



**SPECIAL CONCURRENT CITY COUNCIL AND HOUSING AND REDEVELOPMENT  
AUTHORITY WORKSESSION  
RICHFIELD MUNICIPAL CENTER, BARTHOLOMEW ROOM  
MARCH 20, 2017  
6:00 PM**

Call to order

1. Discussion regarding the formation of an Economic Development Authority (Council Memo No. 28/HRA Memo No. 8)

Adjournment

**Auxiliary aids for individuals with disabilities are available upon request. Requests must be made at least 96 hours in advance to the City Clerk at 612-861-9738.**

**CITY OF RICHFIELD, MINNESOTA**  
Office of City Manager

March 16, 2017

Council Memorandum No. 28

The Honorable Mayor  
And  
Members of the City Council

HRA Memorandum No. 8  
Housing and Redevelopment  
Authority Commissioners  
City of Richfield

Subject: Consideration of Forming an Economic Development Authority

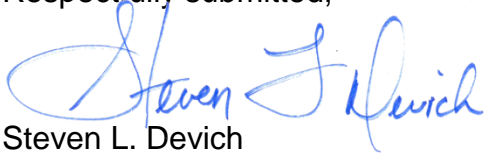
Council Members:

As part of its 2016 goalsetting process, the City Council directed staff to “Explore other funding sources to expand Kids @ Home program [and other Community Development programs].” In the Proposed 2017 Budget presented to the City Council and HRA in August 2016, staff recommended a “stopgap” funding approach for Kids @ Home and for the Transformation Home Loans programs, but noted that we would be researching the establishment of an Economic Development Authority (EDA) as a way to better fund and manage these programs as well as more traditional economic development activities.

Since that time, staff has learned more about the formation, operations, and powers of an EDA and has, with the help of HRA legal counsel Julie Eddington (of Kennedy & Graven) and City/HRA financial advisor Rebecca Kurtz (of Ehlers, Inc.), put together a relevant “Q&A” document (attached).

Staff is recommending this as a topic for further City Council and HRA discussion and has scheduled a Special Joint Work Session of the City Council and Richfield HRA on Monday, March 20 at 6:00 p.m.

Respectfully submitted,



Steven L. Devich  
City Manager

SLD:jcs  
Email: Assistant City Manager  
Department Directors

Attachments

## **City of Richfield Economic Development Authority Q&A**

### **What is an EDA?**

- An EDA is an Economic Development Authority
- Legally authorized by Minnesota Statutes 469.09 through 469.108
- Any municipal body can have an EDA (regardless of whether they have any other type of development authority – such as an HRA)

### **How does an EDA differ from an HRA?**

- See attached chart

### **What cities have multiple development authorities?**

- Woodbury (EDA & HRA)
- St. Louis Park (EDA & HRA)
- Bloomington (Port Authority and an HRA)
- St. Paul (Port Authority and an HRA)
- Belle Plaine (EDA & HRA)
- White Bear Lake (Port Authority and an HRA)
- Minneapolis has Port Authority powers that may be utilized by the City Council and the MCDA
- Columbia Heights (EDA & HRA)
- South St. Paul (EDA & HRA)
- Coon Rapids (EDA & HRA)

### **Why would Richfield want an EDA in addition to our HRA?**

- To provide a consistent funding source for activities that we are already doing which are EDA eligible (e.g. Transformation Home Loans)
- To fund other existing City/HRA programs in order to free up City/HRA funding for Kids @ Home
- To fund existing “economic development” activities
- To provide a funding source for new activities designed to assist the local business community

### **When (and how) would we consider adding the EDA authority?**

- In order to establish an EDA the City Council must adopt an Enabling Resolution.
- Staff is recommending that these actions be taken in May (to coincide with staff budget preparation) and become effective on January 1, 2018.

