

**HOPKINS CITY COUNCIL
AGENDA
Tuesday, August 17, 2021
7:00 pm**

**THIS AGENDA IS SUBJECT TO CHANGE
UNTIL THE START OF THE CITY COUNCIL MEETING**

Schedule HRA Special Meeting, 7 p.m. – City Council Meeting immediately following HRA Meeting

I. CALL TO ORDER

II. ADOPT AGENDA

III. PRESENTATIONS

IV. CONSENT AGENDA

1. Minutes of the August 2, 2021 City Council Regular Meeting Proceedings
2. Minutes of the August 10, 2021 City Council Work Session Proceedings
3. Second Reading of Ordinance 2021-1169; Lenz
4. Second Reading of Ordinance 2021-1172 rezoning properties in the northwest quadrant of Excelsior Boulevard and Blake Road to Mixed Use with a Planned Unit Development (PUD); Lindahl
5. Sub-Grant Agreement between the City of Hopkins and TF Hopkins LLC for a DEED Contamination and Cleanup Grant for Blake Road Station Site A; Youngquist

V. PUBLIC HEARING

1. Establish Tax Increment Financing District No. 1-6; Elverum

VI. OLD BUSINESS

VII. NEW BUSINESS

1. Approve Purchase of Fire Engine; Bishop
2. Second Quarter Financial Report; Bishop
3. Hopkins Business Retention Program; Bishop

VIII. PUBLIC COMMENT

IX. ANNOUNCEMENTS

- Next Regular City Council Meeting: Tuesday, September 7 at 7:00 p.m.
- Next City Council Work Session: Tuesday, September 14 at 6:30 p.m.

X. ADJOURN

**HOPKINS CITY COUNCIL
REGULAR MEETING PROCEEDINGS
AUGUST 2, 2021**

CALL TO ORDER

Pursuant to due call and notice thereof a regular meeting of the Hopkins City Council was held on Monday, August 2, 2021 at 7:05 p.m. in the Council Chambers at City Hall, 1010 1st Street South.

Mayor Gadd called the meeting to order with Council Members Beck, Brausen, Halverson and Hunke attending. Others attending included City Manager Mornson, Assistant City Manager Lenz, City Clerk Domeier, Director of Planning and Development Elverum, City Attorney Riggs, Community Development Coordinator Youngquist, Management Analyst Imihy, Fire Chief Specken, and City Planner Lindahl.

ADOPT AGENDA

Mayor Gadd stated one change to the proposed agenda. New Business Item 1 the First Reading of the Rental Housing Ordinance to Item 6.

Motion by Brausen. **Second** by Beck.

Motion to Adopt the Agenda as amended.

Ayes: All.

Nays: None. Motion carried.

CONSENT AGENDA

Motion by Halverson. **Second** by Brausen.

Motion to Approve the Consent Agenda as amended.

1. Minutes of the July 20, 2021 City Council Regular Meeting Proceedings
2. Second Reading of Ordinance 2021-1171; Domeier
3. Approval of Temporary On-Sale Liquor License for St. Gabriel the Archangel Catholic Church; Domeier
4. Approval of Temporary On-Sale Liquor License for Team Tucker Association; Domeier
5. Ratify Checks Issued in July 2021; Bishop
6. 325 Blake Road – Notification of Environmental Assessment Worksheet (EAW); Lindahl

Ayes: All.

Nays: None. Motion carried.

NEW BUSINESS

VII.1. Site Plan Review & Setback Exception for 1409/1413 Mainstreet Atelier Academy of Beauty; Lindahl

City Planner Lindahl summarized Council Report 2021-072. William Anderson, the owner of Atelier Academy of Beauty requested site plan approval and an exception to the setback standards of the West Mainstreet Overlay District to allow an addition to their existing building located at 1409/1413 Mainstreet.

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Council Member Hunke questioned the combination of the parcels. Mr. Lindahl stated that the applicant will need to combine the properties before the building permit. Further discussion was held about the lighting plan. Mayor Gadd asked the applicant to share more about the project. Mr. Anderson provided more information about the property, proposed use, parking and thanked staff for their help with the site plan review.

Motion by Beck. **Second** by Hunke.

