


REQUEST FOR COUNCIL ACTION

Date: March 3, 2014
Item No.: 13.a

Department Approval

City Manager Approval



Item Description: Administrative Amendment to TIF Districts No. 10 and No. 12

1 **BACKGROUND**

2 In 1988, the City established Tax Increment Financing (TIF) district No. 10 for the Lexington
3 Apartment development and in 1990 created TIF District No. 12 for the redevelopment of the
4 former Ralph Reader School site. The purpose of these districts was to redevelop those specific
5 properties as well as to increase employment and otherwise foster other public purposes as
6 determined by the City. Both TIF districts have been amended at various times using excess
7 funds to assist with City objectives.

8
9 Currently TIF No. 10 has approximately \$515,000 in existing funds and is set to expire at the end
10 of 2014. TIF No. 12 has approximately \$744,000 and is set to expire at the end of 2016. Both
11 TIF Districts do not have any outstanding obligations.

12 The City and HRA are working together to redevelop the Dale Fire Station site. A preferred
13 developer has been selected for the redevelopment and currently is proposing 26 owner-occupied
14 attached and detached townhomes to be constructed. The developer has identified a gap of
15 approximately \$1.47 million for the financing of the development. Final costs have not been
16 determined at this time as final construction plans need to be developed.

17 Excess TIF proceeds could be used to fill this gap by doing an Administrative Amendment to
18 TIF Districts No. 10 and No. 12. Prior to the RHRA executing a final development agreement
19 and the transfer of the property, the Developer will be required to submit an updated proforma
20 that will be reviewed by Springsted to verify the gap and eligible use of the TIF proceeds. In
21 addition the Redevelopment Agreement will address the use of TIF proceeds. TIF proceeds can
22 not be used for common areas to be used as a public park, a facility used for social, recreational or
23 conference purposes or a building to be used primarily and regularly for conducting the business of a
24 municipality.

25 **POLICY OBJECTIVE**

26 The redevelopment of the Dale Street Fire Station has been identified as an important priority by
27 the HRA and City Council. The use of existing TIF dollars will not only help the redevelopment
28 of the property but also further the goals of TIF Districts 10 and 12.

29 **BUDGET IMPLICATIONS**

30 It is expected that approximately \$1.259 millions of TIF dollars can be used to significantly close
31 the financial gap on the project. Additional work with the developer will need to be done to
32 address the remaining gap.

33 **STAFF RECOMMENDATION**

34 Staff recommends adoption of the proposed administrative amendments to TIF Districts No. 10
35 and No. 12 to allow for the use of excess revenue for the redevelopment of the Dale Fire Station
36 site. Passing of the amendments will only allow for the funds to possibly be used for the
37 redevelopment project. However, the final decision on the use of the funds will be made as part
38 of the development agreement between the City, HRA, and Developer.

