

CITY OF LAKE ELMO, MINNESOTA
REDEVELOPMENT PLAN FOR
REDEVELOPMENT PROJECT NO. 1
(DOWNTOWN REDEVELOPMENT PROJECT)

DRAFT FOR PUBLIC HEARING

PUBLIC HEARING: _____, 2014

PLAN APPROVED: _____, 2014



NORTHLAND STRATEGIES
Special Projects Group

Northland Securities, Inc.
45 South 7th Street, Suite 2000
Minneapolis, MN 55402
(800) 851-2920
Member NASD and SIPC

TABLE OF CONTENTS

ARTICLE I – INTRODUCTION AND DEFINITIONS	1
Section 1.01 Introduction	1
Section 1.02 Definitions	1
Section 1.03 Plan Preparation	2
ARTICLE II - STATEMENT OF PUBLIC PURPOSE AND AUTHORITY	3
Section 2.01 Enabling Act; Statutory Authority	3
Section 2.02 Statement of Need and Finding of Public Purpose	3
Section 2.03 Boundaries of Project Area.....	4
ARTICLE III - REDEVELOPMENT PLAN	5
Section 3.01 Statement of Objectives	5
Section 3.02 Development Activities	6
Section 3.03 Payment of Public Costs.....	6
Section 3.04 Environmental Controls; Land Use Regulations	6
Section 3.05 Park and Open Space To Be Created	6
Section 3.06 Proposed Reuse of Property	6
Section 3.07 Administration and Maintenance of Project Area.....	7
Section 3.08 Relocation	7
Section 3.09 Amendments.....	7
Section 3.10 Findings and Declaration	7

ARTICLE I – INTRODUCTION AND DEFINITIONS

SECTION 1.01 INTRODUCTION

The City of Lake Elmo is preparing plans for the redevelopment of the City's Downtown Area. This document contains the Redevelopment Plan for achieving the objectives of Redevelopment Project No. 1 through the future establishment of tax increment financing plans and use of tax increment financing districts.

The Redevelopment Plan will be updated and amended to incorporate tax increment financing districts as proposed and established.

SECTION 1.02 DEFINITIONS

For the purposes of this document, the terms below have the meanings given in this section, unless the context in which they are used indicates a different meaning:

The terms defined below, for purposes hereof, and for purposes of any Tax Increment Financing Districts and Plans which may be now or hereafter established and approved within the Redevelopment Project, shall have the following respective meanings, unless the context specifically requires otherwise. As in Minnesota Statutes, Section 469.058, the term "development" includes redevelopment, and the term "developing" includes redeveloping.:

1. "Authority" means Economic Development Authority of the City of Lake Elmo, established pursuant to the Enabling Act and City Resolution No. 2013-05.
2. "City" means the City of Lake Elmo, Minnesota.
3. "City Council" means the City Council of the City.
4. "County" means Washington County, Minnesota.
5. "Developer" means a party undertaking construction or renovation in a Tax Increment Financing District.
6. "Economic Development District" means Project Area which the Authority has designated as an Economic Development District, pursuant to Minnesota Statutes, Section 469.090 through 469.108, inclusive, as amended.
7. "Enabling Act" means (1) the Minnesota Municipal Housing and Redevelopment Act codified as Minnesota Statutes, Sections 469.001 through 469.047, and (2) the Economic Development Authority Act codified as Minnesota Statutes, Section 469.090 to 469.1082, including all powers provided or referenced therein, and as the same may be amended or supplemented.
8. "Project Area" means the real property within the City constituting the Redevelopment Project and the Economic Development District as currently depicted and described in the attached Article II.
9. "Public Costs" means the public redevelopment costs of the Redevelopment Project.
10. "Redevelopment Plan" means the Redevelopment Plan for the Redevelopment Project (this document), as the same may, from time to time, be amended or supplemented.
11. "Redevelopment Project" means Redevelopment Project No. 1 of the Authority, as the same may, from time to time, be amended or supplemented.
12. "School District" means Independent School District No. 834, Minnesota.
13. "State" means the State of Minnesota.

