



## Minutes

### Roseville Economic Development Authority (REDA) City Council Chambers, 2660 Civic Center Drive Monday, September 24, 2018 – 6:00 p.m.

#### 1. Roll Call

President Dan Roe called to order a meeting of the Roseville Economic Development Authority (REDA) in and for the City of Roseville at approximately 6:00 p.m. Voting and Seating Order: Willmus, Laliberte, Etten, McGehee, and Roe.

**Present:** President Dan Roe and Board Members Robert Willmus, Jason Etten, Tammy McGehee, and Lisa Laliberte.

**Others Present:** Executive Director Pat Trudgeon and Community Development Director Kari Collins.

#### 2. Pledge of Allegiance

#### 3. Approve Agenda

Willmus moved, McGehee seconded, approval of the agenda as presented.

**Ayes: 5**

**Nays: 0**

**Motion carried.**

#### 4. Public Comment

President Roe stated if there was not any objection, he would forgo public comment, move to the agenda of the EDA, and take public comments on non-agenda items at the City Council meeting.

#### 5. Business Items

##### a. Adopt A Resolution Requesting A Preliminary Levy Collectible in 2019

Community Development Director Kari Collins provided a brief summary of this request as detailed in the staff report and attachments dated September 24, 2018.

Ms. Collins stated a preliminary levy of \$623,660 is being proposed for 2019. A preliminary levy of this amount would result in a \$13.34 increase in annual property taxes, or approximately \$1.11 per month for a median-valued home of approximately \$254,900. No additional staff is being proposed in 2019. However, staff is recommending two new initiatives in response to the Policy Priority Plan regarding the economic development; namely fostering citywide economic development, foster Twin Lakes redevelopment, and implement South East Roseville revitalization goals.

Ms. Collins indicated that the two new initiatives were the creation of an Economic Development Project Gap Financing Fund and funding for the administration of the Rice-Larpenteur Alliance. She explained each initiative to the EDA.

Member McGehee asked what was in the EDA account at this point.

Ms. Collins indicated Mr. Miller formatted the information so it was consistent with how other financial information is being presented to the City. She directed the Commission to the blue highlighted information in the packet indicating there is current program designation and the existing balances in Attachment C.

Member McGehee stated according to the Attorney, the EDA does not have much in their account because the HRA funds have to stay in the HRA. The HRA is the wealthy fund.

Ms. Collins indicated that was correct. She noted the Multi-Family and Housing Program has the largest balance because those dollars were levied under the former HRA and are considered restricted as far as the use of them.

Member McGehee asked if all of the other funds are part of the HRA, so the EDA has very little of its own. She noted the fund has \$98,013 under the 2018 budget. She asked if there was a \$218,281 fund balance as a result of the proposed EDA budget now.

President Roe stated the \$218,281 is the recommended thirty-five percent fund balance.

Member McGehee stated the EDA has to do something. She was trying to figure out if the EDA had to spring for the full \$200,000 for the Economic Incentive Fund and if not, was there a way, if some project came along, to use any of the other money the EDA has available. She stated it does not seem like it.

Ms. Collins stated the existing balance being levied under the HRA, is because much of Roseville is redevelopment so the City will be able to use those funds. What it does not allow the City to do is take the parcels without a structure on it or are not considered blighted.

Member Willmus stated when looking at the EDA and the work being done, part of what he wanted to create the EDA for was to look at mechanisms by which the EDA can secure and help facilitate commercial development. When he looks at potentially levying tax dollars, for example, to be used for acquisition of equipment purposes, he starts to have some concerns. It seems that the EDA can perhaps use more of those HRA dollars in that respect.

President Roe indicated as long as it fits within the HRA type of activity.

Ms. Collins encouraged the EDA to revisit the existing subsidy policy in the event EDA Gap Financing Fund is created.

Member Etten stated in thinking about the reserves for the EDA, is it the actual amount that the EDA has in the coffers right now or the expected December 31<sup>st</sup> amount. He asked if the EDA will get new tax dollars in December and the balance will be at \$98,013. Or will the EDA get new tax dollars in January 2019. He wondered if the EDA was \$120,000 under the minimum or is it only showing the low point before the EDA gets new tax dollars every six months.

Finance Director Chris Miller reviewed Attachment C with the Commission.

Member Etten asked if the EDA gets their second tax allocation in December.

Mr. Miller stated that was correct.

