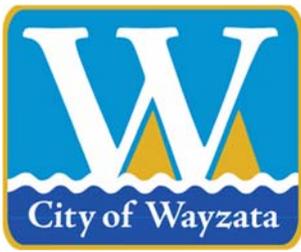


City of Wayzata Housing and Redevelopment Authority
Meeting Agenda
Thursday, April 27, 2017

7:30 am – 8:30 am
Wayzata City Hall Community Room
600 Rice Street East
Wayzata, MN 55391

1. Call to Order – Chairman Shaver
2. Approval of Agenda
3. Approval of Minutes of February 3, 2017
4. Old Business
 - a. Receipt of HRA 2016 Financial Report
5. New Business
 - a. Receipt of ULI's "Navigating Your Competitive Future" Report
 - b. Other Redevelopment Updates
6. Next Meeting Date: 7:30 am on July 27, 2017
7. Adjournment



City of Wayzata Housing and Redevelopment Authority Agenda Report

MEETING DATE: April 27, 2017	AGENDA ITEM: 3
TITLE: Approval of Minutes from 2-3-17 Meeting	
PROPOSED MOTION: To Approve the Draft Minutes of the 2-3-17 Meeting	
PREPARED BY: Jeffrey Dahl, City Manager	
REVIEWED BY: N/A	

ACTION REQUESTED:

A motion is needed to approve the attached draft minutes from February's meeting.

FINANCIAL OR BUDGET CONSIDERATION:

N/A

BACKGROUND:

N/A

ATTACHMENTS:

1. Draft Minutes of the 2-3-17 HRA Meeting

1 HRA members present: T. Shaver, B. Ambrose, S. Fox
2 HRA members absent: R. Wothe, B. Petit
3 City Staff present: Jeff Dahl, Jeff Thomson, Becky Malone
4 Others present: City Attorney David Schelzel
5

6 Chairman Shaver called the meeting of the HRA to order at 7:38 am.
7
8

9 APPROVAL OF AGENDA

10
11 Ambrose motioned to approve the February 3, 2017 meeting agenda as presented,
12 seconded by Fox. The motion passed 3/0 by voice vote.
13

14
15 APPROVAL OF HRA MINUTES OF November 29, 2016
16

17 Ambrose stated on page 1 on line 29, add a comma after “stated” and on page 2 on line
18 9 change “Auditors” to “Auditor”.
19

20 Ambrose motioned to approve the minutes of November 29, 2016 as amended,
21 seconded by Fox. The motion passed 3/0 by voice vote.
22
23

24 OLD BUSINESS

25
26 a. None.
27
28

29 NEW BUSINESS

30
31 a. City Council reappointment of Bob Ambrose and appointment of Steve
32 Fox
33

34 Shaver stated Bob Ambrose had been reappointment to the HRA by the City Council
35 and Steve Fox was newly appointed to the HRA by the City Council.
36

37 b. Election of Officers (Current Officers: Chair Shaver; Vice-Chair Wothe;
38 Secretary position vacant, Was McGill)
39

40 Ambrose stated Chair Shaver had indicated he would be open to serving as Chair again
41 and he assumed Wothe would be as well.
42

43 Ambrose motioned to appoint Mr. Shaver as the Chair and Mr. Wothe as the Vice-Chair
44 for the HRA for 2017, seconded by Fox. The motion passed 3/0 by voice vote.
45

46 Shaver motioned to appoint Mr. Petit as the Secretary for the HRA for 2017, seconded
47 by Ambrose. The motion passed 3/0 by voice vote.
48

1 c. Discussion of Bylaws and any suggested amendments (Revised 01-28-
2 2016)

3
4 Shaver motioned to keep the Bylaws as written, seconded by Ambrose. The motion
5 passed 3/0 by voice vote.
6

7 d. Appointment of Executive Director (Currently Dahl)

8
9 Shaver motioned to appoint Mr. Dahl as Executive Director for the HRA for 2017,
10 seconded by Ambrose. The motion passed 3/0 by voice vote.
11