14. "TIF Act" means Minnesota Statutes, Sections 469.174 through 469.1794, both inclusive as amended.
15. "TIF District" means a Tax Increment Financing District within the Redevelopment Project, as may be proposed and established in the future, from time to time.
16. "TIF Plan" means a future tax increment financing plan for a TIF District within the Redevelopment Project, as may be proposed and adopted in the future, from time to time.

SECTION 1.03 PLAN PREPARATION

This document was prepared for the City by Northland Securities, Inc. Project data was provided by City Staff.

ARTICLE II - STATEMENT OF PUBLIC PURPOSE AND AUTHORITY

SECTION 2.01 ENABLING ACT; STATUTORY AUTHORITY

Pursuant to the Enabling Act, the City was authorized to establish an economic development authority that has the same powers as an economic development authority under Minnesota Statutes, Section 469.090 to 469.1082, or other law, as well as the powers of a municipal housing and redevelopment authority established under Minnesota Statutes, Section 469.001 to 469.047, or other law. In addition the Enabling Act authorized the City, upon establishment of such an economic development authority, to exercise all the powers relating to an economic development authority granted to a city by Minnesota Statutes, Section 469.090 to 469.108, or other law, and all the powers relating to a housing and redevelopment authority granted to a city by Minnesota Statutes, Section 469.001 to 469.047, or other law.

Pursuant to Resolution No. 2013-05 as adopted by the Council on February 5, 2013, the City thereby established the Authority as the entity authorized by the Enabling Act.

It is the intention of the City, notwithstanding the enumeration of specific goals and objectives in the Redevelopment Plan, that the City and Authority shall have and enjoy with respect to the Redevelopment Project the full range of powers and duties conferred upon the Authority pursuant to the Enabling Act, the Tax Increment Act, and such other legal authority as the Authority may have or enjoy from time to time.

Funding for the necessary activities and improvements within the Redevelopment Project shall be accomplished through tax increment financing in accordance with the TIF Act, and, if necessary and appropriate, the use of the City's statutory ability to issue and sell general obligation improvement bonds of the City.

SECTION 2.02 STATEMENT OF NEED AND FINDING OF PUBLIC PURPOSE

The City finds that there is a need for development within the City and the Redevelopment Project to provide employment opportunities, to improve the local tax base, and to improve the general economy of the City and the State.

The City finds that there is a need for the City to take positive and aggressive steps for the future of its "Downtown Area". Age of buildings, under utilized land area, and other symptoms of a downtown in need of a strategy for redevelopment are evident. And, with the leadership of the Mayor and City Council members, the members of the Authority, as well as city staff and local citizens, Lake Elmo has begun the difficult task of trying to fit appropriate resources with redevelopment opportunities. In doing so, the Council has found that there are opportunities for the Downtown Area with such bold steps as using tax increment financing, the vacation of streets, and open invitations to existing businesses and plans for invitations to those from within the greater metropolitan region.

The City finds that in many cases such marginal property cannot be developed without public participation and assistance in forms including property acquisition and/or write down, proper planning, the financing of land assembly in the work of clearance or development, and the making and/or financing of various other public and private improvements necessary for development. In cases where the development of marginal and other property cannot be done by private enterprise alone, the City believes it to be in the public interest to consider the exercise of its powers, to advance and spend public money, and to provide the means and impetus for such development.

The City finds that in certain cases property within the Project Area would or may not be available for development without the specific financial aid to be sought, that the Redevelopment Plan will afford maximum opportunity, consistent with the needs of the

City as a whole, for the development of the Project Area by private enterprise, and that the Redevelopment Plan conforms to the general plan for the development of the City as a whole.