### **Who would serve on the EDA Board?**

- Either the City Council or HRA could also serve as the board of commissioners for an EDA
- A separately appointed body could also serve, but staff would advise against that

**Do they have to have separate meetings? How frequent?**

- Yes, even if the membership of the EDA were coincidental to the membership of the City Council or HRA, they would still need to conduct a separate meeting.
- At this point, staff would recommend a monthly meeting added onto the end of either the HRA or City Council meeting. It is possible, especially in the early days of this body, the agenda might be very brief.

**How much could a Richfield EDA levy?**

Based on the preliminary Pay 2017 market value for the City of Richfield, an EDA levy could generate up to \$561,017 annually.

**What would this mean in terms of financial impact on an average Richfield household?**

A typical Richfield single family home with a value of \$175 - \$200,000 would be taxed 28 to 33 cents per year (see attached memo from Rebecca Kurtz of Ehlers Associates, Inc.)

**What can an EDA fund?**

- Loans for Economic Development
- Provide Seed or Venture Capital for the establishment or growth of private businesses
- Advance funds for Development and Redevelopment
- Studies for Economic Development
- Housing and Housing Loans

**What (specifically) would an EDA in Richfield fund?**

- The precise amounts of each of these items would be presented this summer as part of the normal City budget process

Existing Programs

- Transformation Home Loans
- Open to Business (including marketing)
- Dues/participation in the Chamber of Commerce and EDAM
- Staffing for all of the above (at 10-15% of project/program costs)

New Initiatives

- Business Façade Improvement Loan/Grant
- Apartment Remodeling Grant (requiring tenant preservation)

Other Potential Uses

- Staff and legal/financial consultants are continuing to explore whether an EDA could directly fund Kids @ Home, the existing Bike Rack Cost-Share Program and a Public Arts Fund



# Memo

**To:** John Stark, City of Richfield  
**From:** Rebecca Kurtz, Ehlers  
**Date:** March 15, 2017  
**Subject:** Estimated EDA Levy Impact

Following up to our discussion, an EDA may have its City levy a tax up to 0.01813% of estimated market value for the benefit of the EDA. The City may increase this levy by following the "reverse referendum" procedure specified in the Statute. Based on the preliminary Pay 2017 market value for the City of Richfield, an EDA levy could generate up to \$561,017 annually.

The estimated annual tax impact of the maximum levy follows:

TAX IMPACT ANALYSIS		
Type of Property	Estimated Market Value	Proposed City Tax
Residential Homestead	\$ 75,000	\$ 0.08
	100,000	0.13
	125,000	0.18
	150,000	0.23
	175,000	0.28
	200,000	0.33
	225,000	0.38
	250,000	0.43
	300,000	0.53
	400,000	0.72
Commercial/Industrial	\$ 100,000	\$ 0.27
	200,000	0.59
	300,000	0.95
	400,000	1.31
	500,000	1.68
Apartments (4 or more units)	1,000,000	3.49
	\$ 200,000	\$ 0.45
	500,000	1.13
	1,000,000	2.27

The money obtained from the levy could be used for any purpose for which the City's general fund moneys could be used. A chart summarizing EDA and HRA governance and powers is attached.

Please do not hesitate to contact me if you have questions.



