

City of Moorhead
Economic Development Authority

Meeting Agenda
June 08, 2011 at 11:45 AM
1st Floor, South Board Room, Moorhead City Hall

<u>ITEM</u>	<u>REMARKS</u>
1. Call meeting to Order/Roll Call	_____
2. Agenda Amendments	_____
3. Approve Minutes	_____
4. Citizens Addressing the Board	_____
5. 1st Ave N (Central Corridors) Redevelopment Tax Increment Financing District - Hutchins/Doll	_____
A TIF Boundary Discussion	_____
B Findings with Respect to Substandard Buildings	_____
i McDonald's Properties	_____
ii 8th Street Properties	_____
6. Incentive Subcommittee - Golling / Parries / Riewer	_____
7. Information / Update	_____
A Repository: 1st Ave N (Central Corridor) Redevelopment TIF District at http://www.cityofmoorhead.com/tif/	_____
8. Adjourn	_____

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Visit our website at www.cityofmoorhead.com



Memorandum

To: Chair Wallert and Members of the Moorhead EDA

From: Scott A. Hutchins, Community Services Director

Date: May 27, 2011

RE: **1st Avenue North (Central Corridors) Redevelopment Tax Increment Financing District**
a. Revised TIF Schedule
b. TIF District Boundary
c. Determination of Blight and Authorization to enter into Demolition Agreements

Revised TIF Schedule:

Based upon the EDA's discussion at its Monday, May 23 meeting, the City Council removed from its agenda a resolution to set a public hearing regarding the establishment of the *1st Avenue (Central Corridors) Redevelopment Tax Increment Financing District*. These actions will likely delay the TIF process for about a month (see Attachment 1) however both the EDA board and City Council determined additional time was needed in order to more carefully examine the proposed TIF district boundary.

TIF District Boundary:

Peter Doll and the City's "blight consultant" Roger Henrichs, Hurst & Henrichs, were in the field on Tuesday to view areas along 1st Avenue North, Center Avenue, Main Avenue and 8th Street South (the "Central Corridors"). In their opinion, based upon visual observation and current knowledge of various properties, it may be possible to include several more parcels (about 25) in the proposed TIF district and continue to meet the state's statutory tests of "improved property" and "blighted property." (See Attachment 2) Included as Attachment 3 is a map and listing of the properties which are proposed to be added to the district. Please note that three residential properties located on the easterly half of the 8th Street South block, between 7th and 6th avenues south, are proposed to be removed from the district.

Staff is undertaking the specific blight finding analysis now, in order to have this information available to the board and adhere to the suggested schedule. Members may view some areas along the Central Corridors they believe are ripe for redevelopment but not shown on the attached map. Given the time necessary to make the required statutory findings, staff would encourage board members to contact staff with these locations as soon as possible. Also, the board may identify areas adjacent to the railroad tracks especially along the Center Avenue Corridor that appear in need of redevelopment. It may be that these are areas within the established Burlington Northern ROW and therefore are not available for development.

As the board knows not all buildings in a redevelopment tax increment district are blighted or need to be found blighted to be included within the boundary of the TIF district. Furthermore, not every building or parcel within the district will be assisted with tax increment financing. For many of the property owners whose property is located in the district nothing will change with respect to their specific property or business activity. However, it is the goal of the EDA and City that by establishing this redevelopment tax increment district, certain areas (either publically or privately owned) within the district and along these central corridors which are vacant or polluted or occupied by blighted buildings will be redeveloped over time, some with the assistance of tax increment financing.



Memorandum

Determination of Blight/Demolition Agreements:

At its meeting of May 9th the EDA board indicated its willingness, if needed to preserve the option to establish a future redevelopment tax increment district, to find certain buildings blighted and to enter into agreements as required by statute. The understanding of the board being, that by making such findings or entering into such agreements, neither the EDA nor City is in any manner committed to establish a TIF district in the future and that such actions do not constitute "project approval."

The EDA has previously taken such action (blight determination) with respect to the property it owns, referred to as the Aggregate and Hedgemasters parcels located along the 1st Avenue North Corridor. Staff will request the board consider similar action (blight determination and agreement) with respect to certain properties located along the 8th Street South Corridor.