The City also finds that the welfare of the City and the State requires the active promotion, attraction, encouragement, and development of economically sound industry and commerce through governmental action for the purpose of preventing the emergence of blighted and marginal lands and areas of chronic unemployment. It shall also be the policy of the Authority to facilitate and encourage such action as may be necessary to prevent the economic deterioration of such areas to the point where the process can be reversed only by total redevelopment. Through the use of the powers conferred on the City pursuant to the Enabling Act, promoting economic development may prevent the occurrence of conditions requiring redevelopment and prevent the emergence of blight, marginal land, and substantial and persistent unemployment.

The Redevelopment Plan shall also include the goals (1) of providing an impetus for residential development desirable or necessary to accommodate increased population within the City and (2) of helping to achieve affordable housing goals, including through payment or reimbursement of certain infrastructure or other costs of the housing developments.

SECTION 2.03 BOUNDARIES OF PROJECT AREA

The area within the Project Area is described in Figure 2-1. The Project Area shall also include all adjacent roadways, rights-of-way and other areas wherein will be installed or upgraded the various public improvements necessary for and part of the overall project. The City finds that the Project Area, together with the objectives which the City seeks to accomplish or encourage with respect to such property, constitutes a “redevelopment project” and a “redevelopment plan” within the meaning of Minnesota Statutes, Section 469.002, Subdivisions 14 and 16, and constitutes an “economic development district” under Minnesota Statutes, 469.090 through 469.108, inclusive, as amended.

FIGURE 2.1 REDEVELOPMENT PROJECT NO. 1 MAP

[INSERT MAP HERE]

ARTICLE III - REDEVELOPMENT PLAN

SECTION 3.01 STATEMENT OF OBJECTIVES

Redevelopment of the City's Downtown Area involves innovation, understanding, and communication with all sectors of the City, working together toward common, and well defined goals and objectives. The City, through its planning efforts has found that there is a need for redevelopment in the Downtown Area of the City, to encourage, ensure, and facilitate orderly development by the private sector of under-utilized, inappropriately utilized and unused land within the Development District. In addition, the City, through the implementation of this Development Program, seeks to remove any environmental conditions that are or may be barriers to any efforts by the private sector to develop or redevelop within the Development District.

The establishment of the Project Area in the City pursuant to the Enabling Act is necessary and in the best interests of the City and its residents and is necessary to give the City and the Authority the ability to meet certain public purpose objectives that would not be obtainable in the foreseeable future without intervention by the Authority in the normal development process.

The Authority intends, to the extent permitted by law, to accomplish the following objectives through the implementation of the Redevelopment Plan:

- (a) Provide for the acquisition of land and construction and financing of building(s), site improvements, and/or public utilities in the Project Area which are necessary for the orderly and beneficial development of the Project Area and adjacent areas of the City.
- (b) Promote and secure the prompt and unified development of certain property in the Project Area, which property is not now in productive use or in its highest and best use, with a minimum adverse impact on the environment, and thereby promote and secure the desirable development of other land in the City.
- (c) Promote and secure additional employment opportunities within the Project Area and the City for residents of the City and the surrounding area, thereby improving living standards and reducing unemployment and the loss of skilled and unskilled labor and other human resources in the City.
- (d) Secure the increase of assessed values of property subject to taxation by the City, School, County, and other taxing jurisdictions in order to better enable such entities to pay for governmental services and programs that they are required to provide.
- (e) Promote the concentration of new unified development consisting of desirable manufacturing, industrial, housing and other appropriate development in the Project Area so as to maintain the area in a manner compatible with its accessibility and prominence in the City.
- (f) Encourage the expansion and improvement of local business, economic activity and development and housing development, whenever possible.
- (g) Create a desirable and unique character within the Project Area through quality land use alternatives and design quality in new buildings.