Motion to adopt Resolution 2021-036 approving the site plan application and setback exception requests from Atelier Academy of Beauty to allow an addition to their existing building located at 1409/1413 Mainstreet (PIDs 24-117-22-32-0099 and 24-117-22-32-0100), subject to conditions.

Ayes: All.

Nays: None. Motion carried.

VII.2. Preliminary and Final Plat Review for Hennepin County Regional Rail Authority (HCRRA) Downtown Hopkins Plat; Lindahl

City Planner Lindahl summarized Council Report 2021-073. Hennepin County Regional Rail Authority (HCRRA) requested preliminary and final plat approvals to dispose of excess right-of-way (ROW).

Council Member Halverson confirmed that the HCRRA is conveying property to the individual property owners. Mr. Lindahl further explained the combining of the property for the adjacent private property owners.

Motion by Beck. **Second** by Brausen.

Motion to adopt Resolution 2021-037, approving the preliminary plat for the HCRRA Downtown Addition, subject to conditions.

Ayes: All.

Nays: None. Motion carried.

Motion by Halverson. **Second** by Hunke.

Motion to adopt Resolution 2021-038, approving the final plat for the HCRRA Downtown Addition, subject to conditions.

Ayes: All.

Nays: None. Motion carried.

VII.3. 101 Interlachen Road Front Yard Setback Variance; Lindahl

City Planner Lindahl summarized Council Report 2021-074. Richard & Shannon Rosati, requested a 3.5' front (west) yard setback variance to allow expansion of their front

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existing porch which currently covers only a portion of the front elevation of their 1-unit dwelling located at 101 Interlachen Road.

Motion by Brausen. **Second** by Halverson.

Motion to adopt Resolution 2021-039, approving a 3.5' front yard setback variance for a front porch on the property located at 101 Interlachen Road (PID 20-117-21-33-0001).

Ayes: All.

Nays: None. Motion carried.

VII.4. Site Plan and Conditional Use Permit Applications for Take 5 Oil Change at 819 Cambridge Street; Lindahl

City Planner Lindahl summarized Council Report 2021-075. Jeffery Orosz of Pocket Change, LLC requested site plan and conditional use permit (CUP) approvals to redevelop the property at 819 Cambridge Street.

Council Member Brausen requested that Mr. Lindahl explain the storm water design given the proximity to the Minnehaha Creek. Take 5 Oil Change representative Tim Eaton addressed the City Council providing information about the use, prevention of spills, site design, and proximity to the creek.

Motion by Beck. **Second** by Brausen.

Motion to adopt Resolution 2021-040, approving the site plan for the property at 819 Cambridge Street, subject to the conditions.

Ayes: All.

Nays: None. Motion carried.

Council Member Halverson questioned the service station designation. Mr. Lindahl explained the definition includes the dispensing of gasoline or oil. There are no gas pumps included with the project. A new definition for this type of use will be included in the zoning code update.

Motion by Halverson. **Second** by Brausen.

Motion to adopt Resolution 2021-041, approving a conditional use permit allowing a Service Station for the property located at 819 Cambridge, subject to the conditions.

Ayes: All.

Nays: None. Motion carried.

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VII.5. Blake Road Station Rezoning, Planned Unit Development & Site Plan Review for Site A; Lindahl

Director of Planning and Development Elverum provided background information on the project. She focused primarily on the business relocation process, notifications and engagement with business owners, lease terms and conditions, affordable housing and existing housing stock, and transportation opportunities. Council Member Halverson confirmed the definition of area median income.

City Planner Lindahl summarized Council Report 2021-076. Bryan Farquhar of Trilogy Real Estate Group requested rezoning and planned unit development (PUD) approvals for Blake Road Station, a 3 phase mixed use residential and commercial development proposed for the northwest quadrant of Excelsior Boulevard and Blake Road just south of the future Blake Road light rail transit station.

Josh Peters and Jesse Karasik with Trilogy Real Estate Group provided an overview of the proposed project including retail phasing, development notifications/communications, current tenant leases and assistance, housing market trends, affordable housing supply in Hopkins, the rent relief and financial package to the tenants, intent to lease to local businesses and the Trilogy company history. Girish S. Gehani, COO of Trilogy Real Estate Group spoke of Trilogy's commitment to inclusion and NAA's DEI initiatives.

