



Request for City Council Committee Action from the Department of Community Planning and Economic Development

Date: November 18, 2014

To: Council Member Lisa Goodman, Chair, Community Development &
Regulatory Services Committee
Council Member John Quincy, Chair, Ways and Means Committee

Subject: Decertification of Two Tax Increment Financing (TIF) Districts
and One Hazardous Substance Subdistrict.

Recommendation:

1. Adopt the attached Resolution approving the decertification of the Rosacker Nursery Site TIF District; the Humboldt Industrial Park TIF District; and the SEMI Area Phase 2 Hazardous Substance Subdistrict; and
2. Authorize and direct the City Finance Officer to make any appropriation adjustments needed in order to close-out the individual funds for the Humboldt Industrial Park TIF District and the Rosacker Nursery Site TIF District, and return any excess TIF revenue to Hennepin County for subsequent distribution to the City, County and School District.

Previous Directives:

Rosacker Nursery Site TIF District: On June 27, 1997, the City Council adopted a resolution establishing the Rosacker Nursery Site TIF District No. 83 (the "Rosacker Nursery Site TIF District") and approving the TIF Plan relating thereto, as well as a modification to the Common Development and Redevelopment Plan and Common Tax Increment Financing Plan; on October 21, 2011, the TIF Plan for the Rosacker Nursery Site TIF District was modified to include affordable housing as an authorized activity within the TIF Plan; and on August 3, 2012, a Spending Plan was adopted pursuant to special legislation which authorized a portion of the revenues of the Rosacker Nursery Site TIF District to be used to pay tornado recovery costs.

Humboldt Industrial Park TIF District: On February 24, 2006, the City Council adopted a resolution establishing the Humboldt Industrial Park TIF District No. 148 (the "Humboldt Industrial Park TIF District") and approving the TIF Plan relating thereto.

SEMI Area Phase 2 Hazardous Substance Subdistrict: On October 25, 1996, the City Council adopted a resolution establishing a Hazardous Substance Subdistrict within the South East Minneapolis Industrial (SEMI) Area Phase 2 TIF District No. 72 (the "SEMI Area Phase 2 Hazardous Substance Subdistrict") and approving the Hazardous Substance Subdistrict Plan relating thereto.

Department Information

Prepared by: Pamela McKenna, Development Finance Specialist (612-673-5038)

Approved by: Kevin Carpenter, Finance Officer _____

Spencer Cronk, City Coordinator _____

Presenter in Committee: Pamela McKenna

Financial Impact

Decertification of the Rosacker Nursery Site and Humboldt Industrial Park TIF Districts and the SEMI Area Phase 2 Hazardous Substance Subdistrict will result in approximately \$14.5 million in taxable market value being returned to the City's tax base, which will increase the City's net tax capacity by approximately \$210,000.

As required by Minnesota State Statutes, after payment of all outstanding obligations of these three districts, approximately \$360,000 in total excess tax increment will be returned to Hennepin County for redistribution to the City, County and School District.

Approximately 50% of these funds will be redistributed to the City and deposited in the City's General Fund.

Background Information

Rosacker Nursery Site TIF District was established as a redevelopment district to assist in the development of 32 market-rate owner-occupied townhomes and a 15,500-square foot neighborhood retail center on the Rosacker Nursery Site at Stinson Boulevard and 18th Avenue Northeast. Public costs were financed internally and were reimbursed with tax increment revenue generated by the TIF district.

The TIF Plan was subsequently modified in 2011 to permit the use of a portion of the revenue from the District to construct affordable housing throughout the city. In addition a Spending Plan was adopted under special legislation which allows the use of a portion of the tax increment revenue from the District to pay tornado recovery costs.

It is anticipated that by December 31, 2014 there will be sufficient revenue in the Rosacker TIF fund to pay all of the District's affordable housing and tornado recovery commitments. Any remaining excess tax increment (approximately \$140,000) will be returned to Hennepin County for redistribution (as required by Minnesota State Statutes), and the District should be decertified as of December 31, 2014.

Humboldt Industrial Park TIF District was established as a soils condition district to assist in the development of a 10-acre industrial park at the northwest corner of the Canadian Pacific Railroad's Humboldt Yards.

Financial assistance was provided through the issuance of a pay-as-you-go TIF note, which has now been paid off. After payment of 2014 City administrative costs for the District, any remaining excess tax increment (approximately \$220,000) will be returned to Hennepin County for redistribution (as required by Minnesota State Statutes), and the District should be decertified as of December 31, 2014.

SEMI Area Phase 2 Hazardous Substance Subdistrict was established to assist in financing hazardous substance clean-up costs within the SEMI Area Phase 2 TIF District. Assistance was provided to the project through a pay-as-you-go TIF note. It is anticipated that by December 31, 2014 this note will be paid in full, and there will be no remaining excess tax increment. The Subdistrict should be decertified as of December 31, 2014.

**RESOLUTION
OF THE
CITY OF MINNEAPOLIS**

By Goodman

Approving Decertification of Rosacker Nursery Site TIF District No. 83, Humboldt Industrial Park TIF District No. 148 and the SEMI Area Phase 2 Hazardous Substance Subdistrict

WHEREAS, on June 27, 1997, the City Council adopted a resolution establishing the Rosacker Nursery Site Tax Increment Financing (TIF) District No. 83 (the "Rosacker Nursery Site TIF District") and approving the TIF Plan relating thereto, as well as a modification to the Common Development and Redevelopment Plan and Common Tax Increment Financing Plan.

WHEREAS, on February 24, 2006, the City Council adopted a resolution establishing the Humboldt Industrial Park TIF District No. 148 (the "Humboldt Industrial Park TIF District") and approving the TIF Plan relating thereto.

WHEREAS, on October 25, 1996, the City Council adopted a resolution establishing a Hazardous Substance Subdistrict within the South East Minneapolis Industrial (SEMI) Area Phase 2 TIF District No. 72 (the "SEMI Area Phase 2 Hazardous Substance Subdistrict") and approving the Hazardous Substance Subdistrict Plan relating thereto.

WHEREAS, all obligations of the City with respect to the districts and subdistrict described above have been satisfied or sufficient tax increment revenues are available to pay any remaining obligations of the City with respect to each district and subdistrict; and

Now, therefore, Be It Resolved by the City Council of the City of Minneapolis:

That the following districts and subdistrict be decertified as of December 31, 2014: Rosacker Nursery Site TIF District No. 83, Humboldt Industrial Park TIF District No. 148 and the SEMI Area Phase 2 Hazardous Substance Subdistrict within SEMI Area Phase 2 TIF District No. 72.

When all eligible expenses of the above described districts and subdistricts have been paid, the City Finance Officer is authorized to establish any appropriations necessary in order to close-out each individual fund and to return any remaining TIF revenue balance to the County for subsequent distribution to the City, County and School District.

City staff is directed to prepare and submit to the Office of the State Auditor and Hennepin County all documentation necessary to formalize these decertifications.