Summary:

The revised schedule targets Monday June 20th as the date upon which the City Council will call for a public hearing (to be held on July 25th) with respect to establishing the *1st Avenue North (Central Corridors) Redevelopment Tax Increment Financing District*. Procedurally the City Council must consent to keep its June 13th meeting "open" to June 20th to accommodate this action. Therefore, it is staff's suggestion that the EDA board target June 6th and June 13th to hold special meetings to review the TIF district boundary and firm up its recommendation to the City Council prior to the Council's action to set the public hearing date. **Please email Amy your availability for special meetings on both June 6th and June 13th.**

Staff would also like to convene the "Incentives Task Force" during this same period in order to review and finalize its recommendation to the EDA board regarding structuring a multi-family residential property tax exemption as authorized by the EDA board at its May 23rd meeting. **Amy will be checking with Commissioners Golling, Parries and Riewer as to availability.**

Please do not hesitate to contact me with any questions you may have on this information or other economic development matters. Thanks

MOORHEAD ECONOMIC DEVELOPMENT AUTHORITY

PROPOSED
ESTABLISHMENT OF REDEVELOPMENT
TAX INCREMENT FINANCING DISTRICT
SCHEDULE AS OF MAY 27, 2011

PUBLIC HEARING: JULY 25, 2011

(REDEVELOPMENT PROJECT)

The pertinent dates in connection with the above referenced matter are listed below:

- June 6, 2011: Special Meetings of the Moorhead EDA to finalize TIF boundary
- June 13, 2011:

- June 15, 2011: Notification to County Commissioner (Briggs and Morgan responsibility).
(Minimum of 30 days prior to publication of notice of City hearing.)

- June 20, 2011: City passes Resolution Calling for Public Hearing (Prepared by Briggs and
Morgan) (*June 13 meeting held open to June 20*)

- June 24, 2011: Notification to County and School District (Briggs and Morgan
responsibility). (Minimum of 30 days prior to City public hearing.)

- July 5, 2011: At 5:00 p.m. Planning Commission passes Resolution concerning
Redevelopment Project (Prepared by Briggs and Morgan)

- To paper Notice of City Public Hearing published (Notice prepared by
July 12, 2011 for Briggs and Morgan; City responsibility to publish). (Minimum of
July 15, 2011 10 days notice prior to public hearing.)
pub. date:

- July 25, 2011: Authority passes Resolution adopting the Redevelopment Plan and
establishing the Redevelopment Project Area (Prepared by Briggs and
Morgan).

- July 25, 2011: At 7:00 p.m. City holds public hearing. City passes Resolution
establishing the Tax Increment District (Prepared by Briggs and Morgan).

- After Filing of Redevelopment Plan and Tax Increment Plan with
July 25, 2011: Commissioner of Revenue and Office of the State Auditor (Springsted's
responsibility).

- July 25, 2011: Request for Certification of Tax Increment District from County (City or
Springsted's responsibility).

From: Peter Doll
Sent: Thursday, May 26, 2011 10:51 AM
To: Scott Hutchins
Cc: Amy Thorpe
Subject: Fine Tuning TIF District

Based on input received from the EDA meeting, Roger Henrichs and I have gone back to the field to see if additional properties could be added and if the properties over the mid block zoning line can be removed from the district on the 600 block of 8th Street. The district, as proposed, resulted in 77% of the buildings blighted for TIF purposes. Please note Mary Ippel does not want to be lower than 60% as it makes the district more prone to complex auditing.

1st Avenue North: Based on the known number of blighted parcels and another field inspection, it appears we can inspect the buildings, perform the blight finding analysis and have enough blighted buildings to include the commercially zoned properties from 1324 1st Ave North to the old Helgeson building at 1724. This will provide the opportunity for the commercial area around the Aggregate/Hedgemasters assemblage to create synergy and have maximum potential for redevelopment.

Center Avenue Corridor: The larger Aggregate repair garage located at 1225 Center Avenue is built on two parcels and can meet the blighted building requirements. The Farmers Union Oil will likely not be blighted but adding these three parcels will open up a tract of parcels that could be assembled into a meaningful area on 14th and Center. Also the property at 11 9th Street is an older commercial building that can likely meet the blight test. Parcel and building configuration does not allow for assemblage but it is a good candidate for demolition and redevelopment as a stand alone parcel. The American Square West consists of the former Coaches building and attached office building. I have connected Roger with the local property manager for an inspection. The building appears to be three buildings for TIF purposes. If two of the three buildings can meet the blight test the parcel can be added as a parcel that can stand on its own, does not need to be contiguous to the rest of the district just like the possible redevelopment areas on 8th Street are able to stand on their own.