Jesse Symynkywicz with Damon Farber Landscape Associates spoke to the site plan, landscape, and streetscape of the project. Alyssa Jagdfeld with ESG focused on the details of Site A including the sustainable aspects of the design.

Mayor Gadd provided history on the proposed site development within the Blake Road Corridor. He shared that the City Council has made it a priority to support the local businesses.

Mayor Gadd requested that City Attorney Riggs provide information on the land sale. Mr. Riggs stated that the City is not the developer and this is a private land sale. The City acts on the land use applications.

Mayor Gadd provided affordable housing statistics in Hopkins. Mr. Peters explained Trilogy's draw to Hopkins. Mr. Karasik elaborated on the market rate housing vacancy statistics. Council Member Beck questioned Trilogy's review of affordable housing supply in Hopkins. Mr. Karasik explained that Trilogy has multiple data sources.

Council Member Hunke questioned who sent the business notifications in July. Mr. Peters stated that the notices came from Trilogy and talked about areas for notification improvements. Mr. Hunke requested that business be given a longer period of time to relocate. Mr. Karasik spoke to the state funding opportunity and the winter budgeting concerns. Phase A tenants will be able to remain in their space through October 31 and a financial package is included for those tenants. Free rent is offered until businesses depart their leased space. It was anticipated that Phase B would commence in a year.

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Council Member Halverson confirmed that the developer was not contractually allowed to contact Phase A tenants.

Council Member Brausen spoke to the benefits of the sustainability plan. He requested more information about the sustainability items if time allows.

Council Member Hunke liked the creation of the 360 degree building faces along with the north and east townhome placement. He also pointed out the amount of commercial space in comparison to the 325 Blake Road project retail proposed.

Mayor Gadd requested that all speakers share their name and address for the record.

Lee Gilbertson with Mac's Liquor at 8558 Excelsior Boulevard shared concerns about the final date based upon his type of business. He also shared concerns about the TIF funds available and requested that the funds be given to the tenants. He proposed the options for City relocation grants and requested any assistance possible.

Cindy Meuwissen owner of Blue Ceiling Staging, stated she has leased space in the strip mall. She shared concerns about the infrastructure and conditions of the building. She requested that the new development have plenty of parking for the tenants.

Mahmoud Abdel-Karem owner of Blake Grocery and Deli at 108 N Blake Road stated he has been a business owner since 1998 and shared his experience as a tenant and business owner. He expressed concern about the money he has invested into his business and requested any assistance possible.

Joanie Johnston, Manager of Curves at 8570 Excelsior Blvd East, provided information about their membership and the search for a new space. She request more time to find a new space to lease.

Scott Reinhardt with CW Healthcare at 8572 Excelsior Blvd requested more time to successfully move his business. He shared concerns about the disruption with moving the business. Mr. Reinhardt also expressed his disappointment in being misled on the project by the current landlord.

Trinity Eckdahl with DAS Auto requested that the existing businesses be included in the new building. She shared concerns about traffic and parking in the area. She also questioned if the project will increase her payment of water usage because her business is located on top of a well.

Brent Kummer with Mach1 Auto, shared his thoughts on the timeline. While he believed Trilogy has been working with him, he still had concerns going forward.

Michael Launer, managing partner of Hopkins Commerce Center, shared excitement about the development, history on the property and the concept plan, acknowledged the tenant's frustrations, stated that he made personal calls to the tenants in June 2020 of

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the proposed development, spoke to month to month lease benefits, and highlighted Trilogy's financial assistance.

Nick Luzak shared his concerns about the building conditions of the strip mall. He questioned why anyone would not want to improve the site.

Dennis Guillaume urged caution in proceeding with the project and shared concerns about the community engagement and notification of the project. He questioned why a racial equity impact assessment was not included with the development.

Sue Ostenso, 233 Blake Road South, stated that although the proposed development was beautiful she did not feel that a high end luxury apartment complex fit within the community. She requested more communication on the project given her proximity to the property.

Larry Hiscock, 302 7th St. S., shared his experience in various groups in the metro area and expressed his concerns about the comprehensive plan, community engagement and the financial subsidies. He requested that the Council delay making a decision tonight.

Jay Graham, with Mac's Liquor at 8558 Excelsior Boulevard, shared concerns about the lack of communication with Westside Village and noted holes in the communication plans. She also shared concerns about relocating this type of business.