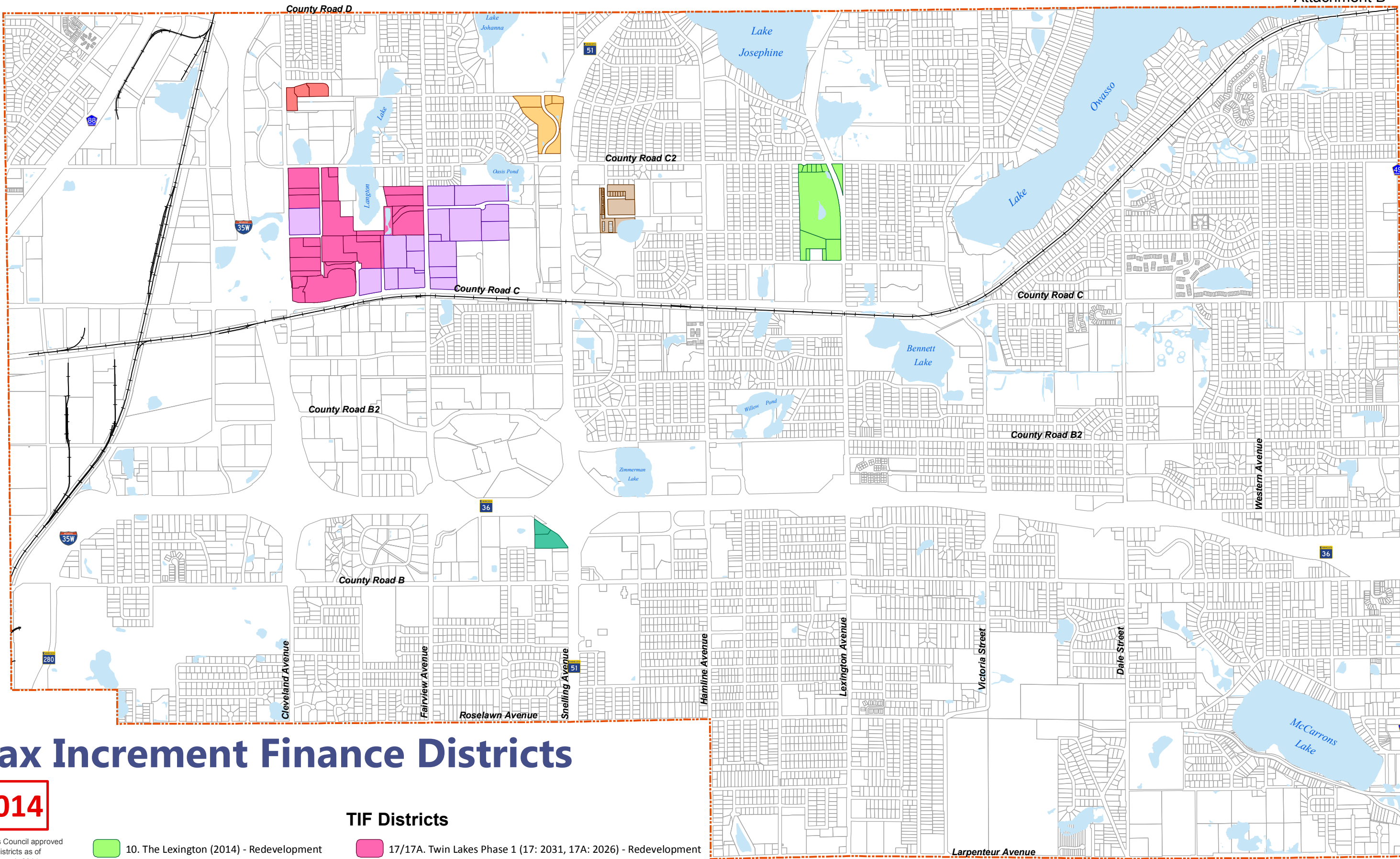
39 **REQUESTED COUNCIL ACTION**

40 Approve a Resolution for Administrative Amendments to Tax Increment Financing Plans for
41 Tax Increment Financing Districts No. 10 and No. 12.

Prepared by: Jeanne Kelsey, HRA Acting Executive Director, 651-792-7086

Attachments: A: Developer Proforma
B: Existing TIF District Maps
B: Resolution and Administrative Amendment to TIF Plans No.10 and No.12