Main Avenue Corridor: 8 parcels were added on the north side of Main Avenue from the 1000 block to the 1200 block. These were added as several of the buildings appear they will meet the blight test. Furthermore, the property has adequate depth of about 160' for redevelopment, the parcels meet the contiguous requirement, and private assemblage is reasonable in this area because most the parcels are under a single business. This area will supply an alternative redevelopment site as private assemblage recently failed along the 800 block to the 1000 block on the south side of Main for a CVS store. Market forces work best when options exist. This area is made up of 8 parcels, consisting of the Rental business, an older residential house and three businesses (Premiere Video and Reardon's).

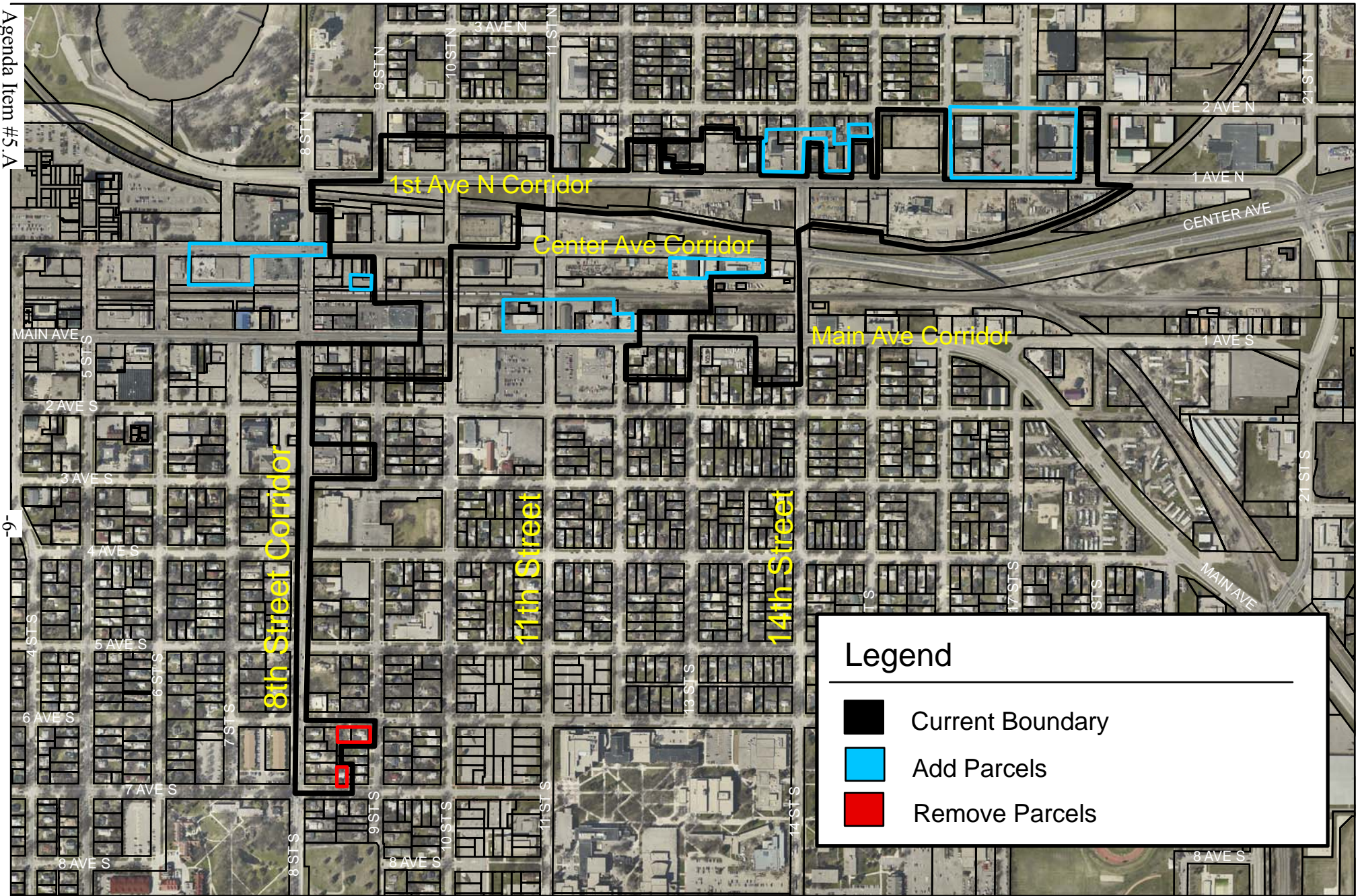
8th Street Corridor: We inspected the 8th Street Corridor and found no other buildings that were likely blighted and were located in areas with parcel configurations that suggest redevelopment would occur in a time period to meet the 4 and 5 year TIF knock down rules. Regarding the 600 block of 8th Street, the three properties east of the midblock can be removed. A project built on the west ½ block along 8th Street can receive TIF assistance and does not need to include any property east of the mixed use zoning. These areas were added as it is my understanding with the intention is to demolish the vacant/blighted house on 9th Street, move the only non-blighted house from the mixed use zone area onto the lot.