Patrick Hanlon, 109 11th Ave N., spoke of the need of market rate apartments. His main ask was to delay the Council decision for one more meeting to allow the public more time to review and give feedback. He wanted to also allow Trilogy more time to work with landlords. Mr. Hanlon spoke to the ARPA funds and the ability to use them to assist the businesses. He also wanted to set standards for future developers.

Heidi Garrido, 330 12th Ave N., expressed disappointment in approving the Trilogy project in its current form. She added that affordable housing is vital to the community. She wanted more done to protect the current business owners and tenants.

Maureen Bailey, 920 Feltl Ct., stated the new complex was one of white privilege without inclusiveness. She asked for the Council to take more time considering the project.

Ellie Kretz, 430 Althea Lane, encouraged the delay of the decision since racial equity piece is missing. She asked the Council to consider affordable housing within the project.

Pamela Potempa-Rivers stated that a racial equity assessment should have been done. She asked the Council to wait on decision before making a decision that would impact people's livelihood.

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Dale Johnson, 1050 Hiawatha Avenue, stated he lives in rental property and received a notice about the meeting. He shared concerns about the proposed property referring to it as a money grab.

Mayor Gadd requested clarification on the site plan timing. Mr. Riggs stated that while Council can attempt to gain improvements to the property, they do not have authority to change payments to the tenants.

Council Member Brausen stated this has been a difficult process and acknowledged comments about what more the City can do for the businesses going out. He understood the timeframe concerns and wanted options to financially help businesses affected. He did not feel the project would affect diversity and spoke to the housing history in Hopkins. He requested extra focus on the businesses going out.

Council Member Halverson shared her history of living in the project area since 1983. Her concerns have always been about the businesses and the Council has relayed those concerns to Trilogy.

Council Member Hunke's biggest concern was the small businesses having enough time to move. He apologized for the disappointment in the communications process. He wanted the City to provide better signage about developments going forward. He spoke to the balance of different types of housing stock. He wanted opportunities for business assistance and options.

Ms. Elverum provided information about the Open to Business Program noting the City does not have a direct business loan program. Discussion was held about exploring the use of the ARPA funds. Assistant City Manager Lenz explained that the ARPA funds are covid relief funds that would need to be shared across the board.

Council Member Hunke wondered about the implication of pushing construction to spring. Mr. Peters spoke to the amount of utility work that is need on the site. He added that the general contractor and design team are working hard to do some of the work with the existing businesses still in operation. Trilogy is committed to the October 31 date with some possible extension of days or a weeks but could not commit to a 6-month extension.

Mayor Gadd questioned Trilogy's communication plan going forward. Mr. Peters stated they are committed to have offers finalized by the end of the week. He talked about methods of service for notices, the project development website options, texting and social media outreach.

Council Member Brausen questioned the City's ability to provide some assistance to the businesses. Mr. Riggs stated there are some limitations with TIF funds. He suggested running by the City's financial advisor to assess the impact on financing to accommodate more time for tenants.

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Motion by Brausen. **Second** by Halverson.

Motion to adopt Resolution 2021-042 approving the first reading of Ordinance 2021-1172 rezoning the subject properties in the northwest quadrant of Excelsior Boulevard and Blake Road with PID's 19-117-21-42-0044, 19-117-21-42-0045 & 19-117-21-42-0046 to Mixed Use with a Planned Unit Development (PUD), subject to conditions.

Ayes: All.

Nays: None. Motion carried.

Motion by Halverson. **Second** by Brausen.

Motion to adopt Resolution 2021-043 approving the site plan for the Blake Road Station Site A (PID 19-117-21-42-0045), subject to conditions.

Ayes: All.

Nays: None. Motion carried.

Council Member Brausen requested an update on financial options at the August 10 work session. City Manager Mornson talked about the use of public funds. Ms. Elverum asked Trilogy to put a dollar amount to the time and requested from tenants if the priority was time or money.

VII.6. First Reading: Ordinance Amending Chapter 20, Article III of the Hopkins City Code Regarding Rental Housing; Lenz

Assistant City Manager Lenz summarized Council Report 2021-055. Adoption of the proposed ordinance will revise the City Code cleaning up language to make the ordinance more equitable and accurate operations.