Dale Street Station Pro Forma								
REVISED DATE: 2/17/14								
	26 Unit Project Totals	26 Unit Average Cost Per Unit	7 Units 1 - Story Townhomes	1 - Story Townhomes Average Cost Per Unit	10 Units Single Family	Single Family Average Cost Per Unit	9 Units 3 - Story Townhomes	3 - Story Townhomes Average Cost Per Unit
Estimated Hard Costs								
Construction Costs								
Site Development and Building Construction Costs	5,975,048	229,810	1,400,000	200,000	2,407,920	240,792	2,167,128	240,792
Fire Station Demolition	59,800	2,300	16,100	2,300	23,000	2,300	20,700	2,300
Contingency	130,000	5,000	35,000	5,000	50,000	5,000	45,000	5,000
Total Estimated Construction Costs	6,164,848	237,110	1,451,100	207,300	2,480,920	248,092	2,232,828	248,092
Estimated Soft Costs								
Acquisition Costs								
Land Acquisition	1,140,200	43,854	323,078	46,154	461,540	46,154	415,386	46,154
Land Acquisition Admin Expenses -- Fees	2,600	100	700	100	1,000	100	900	100
Construction Soft Costs								
Survey Work -- Plat	14,560	560	3,920	560	5,600	560	5,040	560
City / County - Fees	13,000	500	3,500	500	5,000	500	4,500	500
Phase One Environmental	0	0	0	0	0	0	0	0
Soil Testing	4,680	180	1,260	180	1,800	180	1,620	180
Park Fees	91,000	3,500	24,500	3,500	35,000	3,500	31,500	3,500
SAC Fees	62,400	2,400	16,800	2,400	24,000	2,400	21,600	2,400
Architect - Engineer - Civil - Drainage	91,000	3,500	24,500	3,500	35,000	3,500	31,500	3,500
Pedestrian Crossing Flashing Signal Lights	15,000	577	4,039	577	5,770	577	5,193	577
Holding Costs								
Project Financing Interest and Fees	182,000	7,000	49,000	7,000	70,000	7,000	63,000	7,000
Property taxes	6,500	250	1,750	250	2,500	250	2,250	250
Insurance	28,600	1,100	7,700	1,100	11,000	1,100	9,900	1,100
Legal fees (Other)	5,200	200	1,400	200	2,000	200	1,800	200
Appraisals	0	0	0	0	0	0	0	0
Property Management Costs	52,000	2,000	14,000	2,000	20,000	2,000	18,000	2,000
Resale Costs								
Association Start Up	13,000	500	3,500	500	5,000	500	4,500	500
Legal fees (Association Documents/ Incorporation)	20,800	800	5,600	800	8,000	800	7,200	800
Marketing Expenses -- Signage -- Staging	5,200	200	1,400	200	2,000	200	1,800	200
Bank Inspections	0	0	0	0	0	0	0	0
Reproductions / Advertising	2,600	100	700	100	1,000	100	900	100
GMHC Closing Costs	26,000	1,000	7,000	1,000	10,000	1,000	9,000	1,000
Seller Paid Buyer Closing Costs (3% sales price)	0	0	0	0	0	0	0	0
Realtor Fees (5% commission)	417,175	16,045	88,550	12,650	192,500	19,250	136,125	15,125
Soft Cost Contingency	26,000	1,000	7,000	1,000	10,000	1,000	9,000	1,000
Total Estimated Soft Costs	2,219,515	85,366	589,897	84,271	908,710	90,871	780,714	86,746
Estimated GMHC Developer Fee 8% of TDC	670,749	25,798	163,280	23,326	271,170	30,130	241,083	26,787
Total Development Costs	9,055,112	348,274	2,204,277	314,897	3,660,800	369,093	3,254,625	361,625
Estimated Income From Sales		All Units						
Single Level Townhome1 - \$230,000 Per Unit	1,610,000	230,000						
Single Family - \$350,000 Per Unit	3,500,000	350,000						
Dale Townhome - \$275,000 Per Unit	2,475,000	275,000						
Total Estimated Total Income from Sales	7,585,000	291,731	1,610,000	230,000	3,500,000	350,000	2,475,000	275,000
Estimated Development Gap	-1,470,112	-56,543	-594,277	-84,897	-160,800	-16,080	-779,625	-86,625



Tax Increment Finance Districts

2014

Map reflects Council approved TIF Districts as of January 1, 2014

- | | |
|---|--|
| ■ 10. The Lexington (2014) - Redevelopment | ■ 17/17A. Twin Lakes Phase 1 (17: 2031, 17A: 2026) - Redevelopment |
| ■ 11/11A. Twin Lakes (2016) Redevelopment | ■ 18. Sienna Green Apartments (2038) - Housing |
| ■ 12. NCR (2016) - Redevelopment | ■ 19. Applewood Pointe (2020) - Economic Development |
| ■ 13. College Properties (2018) - Redevelopment | |



Prepared by:
Community Development Department
Printed: February 2014

Data Sources
 * Ramsey County GIS Base Map (2/4/2014)
 * City of Roseville Community Development
 * City of Roseville Finance Department

This map is neither a legally recorded map nor a survey and is not intended to be used as one. This map is a compilation of records, information and data located in various city, county, state and federal offices and other sources regarding the area shown, and is to be used for reference purposes only. The City does not warrant that the Geographic Information System (GIS) Data used to prepare this map are error free, and the City does not represent that the GIS Data can be used for navigational, tracking or any other purpose requiring exacting measurement of distance or direction or precision in the depiction of geographic features. If errors or discrepancies are found please contact 651-792-7085. The preceding disclaimer is provided pursuant to Minnesota Statutes §466.03, Subd. 21 (2000), and the user of this map acknowledges that the City shall not be liable for any damages, and expressly waives all claims, and agrees to defend, indemnify, and hold harmless the City from any and all claims brought by User, its employees or agents, or third parties which arise out of the user's access or use of data provided.



EXTRACT OF MINUTES OF A MEETING OF THE
CITY COUNCIL OF THE CITY
OF ROSEVILLE, MINNESOTA

HELD: March 3, 2014

Pursuant to due call and notice thereof, a regular meeting of the City Council of the City of Roseville, Ramsey County, Minnesota, was duly called and held on the 3rd day of March, 2014, at 6:00 p.m.

