



MAYOR AND COUNCIL COMMUNICATION

DATE: May 17, 2016

CONSENT

ITEM #: 22

AGENDA ITEM: Washington County HRA Economic Development Bill

SUBMITTED BY: Kristina Handt, City Administrator

BACKGROUND:

The Council heard from Barbara Dacy, Executive Director of the Washington County HRA, at their May 10th workshop regarding legislative to give the HRA economic development authority. As she mentioned, the bill has passed the legislature and been signed by the Governor. However, the Washington County Board of Commissioners still needs to adopt enabling legislation so Lake Elmo can still weigh in on the proposal.

ISSUE:

Should the City Council adopt Resolution 2016-39 A Resolution Supporting Proposed Legislation to Authorize the County of Washington to Confer Economic Development Powers upon the Washington County Housing and Redevelopment Authority?

PROPOSAL:

A copy of the resolution, bill and key aspects of the bill as discussed at the workshop are included in your packet.

RECOMMENDATION:

If removed from the consent agenda:

Motion to approve Resolution No. 2016-39, A Resolution Supporting Proposed Legislation to Authorize the County of Washington to Confer Economic Development Powers upon the Washington County Housing and Redevelopment Authority.

RESOLUTION NO. 2016-39

RESOLUTION OF THE CITY OF LAKE ELMO, MINNESOTA

**SUPPORTING PROPOSED LEGISLATION TO AUTHORIZE THE COUNTY
OF WASHINGTON TO CONFER ECONOMIC DEVELOPMENT POWERS
UPON THE WASHINGTON COUNTY HOUSING AND REVELOPMENT
AUTHORITY**

BACKGROUND RECITALS

WHEREAS, the Washington County Housing and Redevelopment Authority (the “WCHRA”) is a county housing and redevelopment authority created and existing under Laws 1974, Chapter 475, as amended, which provides and maintains affordable, decent, and safe housing opportunities in Washington County ; and

WHEREAS, in 2013 the County Board of Commissioners (the “County Board”) of the County of Washington (the “County”) established a broadly-representative economic development work group comprised of municipal economic development practitioners and community partners to assist the County in developing a county-wide long-range economic development strategy; and

WHEREAS, based on the process carried out by the economic development work group, in May of 2014 the County adopted an Economic Development Strategic Plan (the “Economic Development Strategic Plan”); and

WHEREAS, in furtherance of the Economic Development Strategic Plan, the County has determined that the WCHRA should have primary responsibility for economic development activities on behalf of the County; and

WHEREAS; proposed legislation has been prepared which would authorize the County Board by resolution to confer on the WCHRA the powers of an economic development authority (the “Proposed Law”), thus enabling the County to address economic needs as identified in the Economic Development Strategic Plan; and

WHEREAS, adoption of the Proposed Law would empower the WCHRA to undertake economic development activities not authorized by the current WCHRA enabling law, such as, by way of illustration, implementing County marketing and public relations programs relating to economic development, conducting economic development studies to document the need for financial assistance programs, and carrying out financial assistance programs for economic development purposes; and

ATTACHMENT B
PROPOSED BILL

Laws 1974, Chapter 475, section 1, is amended to read:

Section 1. **WASHINGTON COUNTY; COMMUNITY DEVELOPMENT AGENCY HOUSING AND REDEVELOPMENT AUTHORITY.** There is created in Washington county a public body corporate and politic, to be known as the Washington county ~~housing and redevelopment authority~~ community development agency, having all the powers and duties of a county authority under the provisions of Minnesota Statutes, sections 469.001 to 469.047, and all powers of a county housing and redevelopment authority under any other provisions of Minnesota law. ~~and Sections 469.001 to 469.047 and 469.090 to 469.1081 apply to the county of Washington. For purposes of applying sections 469.090 to 469.1081 to Washington county, notwithstanding Minnesota Statutes, section 469.090, subdivision 3, “city” means county and “city council” means county board.~~

Laws 1974, chapter 475, section 2, subdivision 1, is amended to read:

Subdivision 1. This act shall not limit or restrict any existing housing and redevelopment authority or city economic development authority. The jurisdiction and area of operation of the Washington county community development agency ~~housing and redevelopment authority~~ includes all of the area within the territorial boundaries of the county and includes the areas within the boundaries of every city in the county and the areas of operation of city housing and redevelopment authorities and city economic development authorities in the county, whenever created, and notwithstanding any provision of Minnesota Statutes, sections 469.005, subdivision 1, or 469.008, subject, however, to Section 3. The jurisdiction and area of operation of the Washington county community development agency ~~housing and redevelopment authority~~ shall not be affected by any concurrence by the Washington county community development agency ~~housing and redevelopment authority~~ under section 469.004, subdivision 5.