Mayor Gadd and Council Member Brausen complimented staff for updating the process and making a better program. Assistant City Manager Lenz touched on the communication efforts.

Motion by Hunke. **Second** by Beck.

Motion to adopt for first reading Ordinance 2021-1169 An Ordinance Amending Chapter 20, Article III of the Hopkins City Code Regarding Rental Housing.

Ayes: All.

Nays: None. Motion carried.

ANNOUNCEMENTS

Mayor Gadd provided the upcoming meeting schedule. Council Member Hunke thanked Public Works for their work at Maetzold Field during the Hopkins Area Little League tournament.

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ADJOURNMENT

There being no further business to come before the City Council and upon a motion by Brausen, second by Hunke, the meeting was unanimously adjourned at 11:05 p.m.

Respectfully Submitted,
Amy Domeier, City Clerk

ATTEST:

Jason Gadd, Mayor

Amy Domeier, City Clerk

**HOPKINS CITY COUNCIL
WORK SESSION PROCEEDINGS
AUGUST 10, 2021**

CALL TO ORDER

Pursuant to due call and notice thereof a regular meeting of the Hopkins City Council was held on Tuesday, August 10, 2021 at 6:30 p.m. in the Council Chambers at City Hall, 1010 1st Street South.

Mayor Gadd called the meeting to order with Council Members Beck, Brausen, Halverson and Hunke attending. Others attending included City Manager Mornson, Assistant City Manager Lenz, City Clerk Domeier, Director of Planning and Development Elverum, Community Development Coordinator Youngquist, Management Analyst Imihy, Fire Chief Specken, City Engineer Stanley, Director of Public Work Stadler and Police Chief Johnson Specken.

Business Assistance – Blake Road Station Development Project; Bishop

At the August 2 meeting the City Council expressed an interest in providing some type of financial assistance to businesses affected by the Blake Road Station Development Project. Finance Director Bishop provided the funding options to the City Council.

Council Member Beck questioned if surrounding cities offer any similar programs. Finance Director Bishop stated no. Mayor Gadd questioned ideas for a grant program related to tenant buildout grants. Director of Planning and Economic Development talked about limitations proposed with a tenant buildout program. Council Member Brausen suggested that the tenant buildout could be a one-time use and the program is only eligible if you are forced to move for redevelopment and stay in Hopkins. He also stated that some businesses had losses due to Covid and now have to move and ARPA funds could assist with costs. Mr. Brausen also questioned the TIF funding options.

Ms. Elverum contacted the seven businesses located in phase 1. She provided information on the conversation with three businesses and Trilogy. All the impacted businesses had different needs and concerns. Trilogy estimated for adding 30 days to the project/lease end could cost an additional \$75,000 to \$100,000 per month.

Council Member Beck questioned building permit fees. He suggested creating a program to waive building permit fees if a business relocates in Hopkins. Council Member Hunke cautioned that there is building official time included in the permit fees. Council Member Brausen considered it an incentive to stay in Hopkins. Further discussion was held about ideas for financial incentives for permit fees and/or tenant buildouts.

City Manager Mornson summarized that the City Council wanted staff to set up some form of assistance for businesses to relocate in Hopkins. Staff will review options for the terms of the program. He added that the program would require City Attorney review.

Council Member Brausen still had concerns about the lease terms ending in October. Discussion was held about the liquor license for Mac's Liquor. City Clerk Domeier stated the City Attorney suggested that staff receiving in writing from Mac's Liquor their intent to relocate in Hopkins. The other option may be to add more off-sale licenses should it take time for Mac's Liquor to find a new space.

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City Manager Mornson questioned options for businesses that already relocated. The City Council wanted to have future discussion about relocated businesses. Council Member Beck requested that moving costs be considered as well.

Ms. Elverum suggested approaching the buildout program as a pilot program. Debate ensued regarding fees. Council Member Beck suggested doing the building permit fees instead of buildout fees. A dollar amount could be tied to each business if using building permit fee incentives. Staff will review the feasibility of the program and potential options.

Fee Schedule Updates; Imihy

Management Analyst Imihy summarized the information provided in the staff memo. She presented information on a variety of fees currently charged and requested guidance on the increase of fees. Ms. Imihy spoke directly to Planning and Zoning fees and Park Dedication fees and the amount of staff time spent on projects.