The following members of the Council were present:

and the following were absent:

Councilmember _____ introduced the following resolution and moved its adoption:

RESOLUTION APPROVING ADMINISTRATIVE AMENDMENTS TO
THE TAX INCREMENT FINANCING PLANS FOR TAX INCREMENT
FINANCING DISTRICTS NO. 10 AND NO. 12

A. WHEREAS, the City of Roseville, Minnesota (the "City") has heretofore established Tax Increment Financing District Nos. 10 and 12 (individually, "TIF District No. 10 and TIF District No. 12", and together, the "TIF Districts"), all within Municipal Development District No. 1 and has adopted Tax Increment Financing Plans and amendments thereto for each of the TIF Districts (together, the "Tax Increment Financing Plans"); and there is a proposal to amend the Tax Increment Financing Plans for the TIF Districts under the provisions of Minnesota Statutes, Sections 469.174 to 469.1794, as amended, and Sections 469.124 to 469.133, as amended (the "Act"); and

B. WHEREAS, an administrative amendment to the Tax Increment Financing Plan for TIF District No. 10 has been prepared for TIF District No. 10 and is attached as Exhibit A hereto (the "Administrative Amendment to TIF District No. 10"); and

C. WHEREAS, an administrative amendment to the Tax Increment Financing Plan for TIF District No. 12 has been prepared for TIF District No. 12 and is attached as Exhibit B hereto (the "Administrative Amendment to TIF District No. 12", and together with the Administrative Amendment to TIF District No. 10 are referred to herein as the "Administrative Amendments"); and

NOW, THEREFORE, BE IT RESOLVED, by the City Council of the City of Roseville, as follows:

1. The City finds, determines and declares that with respect to the Administrative Amendments:

(a) The City is not modifying the boundaries of the TIF Districts nor increasing the budgets in the Tax Increment Financing Plans therefor, but is, however, making an administrative amendment to the Tax Increment Financing Plans for the TIF Districts.

(b) The City reaffirms the findings previously made with respect to the TIF Districts.

(c) The Administrative Amendments conform to the general plan of the development of the City as a whole.

(d) The Act does not require a public hearing on the Administrative Amendments.

2. The Administrative Amendments are hereby approved.

3. The City Manager is authorized and directed to file a copy of the Administrative Amendments with the Commissioner of Revenue and the Office of the State Auditor.

The motion for the adoption of the foregoing resolution was duly seconded by councilmember _____ and upon vote being taken thereon, the following voted in favor thereof:

and the following voted against the same:

Whereupon said resolution was declared duly passed and adopted.

STATE OF MINNESOTA
COUNTY OF RAMSEY
CITY OF ROSEVILLE

I, the undersigned, being the duly qualified and acting Manager of the City of Roseville, Minnesota, DO HEREBY CERTIFY that I have compared the attached and foregoing extract of minutes with the original thereof on file in my office, and that the same is a full, true and complete transcript of the minutes of a meeting of the City Council of said City, duly called and held on the date therein indicated, insofar as such minutes relate to the amendment of Resolution Approving an Administrative Amendment to the Tax Increment Financing Plan for Tax Increment Financing District No. 10 and an Administrative Amendment to the Tax Increment Financing Plan for Tax Increment Financing District No. 12.

WITNESS my hand this ____ day of March, 2014.

City Manager

City of Roseville, Minnesota

Administrative Amendment to the Tax Increment Financing Plan

for

Tax Increment Financing (Redevelopment) District No. 10

Within

Development District No. 1

Original Approval: July 7, 1988

Proposed Approval: March 3, 2014

Prepared by:

SPRINGSTED INCORPORATED
380 Jackson Street, Suite 300
St. Paul, MN 55101-2887
(651) 223-3000
WWW.SPRINGSTED.COM

INTRODUCTION

The City, on July 7, 1988 created Tax Increment Financing District No. 10, within Development District No. 1 (the "Development District"), and adopted a Tax Increment Financing Plan (the "Plan") in connection therewith. The boundaries of Tax Increment Financing District No. 10 are not being modified due to this amendment.

The City intends to administratively amend the Plan for Tax Increment Financing District No. 10 on March 3, 2014 (this amendment) to provide for the financing of certain eligible capital and administration costs within the Development District of the City of Roseville. Specifically the City intends to use available tax increments from the Tax Increment Financing District No. 10 for financing of eligible capital and administration costs in conjunction with the redevelopment of the former Dale Street Fire Station into 26 detached and attached townhomes.

