



**Request for City Council Committee Action
From the Department of Community Planning & Economic Development**

Date: May 3, 2005

To: Council Member Lisa Goodman, Community Development Cmte
Council Member Barbara Johnson, Ways and Means/Budget Cmte

Prepared by: Jim Forsyth, Phone 612-673-5179

**Presenter in
Committee:** Jim Forsyth

Approved by: Mike Christenson, Director, Strategic Partnerships _____

Subject: Resolution preserving the right to create a redevelopment tax increment district in SEMI.

RECOMMENDATION: That the City Council adopt a resolution to preserve the right of the City to create a redevelopment tax increment financing district in the Southeast Minneapolis Industrial (SEMI) area project area.

Previous Directives: On June 30, 1995, the City Council adopted the Southeast Minneapolis Industrial (SEMI) Area Redevelopment Plan; On July 13 2001 the City Council approved the SEMI/Bridal Veil Revised Master Plan and Alternate Urban Areawide Review (AUAR).

Financial Impact (Check those that apply)

- No financial impact - or - Action is within current department budget.
(If checked, go directly to next box)
- Action requires an appropriation increase to the Capital Budget
- Action requires an appropriation increase to the Operating Budget
- Action provides increased revenue for appropriation increase
- Action requires use of contingency or reserves
- Other financial impact (Explain):
- Request provided to the Budget Office when provided to the Committee Coordinator

Community Impact (Summarize below)**Ward:** 2**Neighborhood Notification:** Not applicable**City Goals:** Not applicable**Comprehensive Plan:** Not applicable**Zoning Code:** Not applicable**Living Wage/Job Linkage:** Not applicable**Background/Supporting Information**

The SEMI/Bridal Veil Revised Master Plan and Alternate Urban Areawide Review (AUAR) approved by the City Council in July of 2001 recommended that an area north of the University of Minnesota's Intercampus Transitway between 25th Avenue Southeast and Malcolm Avenue Southeast be redeveloped as a research park. In addition, this area is within the boundaries of the Minneapolis BioScience Sub-zone approved by the Council and the State in December 2002.

This area within SEMI is being pursued by developers for research park related redevelopment activities. However, attracting potential tenants to the area is made very difficult by the currently blighted and polluted nature of the area.

The Wall Development Company is currently faced with this problem, and to address it has, with City support, sought and received three grants for the investigation and clean up of pollution of four parcels consisting of eleven and a half acres of land, occupied primarily by grain elevators, within this 23 acre area. Wall is now ready to begin the demolition and remediation process called for in the grant's approved pollution remediation plan. However, the demolition and pollution remediation process which results in a clean and cleared property makes those properties ineligible for tax increment financing as a redevelopment district. It is anticipated that any proposed development in this area will be faced with this same problem, the need to clean and clear the site to attract tenants and yet be able to propose redevelopment tax increment financing for qualifying public purposes.

To address this problem this report requests approval by the Council of a resolution that would allow demolition and pollution clean up necessary to attract tenants to take place at this time and yet qualify the parcels identified in the resolution as a redevelopment tax increment district at a future date (within three years of passage of the resolution). Under these circumstances the Minnesota Tax Increment Act allows for the inclusion of parcels within a redevelopment tax increment financing district after the substandard building or buildings have been demolished or removed by complying with Minnesota Statutes Section 469.174, Subd. 10(d). The intent of the attached resolution is to comply with that statute.

Exhibit: Proposed resolution

REFERRED TO (NAME OF) COMMITTEE:
DATE:

RESOLUTION of the CITY OF MINNEAPOLIS

By _____

Adopting Resolution to Preserve the Right of the City to Create a Redevelopment Tax Increment Financing District in the Southeast Minneapolis (SEMI) Industrial Area Project Area

RESOLVED BY THE CITY COUNCIL OF THE CITY OF MINNEAPOLIS:

Section 1. Recitals.

1.01. Pursuant to Laws of Minnesota 2003, Chapter 127, Article 12, Sections 31-34, and Minneapolis Code of Ordinances, Chapter 415, the City of Minneapolis (the "City"), acting by and through its department of Community Planning and Economic Development ("CPED"), has been granted the authority to propose and implement City development districts, housing and redevelopment projects and tax increment financing districts, all pursuant to Minnesota Statutes, Sections 469.001 through 469.134, and 469.174 through 469.179, as amended, and other laws enumerated therein (collectively, the "Project Laws").