Laws 1974, chapter 475, section 2, subdivision 2, is amended to read:

Subdivision 2. A municipal housing and redevelopment authority may request the Washington county community development agency ~~housing and redevelopment authority~~ to handle the housing duties of the authority and, in such an event, the Washington county community development agency ~~housing and redevelopment authority~~ shall act and have exclusive jurisdiction for housing in the municipality pursuant to the provisions of the municipal housing and redevelopment act, Minnesota Statutes, sections 469.001 to 469.047 ~~462.411 to 462.711~~, and acts amendatory thereof. A transfer of duties relating to housing shall not transfer any duties relating to redevelopment.

Laws 1974, chapter 475, section 2, is amended by adding a subdivision to read:

Subdivision 2a. The governing body of a statutory or home rule charter city or township with an existing municipal economic development authority may request the Washington county community development agency to handle the economic development, housing or redevelopment duties of the authority and, in such an event, the Washington county community development agency shall act and have exclusive jurisdiction for economic development, housing or redevelopment duties in the city or township pursuant to the provisions of the economic development authorities act, Minnesota Statutes, sections 469.090 to 469.1081. ~~462.411 to 462.711~~

Laws 1974, chapter 475, section 2 is amended by adding a subdivision to read:

Subdivision 4. Washington county community development agency.

(a) The Washington county housing and redevelopment authority shall be known as the Washington county community development agency. In addition to the other powers granted in this section, the Washington county community development agency shall have the powers of an economic development authority under sections 469.090 to 469.1081 that are granted to the agency by resolution adopted by the Washington county board of commissioners, except as provided in paragraph (b). The enabling resolution may impose the limits upon the actions of the agency that are listed in paragraph (c). The agency may exercise any of the powers granted to it under sections 469.001 to 469.047 and any of the powers of an economic development authority granted to it by the Washington county board of commissioners for the purposes described in these sections.

(b) The Washington county community development agency may not levy the tax described in section 469.107, but with the approval of the Washington county board may increase its levy of the special tax described in section 469.033, subdivision 6, to any higher limit authorized under section 469.107. The money in the housing and redevelopment project fund under section 469.033, subdivision 6, may be expended by the Washington county community development agency for the purposes of sections 469.001 to 469.047 or sections 469.090 to 469.1081.

(c) The enabling resolution may impose the limits upon the actions of the agency as may be imposed by a municipality under section 469.092, except that the resolution adopted under paragraph (a) may not impose any limitations on the authority's exercise of its powers under sections 469.001 to 469.047.

(d) Section 469.1082 does not apply to the county of Washington.

Laws 1974, chapter 475, section 2, is amended by adding a subdivision to read:

Subdivision. 5. Offers of tax-forfeited lands. Notwithstanding any other law, Washington county may offer to the Washington county community development agency, under the conditions and policies established by the county, nonconservation tax-forfeited land prior to making the properties available to cities in Washington county.

Laws 1974, chapter 475, section 3 is amended to read:

Sec. 3. MUNICIPAL APPROVAL.

Subdivision 1. Housing and redevelopment projects. If any housing or redevelopment project is undertaken in Washington county pursuant to this authorization, and the project is within the boundaries of any statutory or home rule charter city or township, the project and the location of the project shall be subject to approval by the governing body of the city or township.

The procedures in section 469.007, subdivision 2, shall apply to the governing body project and location approvals required by this section.


Subdivision 2. Economic development projects. If any development district or economic development project is undertaken in Washington county pursuant to this authorization, and the project is within the boundaries of any statutory or home rule charter city or township, the project shall be subject to the planning, zoning, sanitary, and building laws, ordinances, and regulations applicable to the locality in which the project is situated. Additionally, unless such city or township has authorized the Washington county community development agency to exercise exclusive jurisdiction for economic development duties pursuant to Laws 1974, chapter 475, section 2, subdivision 2a, as amended, then prior to the exercise of any powers under Minnesota Statutes, sections 469.090 to 469.1081, within the boundaries of the city or township with respect to a proposed development district or economic development project or proposed development district or economic development project site, the development district or economic development project and the location of the project must be authorized by resolution of the governing body of the city or township with respect to each identified parcel of property.

EFFECTIVE DATE. This section is effective the day after the governing body of Washington county and its chief clerical officer timely complete their compliance with Minnesota Statutes, section 654.021, subdivisions 2 and 3.