12 e. Other Updates

13
14 Dahl stated the new format for the HRA packet was to tie items back to the HRA goals
15 and Bylaws and to provide a clear picture of financial impacts. He stated the City's
16 Annual Financial Report will be presented at the April meeting.
17

18 Dahl stated the parking ramp project has been on schedule to finish the top deck by
19 July 1 and the entire ramp by August 1. There was \$600,000 or 8% in contingency in
20 the budget because of the unknowns with the soils and the construction of the wall. At
21 this time, it does not look like they would be using all of the contingency funds and the
22 project is on budget.
23

24 Dahl stated the City is working with Ehlers on exploring a potential TIF District on the
25 west end of Lake Street. The City does not have a precedence of helping developers
26 offset development costs however, there are potential infrastructure costs as Lake
27 Street is redeveloped and municipal parking needs. He would provide this analysis to
28 the Commission at the next meeting.
29

30 Shaver asked what development application currently exist along Lake Street.
31

32 Dahl stated the Planning Commission has recommended approval of a conceptual plan
33 for Wayzata Blu for 17 condominiums on 2 floors and office space on the first floor and
34 the City Council has approved Meyer Place for 21 condominiums.
35

36 Fox asked if there was still a demand for high end condos.
37

38 Dahl stated there is a demand in the City. Financing for a condominium project does
39 require that half of the units be pre-sold.
40

41 Shaver asked if there were any development plans for the "pink building". Dahl stated
42 there were development plans being considered by the property owner at this time. for
43 this property.
44

45 Dahl stated that the City is hopeful that there will be a tax bill this legislative session that
46 would allow the City to use the increment from the Widsten TIF District on the parking
47 ramp. The City had used over \$2 million in CIP money for the parking and if the bill is
48 approved the City would be able to repay these funds for capital improvement projects.

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NEXT MEETING DATE: April 27, 2017

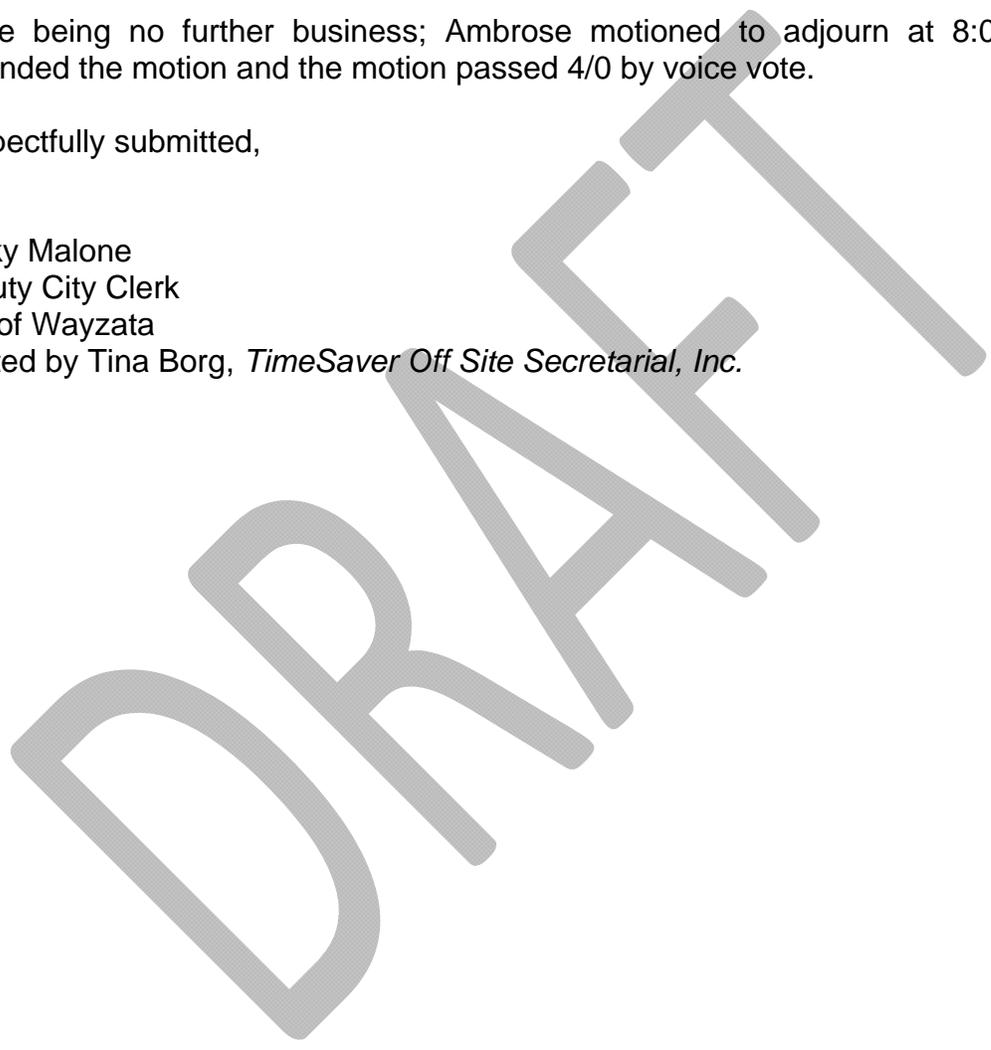
Dahl stated there was nothing pending that would require a special HRA meeting prior to the next meeting at 7:30 am on April 27.

