in the report.

REQUESTED COUNCIL ACTION

1. By motion direct staff to review the appraisals on 196 S. McCarrons Blvd and schedule a Closed Session to further discuss making an offer on the property

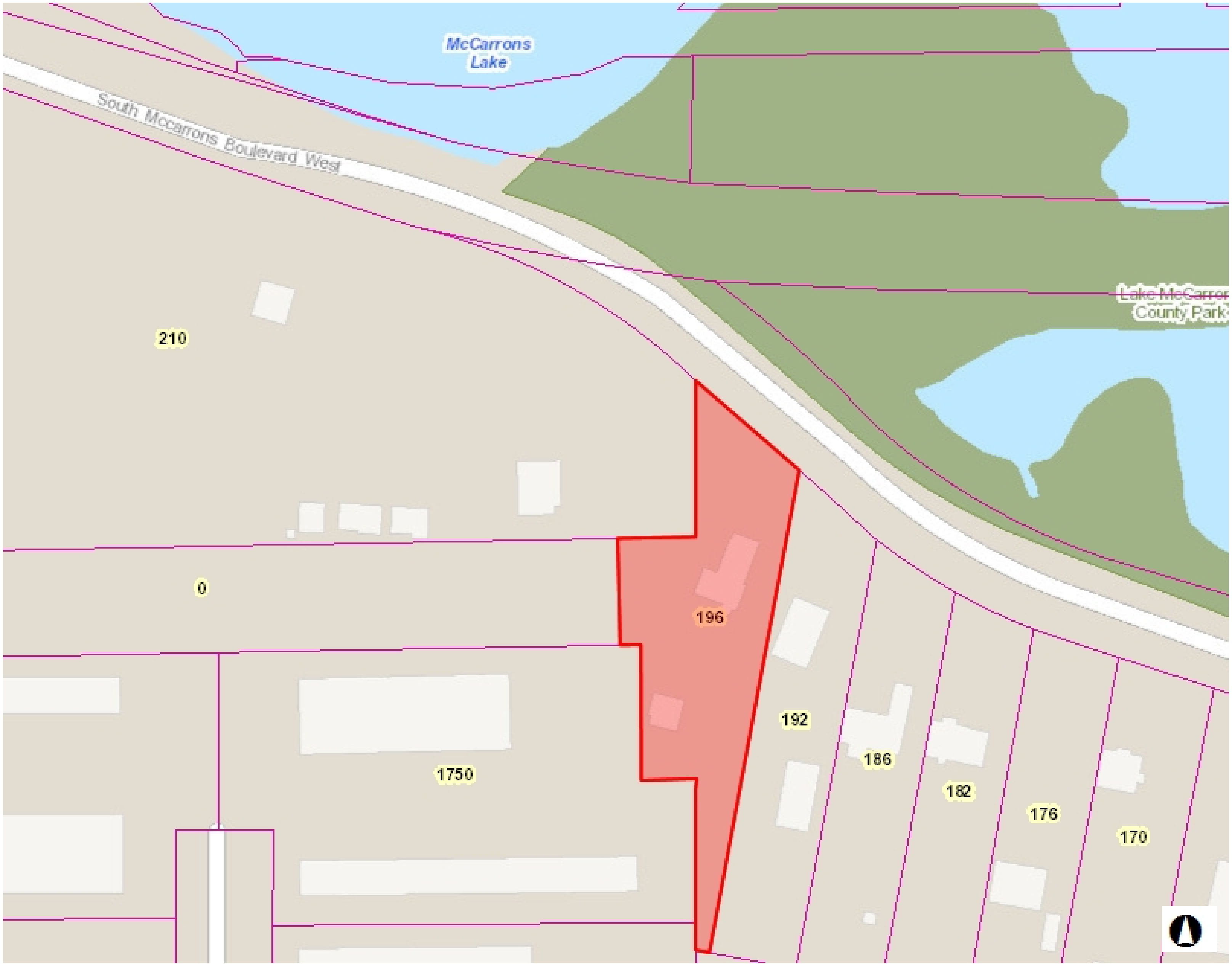
OR

Make motion that the REDA is not formally interested in acquiring this property through the Housing Replacement/Single Family Construction Program.

2. Provide direction to staff on the level of interest in exploring the reuse of 211 N. McCarrons based on the options outlined in the report.

Prepared by: Kari Collins, Interim Community Development Director
Jeanne Kelsey
Attachments: A: 196 S. McCarrons Property

MapRamsey



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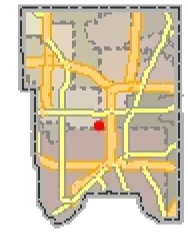
Legend



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- Schools
- Hospitals
- Fire Stations
- Police Stations
- Recreational Centers
- Parcel Points
- Parcel Boundaries
- Airports

Notes

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