1.02. That by Resolution No 95R-199 duly adopted on June 30, 1995, the City approved the Southeast Minneapolis Industrial (SEMI) Area Redevelopment Plan; and subsequent resolutions modifying the SEMI Redevelopment Plan and establishing tax increment financing districts; all pursuant to and in accordance with the Project Laws.

1.03. It has been proposed that the City preserve the right of the City to create a redevelopment tax increment financing district that includes ten parcels located within the SEMI Redevelopment Project Area, all pursuant to and in accordance with the Project Laws.

1.04. The City has caused to be prepared, and this City Council has investigated the facts with respect to an analysis of the ten subject parcels.

1.05. The City has performed all actions required by law to be performed, including, but not limited to, an analysis of the site conditions after interior and exterior inspections of the property, all pursuant to and in accordance with the Project Laws.

1.06. The City Council hereby determines that it is necessary and in the best interests of the City at this time to preserve the right of the City to create a redevelopment tax increment district financing district that includes these parcels, as needed, within three years of demolition, pursuant to Minnesota Statutes, Section 469.174, Subdivision 10.

Section 2. Findings.

2.01. The City Council hereby finds, determines and declares that the parcels identified as property identification numbers 30-029-23-14-0052, 30-029-23-13-0010, 30-029-23-13-0009, 30-029-23-14-0051, 30-029-23-11-0011, 30-029-23-12-0010, 30-029-23-12-0014, 30-029-23-12-0003, 30-029-23-12-0001, and 30-029-23-12-0011 contain blighting influences of obsolete, blighted, and deteriorated substandard structures requiring substantial renovation or clearance, including several older vacant grain elevators in poor condition and several older small one story buildings, and exhibit deficiencies in other categories, are incompatible with zoning codes, infringe on adjacent property, contain irregular shaped lots and railroad parcels, are functionally obsolete and in substandard condition.

2.02. The City Council further finds, determines and declares that more than 70 percent (92%) of the area of the proposed district is occupied by buildings, streets, utilities, paved or gravel parking lots, or other similar structures and more than 50 percent (100%) of the buildings, not including outbuildings, are structurally substandard to a degree requiring substantial renovation or clearance.

2.03. The City Council further finds, determines and declares that the area to be considered for inclusion in a future tax increment financing district is a blighted area consistent with the undertaking of a redevelopment tax increment financing district, pursuant to the Project Laws; and that the tax increment financing district to be established, if necessary, would meet the criteria of a redevelopment district, as defined in Minnesota Statutes, Section 469.174, Subdivision 10, based upon detailed and documented parcel-by-parcel interior and external inspections of the properties to be included in the TIF district; that exterior surveys were conducted in approximately eight buildings, and exterior inspections were conducted for all buildings; and that the reasons and supporting facts for these determinations are retained and available from the City.

2.04. The Council further finds, determines and declares that the area includes parcels occupied by structurally substandard buildings, and it is the intent to authorize clearance of these parcels while establishing and preserving the right of the City to create a redevelopment tax increment financing district that includes these parcels, as needed, within three years of demolition, pursuant to Minnesota Statutes, Section 469.174, Subdivision 10.

Section 3. Approval.

3.01. Based upon the findings set forth in Section 2 hereof, this action presented to the City Council on this date, is hereby approved and shall be placed on file in the office of the City Clerk.

Certified as an official action of the City Council:

RECORD OF COUNCIL VOTE (X INDICATES VOTE)													
COUNCIL MEMBER	AYE	NAY	NOT VOTING	ABSENT	VOTE TO OVERRIDE	VOTE TO SUSTAIN	COUNCIL MEMBER	AYE	NAY	NOT VOTING	ABSENT	VOTE TO OVERRIDE	VOTE TO SUSTAIN
President Ostrow							Goodman						
							Lilligren						
Zerby							Schiff						
Samuels							Niziolek						
Johnson							Benson						
Johnson Lee							Colvin Roy						
Zimmermann							Lane						

PASSED
VETOED _____

DATE

APPROVED NOT APPROVED

ATTEST _____

CITY CLERK

MAYOR DATE