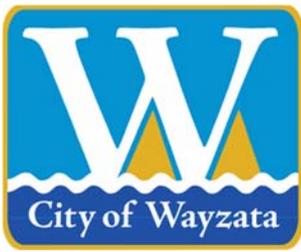
ADJOURNMENT

There being no further business; Ambrose motioned to adjourn at 8:01 a.m., Fox seconded the motion and the motion passed 4/0 by voice vote.

Respectfully submitted,

Becky Malone
Deputy City Clerk
City of Wayzata
Drafted by Tina Borg, *TimeSaver Off Site Secretarial, Inc.*





City of Wayzata Housing and Redevelopment Authority Agenda Report

MEETING DATE: April 27, 2017	AGENDA ITEM: 4a
TITLE: Receipt of 2016 HRA Financial Report	
PROPOSED MOTION: To Accept the 2016 HRA Financial Report	
PREPARED BY: Jeffrey Dahl, City Manager	
REVIEWED BY: N/A	

ACTION REQUESTED:

Upon review, staff recommends acceptance of the 2016 HRA Financial Report.

FINANCIAL OR BUDGET CONSIDERATION:

See the attached report.

BACKGROUND:

Every year, the HRA reviews its financials based on a report from its financial consultant, AEM. Attached is a memo and an updated analysis as presented by Steve McDonald, from AEM, for your review.

ATTACHMENTS:

1. HRA Financial Memo and Statements, dated April 18, 2017



AEM Financial Solutions™

April 18, 2017

MEMORANDUM

To: Jeff Dahl, City Manager
From: Steve McDonald, City Contracted Finance Director
Re: HRA Financial Statements -12-31-2016

Background

The Wayzata Housing and Redevelopment Authority (HRA) assists the City Council in addressing the City's housing and redevelopment goals and objectives in accordance with the Comprehensive Plan. It is a legally separate entity, of which the governing body consists of a five member board of commissioners approved, but not selected, by the City Council. With the exception of the City Council approving board members and the HRA's budget, the HRA has complete control over its own duties. However, all HRA administrative and financial functions are performed by City staff, and the HRA is fiscally dependent upon the City. It is these criterion that result in the HRA being reported as a discretely presented component unit. The HRA does not prepare separate financial statements. Information on the HRA's governmental funds are shown as attachments to this memo.