<b>Economic Development Authorities (EDAs)</b>			<b>Housing and Redevelopment Authorities (HRAs)</b>	
<b>Subject</b>		<b>Statute</b>	<b>Statute</b>	
<b>Nature of Entity:</b>	A public body, corporate and political; a political subdivision of the State.	469.091 (2)	A public body, corporate and political; a political subdivision of the State.	469.003 (1)
<b>How Established:</b>	Enabling Resolution of the City Council after public hearing	469.091 & 469.093	By resolution of the City Council. Resolution must be filed with DEED	469.003
<b>Liability:</b>	Officers and employees not liable for contracts, torts not committed or authorized by them, or discretionary actions, subject to Chapter 466.	469.1081	Officers and employees not liable for contracts, torts not committed or authorized by them, or discretionary actions, subject to Chapter 466.	469.014
<b>Budgets &amp; Accounting:</b>	Must send budget to City annually; Must maintain financials consistent with City system and file with City annually; State Auditor may do legal compliance audits.	469.100	Must keep accurate financial records and submit annually to Commissioner of the Dept. of Employment and Economic Development, State Auditor and City; State Auditor audits public housing and may perform legal compliance audits.	469.013
<b>Governance</b>				
<b>City Council Controls:</b>	Must establish the authority	469.091(1)	Activates authority	469.003(1)
	Imposes Enabling Resolution restrictions	469.092(1)	Approves mayoral appointment of Commissioners	469.003(6)
	Receives annual report on Enabling Resolution	469.092(3)	Determines if Council Commissioner term is coterminous with Council term	469.003(6)
	Divides responsibility for powers and projects	469.094	Removes Commissioners for cause	469.010
	Approves mayoral appointment of Commissioners	469.095(1)	Approves Federal Section 8 program	469.012(2h)
	Establishes Commissioner's compensation	469.095(4)	Approves public housing	469.016
	Removes commissioners for cause	469.095(5)	Approves redevelopment plans and modifications	469.028(1) 469.029(6)

	Determines if Council Commissioner term is coterminous with Council term	469.095(2)	Approves acquisition before adoption of redevelopment plan	469.028(5)
	Approves issuance of City general obligations	469.102(1)	Approves tax levy for HRA purposes – cannot exceed 0.0185% of EMV	469.033(6)
	Levies tax for EDA purposes – cannot exceed 0.01813% of EMV without reverse referendum	469.107		
<b>Number of Commissioners:</b>	3, 5, 7; more if Council members are Commissioners and Council is larger.	469.095(2)	Up to 7; must be residents of the area of operation of the HRA	469.003(5)
<b>Council Members as Commissioners:</b>	Mandatory 1 if 3- member authority; 2 if 5 or 7 members; can be all if provided in enabling resolution	469.095 (2)	Not mandatory, but permissive	469.003 (6)
<b>Commissioner Terms:</b>	6 years, unless Council Commissioner term is coterminous with Council term	469.095 (2)	5 years and Council Commissioner term coterminous only if Council so determines	469.00 (6)
<b>Officers:</b>	President, Vice-President, Treasurer, Secretary and Assistant Treasurer; May combine, but not President and Vice-President; Secretary and Assistant Treasurer need not be Commissioners	469.09b (2)	Chairperson and Secretary	469.011
<b>Treasurer’s Bond:</b>	Twice the amount of money likely to have on hand, not to <i>exceed</i> \$300,000	469.096(6)	Not required	
<b>Conflict of Interest: Commissioner &amp; Employee:</b>	No financial interest in a project. No financial interest in any contract which authorized to take part in making.	469.098 & 471.87	No financial interest in any contract which authorized to take part in making. Exceptions for Commissioners who request rehab loans from HRA.	469.009 & 471.87 & 471.88