Mayor Gadd talked about fees for developers in comparison of the cost to residents for some fees. He wanted to ensure we used a race equity lens during the review. Council Member Beck stated that fees should match staff time but had concerns about the park dedication fees. Council Member Hunke concurred with the staff time being covered and wanted to review the park dedication fees to ensure we have amenities for new residents.

City Clerk Domeier also provided updates on some of administrative fees. Staff was not proposing large increases but looking to right size some fees that have been traditionally low.

City Council supported moving forward with fee adjustments for further consideration. Staff will bring back fee updates this fall.

2022-2026 Capital Improvement & Equipment Replacement Plans; Bishop

Finance Director Bishop summarized the information provided in the staff memo. He presented information on the 2022-2026 Capital Improvement and Equipment Replacement Plans and requested input and guidance.

City Engineer Stanley clarified the amounts in the permanent improvement funds and previously included projects. He will provide a full update on the trunk water main project in September. Public Works Director Stadler spoke to the Central Park playground upgrades.

Fire Chief Specken provided information on fire department pumper truck purchases and future purchases. He explained the need for vehicle replacement changes was because of the new duty crew format. The City Council will consider moving the vehicle purchase up to August 17.

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ADJOURNMENT

There being no further business to come before the City Council and upon a motion by Brausen, second by Hunke, the meeting was unanimously adjourned at 8:17 p.m.

Respectfully Submitted,
Amy Domeier, City Clerk

ATTEST:

Jason Gadd, Mayor

Amy Domeier, City Clerk



CITY OF HOPKINS

Memorandum

To: Honorable Mayor and Council Members
From: Ari Lenz, Assistant City Manager
Copy: Mike Mornson, City Manager
Date: August 17, 2021
Subject: Second Reading of Ordinance 2021-1169

Staff recommends that the Council approve the following motion: Move to Adopt Ordinance 2021-1169 An Ordinance Amending Chapter 20, Article III of the Hopkins City Code Regarding Rental Housing.

No changes have been made to the ordinance since the August 2 first reading.

Attachment:
Ordinance 2021-1169

**CITY OF HOPKINS
COUNTY OF HENNEPIN**

ORDINANCE 2021-1169

**ORDINANCE AMENDING CHAPTER 20, ARTICLE III OF THE HOPKINS CITY CODE
REGARDING RENTAL HOUSING**

WHEREAS, a key council goal has been to increase renter engagement and participation;

WHEREAS, Hopkins is over 65% rental and 41.1% of the community identifies as non-white or Hispanic. The majority of our diverse community lives in rental housing. The rental program has a direct impact on communities of color in our community and many of our residents with the lowest economic status live in rental housing;

WHEREAS, the rental program is a protection for the renters, property owners, the city and the surrounding community; and

WHEREAS, the proposed ordinance changes will make the rental program more efficient and will retain the quality of service.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF HOPKINS HEREBY ORDAINS AS FOLLOWS:

SECTION 1. Section 20-119 of the Hopkins City Code is hereby amended to add the double-underlined language and delete the ~~stricken~~ language as follows:

Sec. 20-119. - Purpose.

It is the purpose of this article to ensure that rental housing in the city is decent respectable, safe and sanitary and is so operated and maintained as not to become a nuisance to the neighborhood or to become an influence that fosters blight and deterioration or creates a disincentive to reinvestment in the community. The operation of rental dwelling units is a business enterprise that entails certain responsibilities. Operators are responsible for taking reasonable steps as necessary to ensure that the citizens residents of the city who occupy such units may pursue the quiet enjoyment of the normal activities of life in surroundings that are: safe, secure and sanitary; free from crimes and criminal activity, nuisances or annoyances.

SECTION 2. Section 20-120 of the Hopkins City Code is hereby amended to add the double-underlined language and delete the ~~stricken~~ language as follows:

Sec. 20-120. - Scope and applicability.

This article applies to all dwelling units that are leased in whole or in part as rental dwelling units. It includes accessory structures such as garages and storage buildings and appurtenances such as sidewalks and retaining walls, which are on the property.

This article does not apply to state or county department of health and department of human services licensed rest homes, convalescent care facilities, nursing homes, or hotels or motels or lodging facilities licensed by the state, county or city.