The HRA has three separate funds to report activity. They are described below:

314 Widsten Tax Increment (TIF 3) – TIF District No. 3 was submitted for certification on February 22, 1995 and was certified March 1, 1996. TIF District No. 3 must be decertified no later than December 31, 2022. TIF District No. 3 was originally established in 1995 to facilitate the redevelopment of the Widsten Elementary School which had been vacated by I.S.D. No. 284 (Wayzata). Pursuant to the 1995 TIF Plan the City and HRA acquired certain parcels and completed public redevelopment activities including various utility and streetscape improvements. Acquired land on the Widsten block was resold for private redevelopment. An amendment to the TIF Plan for TIF District No. 3 was adopted February 21, 2001 authorizing increased expenditures for a municipal parking facility on Mill Street and addition storm sewer improvements.

This fund has completed its purpose but is being held open with the intent of obtaining special legislation that would allow for broader use of existing and future tax increment.

316 Bay Center Tax Increment (TIF 5) - The City Council of the City of Wayzata, Minnesota (the "City") and the Housing and Redevelopment Authority in and for the City (the "Authority") have determined that pursuant to the 2010 Wayzata TIF District No. 5 Special Law, it is necessary and in the best interests of the City to decertify Redevelopment Tax Increment Financing District No. 5, originally certified June 11, 2009, and adopt and implement a Tax Increment Financing TIF Plan ("TIF Plan") for Replacement Redevelopment TIF District No. 5 ("Replacement TIF District No. 5") and request a new Replacement TIF District No. 5 certification. Replacement TIF District No. 5 lies within the Central Area Redevelopment District (the "CARD"), which was established in 1977 and enlarged and modified by amendments to the Redevelopment Project Plan in 1979, 1986, 1992, 1995 and 1999, and 2008.

The 2010 Wayzata TIF District No. 5 Special Law was enacted by the Minnesota legislature in recognition of the detrimental impact of the 2008 economic downturn on real estate redevelopment projects such as the proposed redevelopment of the Wayzata Bay Center as described in the Agreement and TIF Plan for TIF District No. 5. The City and Authority were allowed additional flexibility, in part, as follows:

Any parcel is deemed to meet the requirements of Minnesota Statutes, section 469.174, subdivision 10, paragraph (d), clause (1), if the following conditions are met:

- 1) A building on the parcel was demolished by a developer or the city after the city council found the building to be structurally substandard upon approval of original tax increment financing plan for the district; and
- 2) The city decertifies Redevelopment Tax Increment Financing District No. 5, but files a request with the county auditor for certification of the parcel as part of a subsequent redevelopment or renewal and renovation district within ten years after the date of demolition.

This District will be used to fund pay as you go notes totaling \$23 million and approximately \$520,000 of annual debt service costs on the new municipal ramp. Currently there is a fund balance deficit of \$97,193 but this should go away in 2017 with further increment collections.

440 Housing (TIF 2) – This fund represents the remaining pooled funds from the TIF 2 (Card) district. There are no current debt obligations for this fund. The major activity in 2016 was to provide a transfer of \$285,000 to the Municipal Ramp project. The remaining funds can be used for any project.

Overall - The financial activities of the HRA are consistent with the City expectations and there appears to be adequate resources to fund future activity. We do expect the deficit in the Bay Center TIF to be eliminated in 2017.

CITY OF WAYZATA, MINNESOTA
HOUSING AND REDEVELOPMENT AUTHORITY
(DISCRETELY PRESENTED COMPONENT UNIT)
COMBINING BALANCE SHEET
DECEMBER 31, 2016