The purpose of the administrative amendment to the Plan is to adjust the existing authorized tax increment revenues and public costs to authorize for the use of tax increments to pay for eligible capital and administration costs related to the new anticipated redevelopment project. This amendment does not make any of the changes specified in Minnesota Statutes, Section 469.175, subd. 4, clauses (1) to (6), and therefore may be approved without the hearings and notices required for approval of the initial Plan.

The section of the Plan for Tax Increment Financing District No. 10 specifically being modified includes Section G: Estimate of Project Costs. There is not expected to be any additional changes to other sections of the TIF Plan as a result of this administrative amendment.

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PART VIII

Tax Increment Financing District No. 10 Finance Plan

Section G Estimated Public Costs

The estimated public costs of the TIF District are listed below. Such costs are eligible for reimbursement from tax increments of the TIF District.

Estimated Project Cost	Estimated Amount June 20, 2005 Modification	Estimated Amount March 3, 2014 Amendment
Land/building Acquisition	13,117,721	13,117,721
Site improvements/preparation costs	0	2,000,000
Utilities	6,739,847	2,639,847
Other qualifying improvements	4,638,023	6,638,023
Construction of affordable housing	0	0
Administrative Costs	0	100,000
Subtotal	24,495,591	24,495,591
Interest	23,552,093	23,552,093
Total	48,047,684	48,047,684

The City reserves the right to administratively adjust the amount of any of the items listed above or to incorporate additional eligible items, so long as the total estimated public cost is not increased.

Under this Plan as amended, the City estimates additional eligible capital and administration costs associated with redevelopment of the Dale Street Fire Station area into 26 attached and detached townhomes, including acquisition, demolition and site improvements, will be financed with available tax increment revenues of this District. The total estimated project cost amount is not being increased as a result of this administrative amendment.

City of Roseville, Minnesota

Administrative Amendment to the Tax Increment Financing Plan

for

Tax Increment Financing (Redevelopment) District No. 12

Within

Development District No. 1

Original Approval: March 26, 1990
Proposed Approval: March 3, 2014

Prepared by:

SPRINGSTED INCORPORATED
380 Jackson Street, Suite 300
St. Paul, MN 55101-2887
(651) 223-3000
WWW.SPRINGSTED.COM

INTRODUCTION

The City, on March 26, 1990 created Tax Increment Financing District No. 12, within Development District 1 (the "Development District"), and adopted a Tax Increment Financing Plan (the "Plan") in connection therewith. The boundaries of Tax Increment Financing District No. 12 are not being modified due to this amendment.

The City intends to administratively amend the Plan for Tax Increment Financing District No. 12 on March 3, 2014 (this amendment) to provide for the financing of certain eligible capital and administration costs within the Development District of the City of Roseville. Specifically the City intends to use available tax increments from the Tax Increment Financing District No. 12 for financing of eligible capital and administration costs in conjunction with the redevelopment of the former Dale Street Fire Station into 26 detached and attached townhomes.

The purpose of the administrative amendment to the Plan is to adjust the existing authorized tax increment revenues and public costs to authorize for the use of tax increments to pay for eligible capital and administration costs related to the new anticipated redevelopment project. This amendment does not make any of the changes specified in Minnesota Statutes, Section 469.175, subd. 4, clauses (1) to (6), and therefore may be approved without the hearings and notices required for approval of the initial Plan.

The section of the Plan for Tax Increment Financing District No. 12 specifically being modified includes Section G: Estimate of Project Costs. There is not expected to be any additional changes to other sections of the TIF Plan as a result of this administrative amendment.

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Tax Increment Financing District No. 12 Finance Plan

Section G Estimated Public Costs

The estimated public costs of the TIF District are listed below. Such costs are eligible for reimbursement from tax increments of the TIF District.

Estimated Project Cost	Estimated Amount June 20, 2005 Modification	Estimated Amount March 3, 2014 Amendment
Land/building Acquisition	1,200,000	1,750,000
Site improvements/preparation costs	200,000	900,000
Utilities	600,000	350,000
Other qualifying improvements	200,000	200,000
Construction of affordable housing	0	0
Administrative Costs	370,000	100,000
Subtotal	2,570,000	3,300,000
Interest	770,000	40,000
Total	3,340,000	3,340,000

The City reserves the right to administratively adjust the amount of any of the items listed above or to incorporate additional eligible items, so long as the total estimated public cost is not increased.

Under this Plan as amended, the City estimates additional eligible capital and administration costs associated with redevelopment of the Dale Street Fire Station area into 26 attached and detached townhomes, including acquisition, demolition and site improvements, will be financed with available tax increment revenues of this District. The total estimated project cost amount is not being increased as a result of this administrative amendment.