These changes are pushing the capacity of the inspection blight analysis. If other buildings are desired to be added some of the ones I suggest may need to be removed. I will start Roger on these immediately. Input from the EDA board should occur as fast as possible so the blight finding can be completely timely and proceed with shaping the district. Amy will update the base district map to show in a different color the pending changes to the district.

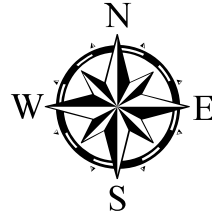
1st Ave N (Central Corridors) Redevelopment TIF District

Additions to District		
1st Avenue N Corridor		
58.107.0820	1324 1 Ave N	Lindsay Ecowater
58.721.0050	1608 1 Ave N	Corky's
58.218.1340	128 16 St N	Larry's Autobody
58.218.1330	121 17 St N	Great Beginnings
58.721.0040	1620 1 Ave N	Burger Time
58.218.1360	1710 2 Ave N	Stenerson Bros Lumber
58.721.0030	1702 1 Ave N	Stenerson Bros Lumber
58.721.0090	1406 1 Ave N	Old Lutheran
58.721.0080	1408 1 Ave N	Old Lutheran
Center Avenue Corridor		
58.847.0040	1225 Center Ave	Aggregate (Kost Bros)
58.847.0030	1301 Center Ave	Aggregate (Kost Bros)
58.847.0020	1321 Center Ave	Farmer's Union Oil Co
58.575.0252	617 Center Ave	American Square West (includes Coach's)
58.575.0370	11 9 St S	My Best Friend's Closet
Main Avenue Corridor		
58.847.0090	1030 Main Ave	Premiere Video & Bud's Service Center
58.950.0290	15 11 St N	Kenneth Pawluk
58.847.0310	1102 Main Ave	Reardon Office Equipment
58.847.0300	1104 Main Ave	TV Sales & Service
58.847.0290	1116 Main Ave	Moorhead RentAll
58.847.0580	Vacant - No Address	Moorhead RentAll
58.847.0280	1120 Main Ave	Moorhead RentAll
58.847.0270	1204 Main Ave	Moorhead RentAll

Remove from District		
8th Street Corridor		
58.296.1000	816 7 Ave S	Russell Krabbenhoft
58.296.0960	815 6 Ave S	Mary Skalet
58.296.0970	603 9 St S	MLA Properties



1 Ave N (Central Corridors) Redev TIF



**RESOLUTION MAKING CERTAIN
FINDINGS WITH RESPECT TO
SUBSTANDARD BUILDINGS**

WHEREAS, the City of Moorhead (the "City") and the Moorhead Economic Development Authority, Minnesota (the "Authority") are considering establishing a Redevelopment Project Area and creating a tax increment financing district including the Parcels as a "redevelopment district" within the Project Area;

WHEREAS, there are _____ buildings (the "Buildings") located at _____ [address] and legally described on Exhibit A (the "Parcels") attached; and

WHEREAS, Minnesota Statutes, Sections 469.174 to 469.1799 (the "Tax Increment Act") provides that an Authority may create a tax increment financing district as a "redevelopment district" (the "TIF District") if the Authority finds by resolution that parcels consisting of 70% of the area of the TIF District are occupied by buildings, streets, utilities, paved or gravel parking lots, or other similar structures, and more than 50% of the buildings, not including out buildings, are structurally substandard to a degree requiring substantial renovation or clearance; and

WHEREAS, Minnesota Statutes, Section 469.174, subdivision 10(d), provides, among other things, that a parcel may be deemed to be occupied by a structurally substandard building if (1) the parcel was occupied by a substandard building within three years of the filing of the request for certification of the parcel as part of the TIF District with the county auditor; (2) the substandard building was demolished or removed by the Authority, the demolition or removal was financed by the Authority or was done by a developer under a development agreement with the Authority; and (3) the Authority found by resolution, before the demolition or removal, that the parcel was occupied by a structurally substandard building and that after demolition and clearance the Authority intended to include the parcel within the district; and

WHEREAS, Hurst & Henrichs Ltd, has inspected the Parcels and Buildings and has made an oral report to City staff communicating the conclusion that the Buildings are structurally substandard, and the basis for such conclusion; and

WHEREAS, such findings and actions do not obligate the City to create a Tax Increment Financing District, but preserve the opportunity to do so.