Memo To: City of Lake Elmo Mayor and Councilmembers
Mayor Mike Pearson
Councilmember Justin Bloyer
Councilmember Julie Fliflet
Councilmember Jill Lundgren
Councilmember Anne Smith

From: Barbara Dacy, Executive Director

Date: May 2, 2016 

RE: Proposed Legislation to Add Economic Development Powers to Washington County HRA

The Washington County Housing and Redevelopment Authority (HRA) respectfully requests the City of Lake Elmo to adopt the enclosed resolution which will legally enable the HRA to conduct economic development activities in partnership with county cities and townships. The HRA has drafted legislation to amend its enabling law and has introduced a proposed bill for consideration during the 2016 legislative session. The proposed bill has been identified as part of the 2016 legislative agendas for both Washington County and Washington County HRA.

Attached to this memo is a summary of the key provisions of the bill (Attachment A), the proposed bill (Attachment B) and the proposed resolution (Attachment C).

Background

In the fall of 2013, Washington County convened a work group consisting of city economic development practitioners and community representatives to define the appropriate role of the county in economic development. A question was also included in the county's survey of residents, and 69% of respondents agreed that a stronger role in economic development is appropriate. An Economic Development Strategic Plan, adopted in 2014, establishes guiding policy principles and identifies specific strategies and goals. In 2015, the County Board researched organizational options and determined the Washington County HRA is to be responsible for county-wide economic development activities. The objectives of economic development are consistent with the HRA's mission, to promote community and economic development, and the HRA's brand, "to help communities thrive". The County Board authorized \$215,000 of the annual HRA levy to hire an Economic Development Director, support staff, and startup funds.

Implementing the Washington County Economic Development Strategic Plan

Guiding Principles

It is envisioned that the Washington County CDA will fill a vital role in coordinating county-level economic development activities and will support communities in the county in working towards their individual economic development goals. This supportive role has been the key foundation of the Economic Development Strategic Plan. The Washington County CDA would collaborate with the City of Lake Elmo to provide additional support and capacity to the city's local economic development programs, business retention and business creation efforts, as may be mutually determined.

The Washington County CDA would adhere to the following economic development guiding principles identified in the Strategic Plan:

- The private sector is the lead that drives the economy.
- The County will not duplicate or replace the work of cities and other public agencies.
- The County supports a strong collaborative approach to economic development.
- Business attraction and business retention are essential policy objectives.
- The diversity of the county requires an adaptable and open-minded approach.
- A deliberate, purposeful and strategic plan is required.

Goals and Benefits of Proposed Bill

Goals

The proposed bill to amend the HRA's enabling law was drafted to fulfill the following goals:

- Add statutory powers to enable the County to address economic needs through programs and projects, given the diversity of municipalities, large and small.
- Complement municipal economic development authorities and not impede their activities.
- Provide municipal approval prior to the CDA exercising any physical development powers.
- Confer consistent geographic jurisdiction for both HRA and EDA activities and levy authority.
- Maintain current process for levy authority and level of control by County Board.

Benefits to the City of Lake Elmo

A county role in economic development will provide the following benefits:

- Dedicated staff experienced in economic development to respond to city and township requests.
- Stronger presence in the industry and marketplace through communication and marketing.
- Stronger county relationship with GreaterMSP.
- Opportunity to build on tourism initiatives, labor and talent attraction initiatives, business creation programs, or other suggestions from communities.
- Potential for additional financial resources for communities to augment existing programs.
- Conduct economic development and industrial/commercial market studies.
- Advocacy for economic development issues at the Legislature.

The initial responsibility of the new CDA Economic Development Director will be to determine how best to support the cities and to cultivate relationships with communities, key stakeholders, and relevant boards. One of the recommendations of the existing strategic plan was to convene a community workgroup; this will be implemented and a starting point to provide community input to determine the best manner in which the County can complement and augment what communities are doing.

Recommendation

We are excited to work with the City of Lake Elmo in a collaborative approach. We respectfully request support for the proposed bill by adopting the attached resolution.

ATTACHMENT A

Key Aspects of the Proposed Bill

Key aspects of the proposed bill include naming of the agency, determining levy authority, requiring municipal approval prior to the CDA exercising its physical development powers within a jurisdiction, offering tax-forfeited lands to the CDA, and identifying limitations requiring County Board approval.

Agency Renaming

In order to adequately represent the combined housing, redevelopment and economic development powers to be bestowed, it is proposed the HRA be renamed the Washington County Community Development Agency (CDA). While this term is not defined in statute, the CDA nomenclature has been adopted by Dakota, Carver and Scott counties in their respective enabling laws. The consistency in terminology across the Minneapolis-St. Paul metropolitan area provides for greater recognition and understanding of a county CDA.