	Debt Service <u>314</u>	Capital Projects <u>316</u>	Special Revenue <u>440</u>	
	Widsten Tax Increment	Bay Center Tax Increment	Housing	Total
ASSETS				
Cash and temporary investments	\$ 712,663	\$ 678,811	\$ 28,844	\$ 1,420,318
Receivables				
Accrued interest	-	-	7,508	7,508
Taxes	9,402	55,470	-	64,872
Notes	-	-	19,250	19,250
	<u>-</u>	<u>-</u>	<u>19,250</u>	<u>19,250</u>
TOTAL ASSETS	<u>\$ 722,065</u>	<u>\$ 734,281</u>	<u>\$ 55,602</u>	<u>\$ 1,511,948</u>
LIABILITIES				
Accounts payable	\$ -	\$ 821,989	\$ -	\$ 821,989
Due to other governments	1,190	3,044	-	4,234
Deposits payable	-	-	703	703
	<u>-</u>	<u>-</u>	<u>703</u>	<u>703</u>
TOTAL LIABILITIES	<u>1,190</u>	<u>825,033</u>	<u>703</u>	<u>826,926</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - taxes	-	6,441	-	6,441
	<u>-</u>	<u>6,441</u>	<u>-</u>	<u>6,441</u>
FUND BALANCES				
Restricted for economic development	<u>720,875</u>	<u>(97,193)</u>	<u>54,899</u>	<u>678,581</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 722,065</u>	<u>\$ 727,840</u>	<u>\$ 55,602</u>	<u>\$ 1,505,507</u>

Total fund balances reported above \$ 678,581

Amounts reported for the Housing and Redevelopment Authority in the statement of net position are different because

Capital assets used in the Housing and Redevelopment Authority are not financial resources and therefore are not reported as assets in the funds.

Cost of capital assets 2,092,900

Some receivables are not available soon enough to pay for the current period's expenditures, and therefore are reported as unavailable revenue in the funds.

Delinquent taxes receivable 6,441

Total net position - Housing and Redevelopment Authority \$ 2,777,922

CITY OF WAYZATA, MINNESOTA
HOUSING AND REDEVELOPMENT AUTHORITY
(DISCRETELY PRESENTED COMPONENT UNIT)
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2016

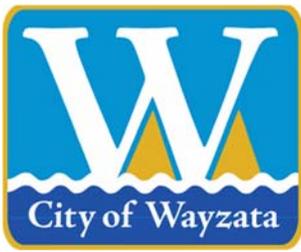
	Debt Service 314	Capital Projects 316	Special Revenue 440	
	Widsten Tax Increment	Bay Center Tax Increment	Housing	Total
REVENUES				
Tax increment	\$ 416,980	\$ 1,684,812	\$ -	\$ 2,101,792
Investment earnings	6,087	1,650	3,005	10,742
TOTAL REVENUES	423,067	1,686,462	3,005	2,112,534
EXPENDITURES				
Current				
Housing and economic development	513,366	1,735,282	285,000	2,533,648
Debt service				
Interest and other	2,505	5,286	-	7,791
TOTAL EXPENDITURES	515,871	1,740,568	285,000	2,541,439
NET CHANGE IN FUND BALANCES	(92,804)	(54,106)	(281,995)	(428,905)
FUND BALANCES, JANUARY 1	813,679	(43,087)	336,894	1,107,486
FUND BALANCES, DECEMBER 31	\$ 720,875	\$ (97,193)	\$ 54,899	\$ 678,581

Amounts reported for governmental activities in the statement of activities are different because

Total net change in fund balances - governmental funds	(428,905)
--	-----------

Certain revenues are recognized as soon as they are earned. Under the modified accrual basis of accounting, certain revenues cannot be recognized until they are available to liquidate liabilities of the current period.

Property taxes	6,441
	\$ (422,464)



City of Wayzata Housing and Redevelopment Authority Agenda Report

MEETING DATE: April 27, 2017	AGENDA ITEM: 5a
TITLE: Receipt of ULI's "Navigating Your Competitive Future" Report	
PROPOSED MOTION: N/A	
PREPARED BY: Jeffrey Dahl, City Manager	
REVIEWED BY: N/A	

ACTION REQUESTED:

N/A

FINANCIAL OR BUDGET CONSIDERATION:

N/A

BACKGROUND:

On April 11, the City teamed up with the Urban Land Institute and held a presentation and panel discussion on national, regional, and local trends of the real estate market. Attached is a summary report of the event.