Member Etten asked if the \$200,000 should be put into an account to help with EDA work as far as a specific targeted fund or is it supposed to be there to make sure the EDA has thirty-five percent in the bank. He stated he keeps hearing there is a problem with the General Fund and then separately they want to create a fund to have flexibility to spend it and not to touch the General Fund amount.

Ms. Collins indicated that was not the intention of creating the Economic Development Gap Financing Fund. She noted the EDA can increase the levy additionally if the EDA wants to have a stronger reserve fund balance at the beginning of the year.

President Roe thought the \$218,018 figure to meet the thirty-five percent balance minimum requirement is based on and including the \$200,000 for the incentive fund as operating expenses. So if the EDA pulls that out, the 35% fund balance would actually be less, \$148,000, at that point instead of \$218,018.

Mr. Miller indicated that was correct.

Executive Director Trudgeon stated there are multiple priorities. In the past, staff and the EDA have talked about the reserve fund and trying to get it up to a different level but it did not seem in the past there was great interest to be that proactive. That is why staff is focusing on some things staff knows are consistent with the PPP. He stated it is worthwhile to have a conversation about reserve levels. He noted the EDA is getting close to the minimum in the

funds. There can be internal borrowing but that is something he thought should be avoided if possible.

President Roe stated regarding the previous conversation on the balance requirement of \$148,281, approximately \$50,000 of additional levy irrespective of the \$200,000 for the Economic Incentive Fund or \$50,000 for the Rice/Larpenteur would take care of that issue. He thought the questions before the Board at this time were whether the EDA wants to contribute to the Rice/Larpenteur piece at \$50,000, a two- to three-year commitment, and the Economic Incentive Fund and still address the reserve level. He asked if the Board wants to recommend to the Council to include anything for the reserves in the 2019 levy, postpone doing anything with it, or phase it in over time.

Member Willmus asked for background of the payment structure staff is expecting to see in SE Roseville. He wondered if the EDA will be writing a check for \$50,000 in 2019 or is it spread over a few years.

Ms. Collins stated that the City of Roseville on behalf of the group acted as the fiscal agent. She imagined that sort of setup would be similar once staff has an idea of what is happening in 2019 regarding the budget. Staff cannot begin to identify what that might look like until the City identifies who that person or entity might be. She noted all of that is still being worked out because it is hard to hire somebody without a budget.

President Roe noted he is on the group reviewing it right now. There has been a request for information from a number of consultants or entities to assist with the implementation process. The approximate budget the group set based on the number of responses was approximately \$200,000 a year for two to three years, depending exactly on what people bid and how people structure what is being done. The anticipation is that the \$50,000 would be an annual City of Roseville contribution of potentially multiple years in a similar order of magnitude.

President Roe stated the budget was set at approximately \$200,000 of which Roseville's portion is about \$50,000. He thought St. Paul's portion was estimated at about \$100,000, Maplewood is roughly around \$10,000 and Ramsey County would make up the difference as is being anticipated at this point. He stated the \$50,000 would probably be a single payment made sometime in 2019.

Member Etten indicated he was supportive and thought the EDA needed to make sure the EDA is implementing the pieces to the Rice/Larpenteur plan. He was potentially interested in what the EDA does to partially shore up the general fund so there is a bit more in the fund and it is not at three percent reserve level. He was open to discussions about how much more the EDA is doing on economic development. He thought some might be important to

respond to including any implementation effort that comes out of the Rice/Larpenteur plans as well as other areas the EDA might want to do.

Member McGehee agreed and indicated she wanted to shore up the fund as well and thinks the EDA should make a contribution to the Rice/Larpenteur project of the \$50,000. She was not sure about the additional \$200,000 on a project they do not have yet and there may be funds existing in the HRA that could be used. She would like to make the fund good and solid.

President Roe offered an opportunity for public comment with no one appearing to speak to this issue.

Member Laliberte stated she has not been as active in the Rice/Larpenteur project as others in the group. She was still a little unclear on what the \$50,000 will pay for. She asked what the consultant was going to produce at the end of the year or within a year.

President Roe thought there were two pieces to look at. One is a piece about getting some projects underway, organizing members in the community, trying to put together the alliance board or group of citizens and business people that can become the organizing entity of that process. Another piece would be putting in place some of the actual legal structures and making recommendations about what the legal structures should be in terms of what the alliance is, how it is structured, and how it receives its money and disburses it. One additional piece is managing and staffing, looking for funding from partners out there like a large grant entity in the area and other partners in that regard. Some of the people proposed one or two years and some proposed a longer term but also proposed the budget shrinking over the course of that time. He thought it ultimately depended on what the scope looks like in the final proposal that is accepted and going forward with all of the cities and County.