SECTION 3.02 DEVELOPMENT ACTIVITIES

The Authority will perform or cause to be performed, to the extent permitted by law, all project activities pursuant to the Enabling Act, the Tax Increment Act and other applicable state laws, and in doing so anticipates that the following may, but are not required, to be undertaken by the Authority:

- (a) The making of studies, planning, and other formal and informal activities relating to the Redevelopment Plan.
- (b) The implementation and administration of the Redevelopment Plan.
- (c) The rezoning of land within the Project Area.
- (d) The acquisition of property, or interests in property, by purchase or condemnation, which acquisition is consistent with the objectives of the Redevelopment Plan,
- (e) The preparation of property for use and development in accordance with applicable Land Use Regulations and the Development Agreement, including demolition of structures, clearance of sites, placement of fill and grading.
- (f) The resale of property to private parties.
- (g) The construction or reconstruction of improvements described in Section 4.7 hereof.
- (h) The issuance of Tax Increment Bonds to finance the Public Costs of the Redevelopment Plan, and the use of Tax Increments or other funds available to the City and the Authority to pay or finance the Public Costs of the Redevelopment Plan incurred or to be incurred by it.
- (i) The use of Tax Increments to pay debt service on the Tax Increment Bonds or otherwise pay or reimburse with interest the Public Costs of the Redevelopment Plan.

SECTION 3.03 PAYMENT OF PUBLIC COSTS

It is anticipated that the Public Costs of the Redevelopment Plan will be paid primarily from proceeds of Tax Increment Bonds or from Tax Increments. The Authority reserves the right to utilize other available sources of revenue, including but not limited to lease payments, special assessments and user charges, which the Authority may apply to pay a portion of the Public Costs.

SECTION 3.04 ENVIRONMENTAL CONTROLS; LAND USE REGULATIONS

All municipal actions, public improvements and private development shall be carried out in a manner consistent with existing environmental controls and all applicable Land Use Regulations.

SECTION 3.05 PARK AND OPEN SPACE TO BE CREATED

Park and open space within the Project Area if created will be created in accordance with the zoning and platting ordinances of the City.

SECTION 3.06 PROPOSED REUSE OF PROPERTY

The Redevelopment Plan contemplates that the Authority may acquire property and reconvey the same to another entity. Prior to formal consideration of the acquisition of any property, the Authority will require the execution of a binding development agreement with respect thereto and evidence that Tax Increments or other funds will be available to repay the Public Costs associated with the proposed acquisition. It is the intent of the Authority to negotiate the

acquisition of property whenever possible. Appropriate restrictions regarding the reuse and redevelopment of property shall be incorporated into any Development Agreement to which the Authority is a party.

SECTION 3.07 ADMINISTRATION AND MAINTENANCE OF PROJECT AREA

Maintenance and operation of the Project Area will be the responsibility of the city administrator who shall serve as administrator of the Project Area. Each year the administrator will submit to the Authority the maintenance and operation budget for the following year.

The administrator will administer the Project Area pursuant to the Enabling Act; provided, however, that such powers may only be exercised at the direction of the Authority. No action taken by the administrator pursuant to the above-mentioned powers shall be effective without authorization by the Authority.

SECTION 3.08 RELOCATION

Any person or business that is displaced as a result of the Redevelopment Plan will be relocated in accordance with Minnesota Statutes, Section 117.50 to 117.56. The City and the Authority accepts its responsibility for providing for relocation assistance when applicable.

SECTION 3.09 AMENDMENTS

The Authority reserves the right to alter and amend the Redevelopment Plan and the Tax Increment Financing Plan, subject to the provisions of state law regulating such action. The City and the Authority specifically reserves the right to enlarge or reduce the size of the Project Area and the Tax Increment District, the Redevelopment Plan and the Public Costs of the Redevelopment Plan and the amount of Tax Increment Bonds to be issued to finance such cost by following the procedures specified in Minnesota Statutes, Section 469.175, Subdivision 4.

SECTION 3.10 FINDINGS AND DECLARATION

The Authority makes the following findings:

- (a) The land in the Project Area would not be made available for redevelopment without the financial aid sought.
- (b) The Redevelopment Plan for the Project Area in the City will afford maximum opportunity consistent with the needs of the locality as a whole, for the redevelopment of the area by private enterprise.
- (c) The Redevelopment Plan conforms to the general plan for development of the City as a whole.