SECTION 3. Section 20-121 of the Hopkins City Code is hereby amended to add the double-underlined language and delete the ~~stricken~~ language as follows:

Sec. 20-121. – Definitions

The following words, terms and phrases, when used in this article, shall have the meanings ascribed to them in this section, except where the context clearly indicates a different meaning:

Apartment building means any building or portion thereof that contains three or more dwelling units, sleeping rooms, or a combination thereof but not including condominiums, cooperatives or town homes.

Building official means the building official for the city or ~~his~~ their duly authorized representatives.

Condominium means a single dwelling unit in a multi-dwelling unit building that is separately owned and may be combined with an undivided interest in the common areas and facilities of the property. Each individual owner may sell or encumber ~~his~~ their own unit.

Cooperative, Housing Cooperative or co-op means a residential housing option that is a corporation whereby owners do not own their units outright, but are shareholders and have equity in the corporation.

Denial means the refusal to grant a license to a new or renewing applicant by the city.

Drug-related illegal activity means the illegal possession, manufacture, sale, distribution, purchase, use, or possession with intent to manufacture, sell, or distribute a controlled substance as defined in the Controlled Substance Act, 21 USC 802, or possession of drug paraphernalia as defined in M.S.A. § 152.092.

Dwelling, single-family means a building or portion thereof containing one dwelling unit. A single-family dwelling unit includes a free standing single-family residence, a single dwelling in a cooperative, an individual condominium or townhouse, a single dwelling unit in a nonresidential structure or a dwelling unit offered for rent in a duplex in which the owner occupies the other dwelling unit.

Dwelling, two-family means a building or portion thereof containing two dwelling units.

Dwelling unit means a single unit providing complete, independent, living facilities for one or more persons in one common household, including permanent provisions for living, sleeping, eating, cooking and sanitation. ~~any building or portion~~

~~thereof that contains living facilities, including provisions for sleeping, eating, cooking and sanitation, for not more than one family.~~

Efficiency dwelling unit means a dwelling unit containing only one habitable room plus bathroom facilities.

Family (see definition of relative).

Fire Chief means the Fire Chief for the city or their duly authorized representatives.

Lease means an oral or written agreement between a dwelling unit owner and a tenant for temporary use of a rental dwelling unit, usually in exchange for payment of rent.

License means the formal approval of an activity specified on the certificate of license issued by the city.

Nuisance means any substance, matter, emission, or thing which creates a dangerous or unhealthy condition or which threatens the public peace, health, safety, or sanitary condition of the city or which is offensive or has a blighting influence on the community and which is found upon, in, being discharged or flowing from any street, alley, highway, railroad right-of-way, vehicle, railroad car, water, excavation, building, erection, lot, grounds, or other property located within the city, see chapter 28.

Relative means individuals with legal, financial or shared caregiving responsibilities for each other's welfare including: spouse, domestic partners, parent (including in-laws), child (including biological, step-child, foster child, adopted child or adult child or in-laws) sibling, grandchild (including biological, step-child, foster child, adopted child or adult child), grandparent, any adult with legal guardianship status, custody or those serving loco parentis and other persons operating in a caretaker roles relative to the owner of the property.

Rent means the consideration paid by a tenant to the owner of a rental dwelling unit for temporary and exclusive use of the rental dwelling unit by the tenant. The consideration is not limited to cash.

Rental dwelling unit means a dwelling unit or sleeping room occupied and leased by a tenant.

Revoke means to take back a license issued by the city.

Sleeping room means any room used or intended to be used by a tenant for sleeping purposes with or without meals and not licensed by the state or county department of health and department of human services.

Suspend means to make a license temporarily inoperative.

Tenant means any adult person granted temporary use of a rental dwelling unit or sleeping room pursuant to a lease with the owner of the rental dwelling unit.

Townhouse means a single-family dwelling constructed in a group of dwellings attached to each other and where each dwelling unit extends from the foundation to the roof and is separated from other dwelling units by property lines.

SECTION 4. Section 20-122 of the Hopkins City Code is hereby amended to add the double-underlined language and delete the ~~stricken~~ language as follows:

Sec. 20-122. - Enforcement official.