Ms. Collins expanded on what the Rice/Larpenteur project group encompasses and its purpose.

Member Laliberte stated when the EDA was previously talking about the visioning plan, the group said since Ramsey County has so much to do with the construction on that piece of road, she was not sure which things will be implemented. She did know originally there was some discussion about the businesses being invested and creating some type of business association in that area. If the business is not the one leading and being a part of this, she did not think it was the City of Roseville's job to pay \$50,000 or more if another City does not come in. Or, if they do not approve this funding, to bring them along or hope they join in at some point. She would like to know more about what the business/landowners are doing as being engaged and involved.

President Roe noted this item is a budget decision and not approving spending the dollars on a specific thing. Staff is making sure the EDA is setting aside funds in the budget to be able to contribute to whatever that ultimately is.

Member Laliberte indicated she understood that.

Member Willmus stated from his perspective, he did not have a big concern with the SE Roseville initiatives and setting aside some dollars for that to be sure the City is able to go forward and continue on that path. He would echo from his observation, he was not sure that the EDA has been proactive with actual engagement of property owners. He thought the EDA had done a lot of outreach to tenants of some properties but making sure, as the EDA goes forward, that the EDA has actual property owners as a part of the stakeholders.

Member Willmus stated his biggest concern is what the EDA has before them, the Economic Development Gap Financing Fund of \$200,000. He stated when these various initiatives come up, he would like that to actually come back to the EDA before the dollars are put out there. When the EDA has a need like that arise from time to time, he did not think it would be an issue if the EDA looks to the broader portfolio and offer assistance in that way. The EDA has the means to do that. When the members talk to residents about where the City will be with levy dollars for 2019, he starts to have some concerns, and this does not strike him as something that is a have to have for the organizational mission to continue.

Member McGehee stated in regard to the Rice/Larpenteur initiative, it seems the EDA is committed to this group activity and if all of the others choose to pull it out of their budgets, it does not mean the money needs to be spent, it rolls over into the EDA. She thought it says to the group and the partners that Roseville is committed if the rest are committed. She agreed that the group should be working with business owners and it should be turned over to a collective group of interested parties. She thought it was important to keep the \$50,000 in the budget and also thought it was important that the reserve level is where it is supposed to be.

Member Etten asked if the EDA is reviewing this now and will come up with a number later or will the EDA come up with a number now and pass it later.

President Roe stated the EDA has to recommend a number now to the City Council.

Member McGehee asked what number the EDA would need to get the reserves up to thirty-five and keep the \$50,000 in.

President Roe thought \$150,000 would be subtracted from the proposed levy, which would be \$473,660.

McGehee moved, Willmus seconded, adoption of Resolution No. 28 (Attachment E) entitled, "Resolution Requesting a Tax Levy in 2018 Collectible in 2019," as amended for a 2019 EDA levy of \$473,660 and the corresponding budget, which does not include \$200,000 for the Economic Development Incentive Fund but does include both the \$50,000 for Rice/Larpenteur as well as an additional \$50,000 to stabilize the fund balance for the EDA Operating Fund.

#### **Commission Discussion**

Member McGehee stated she agreed with all the discussion and thought this was the right solution.

Member Willmus had no additional comments.

Member Laliberte indicated she was supportive of this option at this point in the meeting. She thought it would be helpful if the Treasurer could bring the EDA the impact on the taxpayers by the time staff comes back to it at the City Council meeting.

Member Etten stated he was supportive. He indicated he wanted a little of the economic incentive piece there, but thought it certainly balanced some other priorities within the broader budget impact. He also thought it was important to shore up the general fund and this achieves that a little.

President Roe concurred with all of the comments made in that regard. He noted this action would adopt Resolution No. 28 (Attachment E) substituting the amount in Section 3.01.

**Ayes: 5**

**Nays: 0**

**Motion carried.**

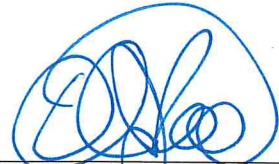
#### **6. Adjourn**

Etten moved, Laliberte seconded, adjourning the REDA meeting at approximately 6:35 p.m.

**Ayes: 5**

**Nays: 0**

**Motion carried.**



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Daniel J. Roe, President

ATTEST:



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Patrick Trudgeon, Executive Director