NOW, THEREFORE, BE IT RESOLVED by the Board of Commissioners of the Moorhead Economic Development Authority, Minnesota, as follows:

1. At least 15% of the area of the Parcels are occupied by the Buildings or other buildings, structures, utilities, paved or gravel parking lots or other similar structures.
2. The Buildings are "structurally substandard" within the meaning of Minnesota Statutes, Section 469.174, subdivision 10. The reasons and supporting facts for this determination are on file with the staff of the City.

3. The Owner/Developer intends to demolish the Buildings in connection with a project it is developing on the parcels and the Authority intends to subsequently include the Parcels in the TIF District which may be established pursuant to Minnesota Statutes, Section 469.174, subdivision 10, which TIF District, if established, shall be established within three years of the date hereof.

4. The Chair and Secretary are hereby authorized and directed to execute a Demolition Agreement with the Owner/Developer in substantially the form submitted to the Board of Commissioners to provide for the demolition of the Buildings.

Passed and adopted by the Board of Commissioners of the Moorhead Economic Development Authority, Minnesota, this ___ day of _____, 2011.

Mark Wallert, Chair

Attest:

James Taylor, Secretary

DRAFT

EXHIBIT A

Description of Parcels:

DRAFT

DEMOLITION AGREEMENT

BY AND BETWEEN

THE MOORHEAD ECONOMIC DEVELOPMENT AUTHORITY, MINNESOTA

AND

This document drafted by:

BRIGGS AND MORGAN
Professional Association
2200 First National Bank Building
Saint Paul, Minnesota 55101

DEMOLITION AGREEMENT

THIS AGREEMENT, made as of the ___ day of _____, 2011, by and between the Moorhead Economic Development Authority, Minnesota (the "EDA"), a body politic and corporate, and _____ (the "Owner/Developer"), a [Minnesota] _____:

WITNESSETH:

WHEREAS, pursuant to Minnesota Statutes, Sections 469.174 through 469.1799 (the "Tax Increment Act"), the City of Moorhead, Minnesota and the EDA are considering establishing a Redevelopment Project Area (the "Project Area") and a Tax Increment Financing District within the Project Area (the "Tax Increment District");

WHEREAS, the Owner/Developer proposes to construct a project which requires the demolition and clearance of ___ buildings (collectively, the "Buildings") located on ___ parcels described on Exhibit A attached hereto (the "Parcels");

WHEREAS, Minnesota Statutes, Section 469.174, subdivision 10(d), provides, among other things, that a parcel may be deemed to be occupied by a structurally substandard building if (1) the parcel was occupied by a substandard building within three years of the filing of the request for certification of the parcel as part of a Tax Increment District with the county auditor; (2) the demolition or removal of the substandard building was done by a developer under a development agreement with the EDA; and (3) the EDA found by resolution, before the demolition or removal, that the parcel was occupied by a structurally substandard building and that after demolition and clearance the EDA intended to include the parcel within the Tax Increment District; and

NOW, THEREFORE, the Owner/Developer agrees to demolish the Buildings located on the Parcels in connection with the construction of the project it proposes to develop on the Parcels.

IN WITNESS WHEREOF, the EDA has caused this Agreement to be executed in its name, and the Owner/Developer has caused this Agreement to be duly executed in its name and on its behalf, on or as of the date first above written.

MOORHEAD ECONOMIC DEVELOPMENT
AUTHORITY, MINNESOTA

By _____
Its Chair [Mark Wallert]

By _____
Its Secretary [James Taylor]

DRAFT

This is a signature page to the Demolition Agreement by and between the Moorhead Economic Development Authority, Minnesota and _____.

By _____
Its _____

DRAFT

This is a signature page to the Demolition Agreement by and between the Moorhead Economic Development Authority, Minnesota and _____.

EXHIBIT A

Description of Parcels

DRAFT