<b>Commissioner Compensation:</b>	Meeting per diem in an amount determined by City Council; Expenses reimbursed.	469.095(4)	Meeting per diem of \$75.00. No compensation if (1) a full-time State or local government employee or (2) elected official receiving another per diem for that day; Expenses reimbursed.	469.011(4)
<b>Powers</b>				
<b>Create Project Areas:</b>	“Economic development districts” if the Authority makes the tax increment financing “redevelopment district” findings.	469.101; 469.174 (10)	“Redevelopment projects” if Authority makes findings of “blight”.	469.028
<b>Buy and Sell Property:</b>	Subject to public hearing on sale and taxpayer appeal.	469.101(2) & 469.105	Subject to public hearing on sale. Must take fair market value into consideration in determining price except for 1(vacant, open or undeveloped land or vacated substandard dwellings and 2) land in excess of the HRA’s foreseeable needs.	469.012 (1e) (1g) 469.029
<b>Contract with Other Governmental Entities:</b>	Yes	469.101 (5)	Yes	469.012 (1e)
<b>Act as a Limited Partner:</b>	Yes	469.101 (6)	Yes	469.012(2j)
<b>Accept Gifts:</b>	Yes	469.101(2),(9)	Yes	469.012(1g)
<b>Apply for Foreign Trade Zone Status:</b>	Yes	469.101 (11)	No	
<b>Mix &amp; Match EDA /HRA Powers:</b>	May use HRA and EDA powers for purposes set forth in 469.152-165.	469.101 (12)	No	
<b>Own and Operate Public Facilities:</b>	Yes	469.101 (13)	Yes, but only public parking facilities.	460.012 (12)
<b>Act as Agent for other governmental entities:</b>	Yes	469.101 (14)	Yes	469.012 (1l)
<b>Carry Out Studies:</b>	Yes, for economic development.	469.101 (15)	Yes, for housing and redevelopment.	469.012 (1t)



<b>Issue General Obligation Bonds of the City:</b>	With City approval	469.102	For certain HRA-owned housing projects, with City approval.	469.034 (2)
<b>Issue Revenue Bonds:</b>	Yes	469.103	Yes	469.034 (1) & 469.184(7)
<b>Issue Bond Anticipation Notes:</b>	Yes	469.101 (19)	No	
<b>Use of Revenue Bond Proceeds for Private Loans:</b>	Yes	469.101 & 469.156 (IDBs)	Yes	469.156 (IDBs)
<b>Make Loans for any Purpose of the Act:</b>	Yes, for economic development.	469.192	Yes, for housing and redevelopment.	469.192
<b>Trade Notes, Bonds, Leases, Contracts in Secondary Market:</b>	Yes	469.101 (22)	No	
<b>Provide Seed or Venture Capital:</b>	Yes	469.102 (23)	No	
<b>Advance Funds for Development and Redevelopment:</b>	Yes	469.106	Yes, for housing	469.012(6)
<b>Levy Taxes:</b>	Up to .01813% of taxable market value by City, with reverse referendum to increase beyond.	469.107	Up to .01851% of taxable market value with City approval, which can be given for future years	469.033(6)
<b>Carry out Federal Housing Programs:</b>	No. However, EDA may take actions if provided HRA powers by City Council.		Yes	469.012(2g)(2h)
<b>Construct and Own Housing:</b>	Only if part of economic development. However, EDA may take actions if provided HRA powers by City Council.	469.101(2)	Yes	469.012(2g)(2h)
<b>Make "payments in lieu of taxes":</b>	No. However, EDA may take actions if provided HRA powers by City Council.		Yes, for "housing projects" or "housing development projects"	469.012(1k)

<b>Housing Rehabilitation Loans and Grants:</b>	No. However, EDA may take actions if provided HRA powers by City Council.		Yes	469.012(6)
<b>Housing Interest Reduction Programs:</b>	No. However, EDA may take actions if provided HRA powers by City Council.		Yes	469.012(7)
<b>Commercial Rehabilitation Loans:</b>	No. However, EDA may take actions if provided HRA powers by City Council.	469.184	Only as an agent of the City as authorized by City by ordinance	469.184
<b>Housing Down Payment Assistance Loans and Grants:</b>	No. However, EDA may take actions if provided HRA powers by City Council.		Yes	469.012(13)
<b>Exemption from Public Bidding:</b>	No general public bidding requirements for EDAs listed in statutes. Public bidding for sale of property unnecessary if negotiated private sale that is in the City's interests and furthers the EDA's general plan of economic development.	469.105(4)	Yes, for public housing, certain parking facilities and certain HRA-owned housing.	469.015 (4)
<b>Utilize Tax Increment Financing:</b>	Yes, for purposes of EDA Act	491.176(4)	Yes, for purposes of HRA Act	469.176(4)