ATTACHMENTS:

1. Summary Memo of April 11, 2017 ULI Event, dated April 19, 2017

MEMORANDUM

TO: Jeffrey Dahl, City Manager

FROM: Gordon Hughes and Cathy Bennett, ULI Minnesota

DATE: April 19, 2017

SUBJECT: ULI Minnesota Navigating Your Competitive Future Workshop

On behalf of ULI Minnesota, thank you for the opportunity to meet with members of the City Council, Planning Commission, HRA and City staff on **April 11, 2017**. Our ULI MN workshop team enjoyed our dialogue with you and appreciated your hospitality. We also appreciated the time that you spent with us in preparation for this workshop.

The April 11, “Navigating Your Competitive Future” workshop was a sequel to ULI Minnesota’s, “Navigating the New Normal” workshop held in Wayzata in February 2015. The 2015 workshop provided a point of reference for last week’s workshop.

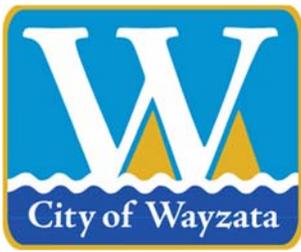
The following is a summary of the **key observations** expressed during our panel discussion and dialogue.

- **Data on demographics, employment and jobs in Wayzata, presented at the workshop, offered a point of reference for trends that will affect the City in coming years.** Please feel free to contact us if you have any follow up questions on the data presented at the workshop or any of the materials which we provided.
- **Wayzata has a number of key strengths and assets to leverage.** Wayzata benefits from an authentic and unique downtown and a beautiful location on Lake Minnetonka. It is also located on the west side of the metropolitan area with a mature wealth base. It’s a great walking environment near shopping, restaurants and other amenities. These assets position the City to be a desirable development/redevelopment location for both residential and commercial uses.
- **The Great Recession seriously affected the development community.** Qualified developers are looking for predictability and flexibility on the part of cities. In general, developer equity makes up a larger portion of today’s deals and as a result, developers are less inclined to invest as much risk capital as they once were. Cities which embrace collaborative approaches to solving problems, identify and pursue partnerships, manage development risks, improve decision making skills and develop clear expectations will be attractive locations for great (re)development. “Fast no’s” are preferable to “slow maybes” from a developer’s standpoint.

- **Successful communities develop a clear vision, react appropriately to opportunities, create innovative financial tools and leverage their key assets.** Leadership and “consistency of vision” are keys to successful communities, especially the alignment of policy direction between elected officials and staff. Developers’ greatest enemies are uncertainty and risk.
- **Expensive land drives development types and densities in Wayzata.** While expensive land is generally an asset, it creates a tension between the City’s desire for a quaint village environment and the densities needed to achieve a financially feasible project from a developer’s standpoint. In some cases, the City may need to be prepared to bridge the financial gap to achieve the desired development type or consider allowing increased density that would boost project revenues.
- **The City has choices when it comes to the desired vision for Wayzata.** Population stability, density, building height, affordability and charm all enter into the equation for Wayzata’s future. The comprehensive plan update provides an opportunity to increase conversations that provide clarity and consistency related to these important topics.
- **Encourage reinvestment in older housing stock; particularly targeted to a younger generation of buyers.** Wayzata's newer housing stock may be unaffordable for many young buyers and may contribute to the decline in the 25 - 34 year old age cohort experienced in the City. The existing older housing stock in Wayzata may be the most affordable but may also lack modern amenities desired by the younger generations. Reviewing tools and strategies to encourage reinvestment in older housing stock and targeting those programs for first-time, younger buyers could regenerate existing older neighborhoods in the City.
- **Wayzata should identify what their vision/goals are to allow for affordable housing component in the City.** In many places, the market simply cannot bear the rents needed to induce the construction of new workforce/more affordable housing. In such settings, a city’s willingness to explore public/private tools such as low income housing tax credits, tax increment financing or tax abatement may be necessary to spur the development of new housing options. In addition, adopting policies that require the inclusion of an affordable housing component as a condition of market rate construction would be a useful tool to diversity the housing options in the City. The cities of Minnetonka, St. Louis Park and Edina have successfully adopted such policies resulting in the inclusion of new housing options in partnership with the private sector. Information provided at <http://housingcounts.org/> may be helpful to the City for finding resources associated with different housing products.
- **Vertical mixed use projects continue to be difficult for a variety of reasons.** It is particularly difficult to link up the diverse markets of a mixed-use project. Development capital is much more difficult to secure as compared with more traditional projects and lenders continue to be less inclined to financially support such deals. Retail elements of vertical projects are the biggest challenge and typically need to be internally subsidized from the residential portion of the development.