Levy Authority

State Statute permits special levying authority for housing and redevelopment authorities up to 0.0185% upon all taxable property, subject to the consent by resolution of the governing body. In addition, a county may, at the request of an economic development authority, levy a tax of up to 0.01813% upon all taxable property. The proposed bill, however, waives EDA tax levying authority under section 469.107 and, it retains the County Board consent process currently in place for establishing the levy rate and amount under the HRA limits in section 469.033, subd. 6. The proposed language reserves the right to levy the higher of the HRA or EDA permissible rates, as they may be determined by the legislature. This provides the County with future flexibility should there be a program or issue that the County determines is appropriate for this purpose. On an annual basis, the HRA Board has prepared a levy request, within its annual budget, of sufficient size to complete its strategic priorities and financial obligations for approval from the County Board. Under the amended enabling law, the CDA would follow the same process in proposing an annual levy request and obtaining the consent of the County Board.

Municipal Approval

The HRA's current enabling law requires municipal approval prior to the HRA undertaking a housing development. The proposed bill maintains this requirement and adds the municipal approval requirement prior to exercising economic development powers.

Offer of Tax Forfeited Land

When the County receives real property through the tax forfeiture process, it may determine the property to be appropriate for a housing, redevelopment, or economic development purpose. Currently, the HRA must purchase forfeited parcels in the same process as the general public. The proposed bill adds that such parcels "may" be offered to the CDA in the same manner it would be offered to a County department with justification of public purpose.

Establishing the Washington County CDA

The Washington County HRA was created in 1980 under a special enabling law and authorizing resolution from the County Board. This enabling law must be amended to add the powers of an economic development authority and formally rename the agency to the Washington County Community Development Agency (CDA) to reflect the full scope of responsibilities. The proposed bill follows the same process taken by CDAs established in Dakota, Scott, and Carver counties.

The proposed bill retains board composition. The HRA Board is currently composed of seven members: five appointees representing each County district, a representative of the County Board of Commissioners, and a participant in the federal housing assistance programs. Historically, because many of the activities of the HRA require real estate development transactions involving public financing, the HRA Board has been comprised of members with backgrounds in real estate, finance and banking, business or government. It is also proposed that the CDA would solicit comment on policies and programs from county citizen boards including the Workforce Investment Board and the Community Development Block Grant Advisory Committee. The CDA will also convene a workgroup of community economic development professionals to provide ongoing input.

Final Approval

Upon passage of the proposed bill, the County Board will need to pass a resolution to formally confer the EDA powers and establish the Washington County CDA. The resolution will further identify any limitations of EDA powers the County may wish to impose on the CDA.

WHEREAS, the Proposed Law would retain the existing County Board consent process for establishing the WHCRA's housing and redevelopment authority levy under Minnesota Statutes, Section 469.033, subdivision 6, and would preclude the WCHRA from imposing any concurrent or separate economic development authority levy otherwise authorized under Minnesota Statutes, Section 469.107 (while permitting the County Board to consent to a WCHRA levy at a rate equal to the higher of the permissible housing and redevelopment authority levy rate or the permissible economic development authority levy rate as they may be established by the Legislature); and

WHEREAS, consistent with existing requirements of the WCHRA's enabling law for local approval of housing projects and redevelopment projects, the Proposed Law would require municipal location and project approval as well for development districts and economic development projects; and

WHEREAS, in order to appropriately reflect the combined housing, redevelopment and economic development powers to be conferred, the Proposed Law would change the name of the WCHRA to the Washington County Community Development Agency; and

WHEREAS, the Proposed Law would effect no change in the current structure or composition of the WCHRA Board of Commissioners; and

WHEREAS, the Proposed Law would authorize the County to offer tax-forfeited real property to the WCHRA on the same basis as such parcels are offered to a County department; and

WHEREAS, the County Board has determined to include the Proposed Law as part of the County's legislative initiative for the 2016 Legislature; and

WHEREAS, the City Council of the City of Lake Elmo, Minnesota, finds that enactment by the Legislature of the Proposed Law, and the carrying out of economic development activities by the WCHRA in the County, including in the City of Lake Elmo, pursuant to the Proposed Law, would be in the public interest and would afford substantial benefit to the residents, businesses, citizens and taxpayers of the City of Lake Elmo; and

WHEREAS, the County, the WCHRA and the City of Lake Elmo contemplate that the WCHRA and the City will work together as partners in carrying out economic development activities within the City of Lake Elmo which will be complementary and non-duplicative.

NOW, THEREFORE, the City Council of the City of Lake Elmo, Minnesota adopts this Resolution supporting the proposed legislation described above in furtherance of economic development activities by the WCHRA on behalf of Washington County.

This Resolution was declared duly passed and adopted and was signed by the Mayor of the City of Lake Elmo and attested to by the City Clerk this _____ day of _____, 2016.

Mike Pearson, Mayor

ATTESTED:

Julie Johnson, City Clerk