- **Incentive zoning may offer opportunities to increase densities in return for desired development features.** Increased height/density as an incentive for affordability and enhanced design may provide a win-win for the City and a developer. The topography of the City relative to the lake may present an opportunity to “step up” building heights as one moves up the slope from the lake.
- **The Wayzata Boulevard commercial corridor is underdeveloped and may provide an opportunity for the City to achieve development goals in locations other than downtown.** Panelists agreed that many sites in this corridor are attractive for (re)development. This corridor may offer opportunities to provide higher densities, both from a floor area and height standpoints, that are not achievable in other Wayzata locations. The City may wish to reach out to the development community to have a conversation about (re)development possibilities in this area. The development community is generally willing and able to offer their opinions about market conditions and development possibilities. Do not be afraid to call on them for their opinions.
- **Supporting human scale streets and storefronts to promote walking.** Comfortable pedestrian spaces are a key to attractive shopping environments. Seek development examples that provide a comfortable relationship between storefronts and roadways and endeavor to replicate them where possible. Utilize ULI’s Building Healthy Places Toolkit for master planning and street design. <http://bhptoolkit.uli.org/>
- **The City is to be commended for the Lake Effect initiative and other sidewalk and trail improvements that provide better connections to the lake.** Walkability is highly valued by both the Next Generation and Boomers, especially sidewalks that connect important places which are located along safe and interesting routes. Ongoing improvements to the sidewalk and trail system will provide an excellent return on investment for the City.
- **While the Minneapolis St. Paul (MSP) region is generally “well-retailed”, downtown Wayzata provides unique opportunities for special retail niches and hospitality.** The continued success and attraction of this type of retail will likely follow rooftops and the presence of higher density residential developments that provide a more stable year-round population within walking distance.
- **The City’s involvement in (re)development can take many forms. There are various levels of involvement that the city can take to help achieve community goals.** Whatever the approach, it is important for the City to align available resources and communicate them effectively to the (re)development community. The policies and practices outlined in the [ULI MN \(Re\)Development-Ready Guide](#) will assist the City in establishing (re)development policies and practices that use scarce public dollars to attract private investment, grow jobs, and build tax base for Wayzata.

On behalf of ULI MN, thank you again for hosting this workshop.



City of Wayzata Housing and Redevelopment Authority Agenda Report

MEETING DATE: April 27, 2017	AGENDA ITEM: 5b
TITLE: Other Redevelopment Updates	
PROPOSED MOTION: N/A	
PREPARED BY: Jeffrey Dahl, City Manager	
REVIEWED BY: N/A	

ACTION REQUESTED:

N/A

FINANCIAL OR BUDGET CONSIDERATION:

N/A

BACKGROUND:

Staff will provide a verbal update of the following items:

- Progress on Mill Street Parking Ramp Construction;
- Exploration of Lake Street TIF District between Ferndale and Barry and discussion of development options; and
- Widsten TIF Amendment Legislation.

ATTACHMENTS:

N/A