The building official shall be responsible for enforcement and administration of this article. Authority to take any action authorized under this section may be delegated to the building official or fire chief's authorized designee.

SECTION 5. Section 20-123 of the Hopkins City Code is hereby amended to add the double-underlined language and delete the ~~stricken~~ language as follows:

Sec. 20-123. - Penalties.

A person who violates the provisions of this article may be charged with a misdemeanor or be subject to the issuance of an administrative citation or both. Each day that a violation continues shall be deemed a separate offense. The building official or fire chief may post the rental dwelling unit by appropriate signs or notices prohibiting occupancy and may act to cause the rental dwelling unit to be vacated or remain vacant until this Code violations are corrected.

SECTION 6. Section 20-149 of the Hopkins City Code is hereby amended to add the double-underlined language and delete the ~~stricken~~ language as follows:

Sec. 20-149. - Required; exceptions.

- (a) No person shall operate, let or cause to be let, a rental dwelling unit, which has not been properly licensed by the city in the manner required by this article. A license must be obtained for each residential dwelling unit, except that two or more residential dwelling units located within a single building and having a common owner and a common property identification number shall require only a single license. All rental dwelling units shall be licensed before being let, in whole or in part.
- (b) Rental dwelling units must be licensed as a sleeping room, a single-family dwelling, a two-family dwelling, or an apartment building. Any unlicensed rental dwelling units are subject to penalties.
- (c) Rental licenses are not required for dwelling units that an immediate relative occupies. The term "relative" means individuals with legal, financial or shared caregiving responsibilities for each other's welfare including: a spouse, domestic partners, parent (including in-laws), child (including biological, step-child, foster child, adopted child, adult child or in-laws), sibling, grandchild (including biological, step-child, foster child, adopted child or adult child), grandparent, any adult with legal guardianship

~~status, custody or those serving loco parentis and other persons operating in a caretaker roles relative to the owner of the property, husband, wife, father, mother, son, daughter, brother, sister, grandson, granddaughter, grandfather, or grandmother.~~

- (d) Rental dwelling units owned or under the control of the city must be licensed but are exempt from paying license fees.

SECTION 7. Section 20-150 of the Hopkins City Code is hereby amended to add the double-underlined language and delete the ~~stricken~~ language as follows:

Sec. 20-150. - Licensing standards; qualifications for licensure.

The following minimum standards and conditions shall be met in order to hold a rental dwelling license under this article. Failure to comply with any of these standards and conditions shall be adequate grounds for denial, refusal to renew, revocation, or suspension of a rental dwelling license:

- (1) The licensee or applicant shall have paid the required license fee.
- (2) Rental dwelling units shall not exceed the maximum number of dwelling units permitted by city zoning regulations.
- (3) No rental dwelling or rental dwelling unit shall be over occupied or illegally occupied in violation of city zoning regulations or the property maintenance code.
- (4) The rental dwelling shall not have been used or converted to rooming units in violation of city zoning regulations.
- (5) The owner shall not allow weeds, vegetation, junk, debris, or rubbish to accumulate repeatedly on the exterior of the premises so as to create a nuisance condition. If the city is required to abate such nuisance conditions under this Code, or collect, gather up or haul solid waste more than three times during a period of ~~12~~ 24 months or less, it shall be sufficient grounds to deny, revoke, suspend or refuse to renew a license.
- (6) The rental dwelling or any rental dwelling unit therein shall not be in substandard condition.
- (7) The licensee or applicant shall have paid the required initial inspection and re-inspection fees.
- (8) The licensee or ~~his~~ their agent shall allow the building official, fire chief or authorized representative to perform a rental license review inspection(s).
- (9) There shall be no delinquent property taxes or assessments on the rental dwelling.
- (10) There is no active arrest warrant for a property maintenance code or zoning regulations violation pertaining to any property in which the licensee, applicant or property manager has a legal or equitable ownership interest or is involved in management or maintenance.
- (11) Any persons who has had an interest in two or more licenses revoked or canceled in Hopkins pursuant to this article or a combination of revocations or cancellations shall be ineligible to hold or have an interest in a rental dwelling license for a period of five years.
- (12) No new rental dwelling license shall be issued for the property during the pendency of adverse license action initiated.
- (13) The licensee or applicant must have a current, complete, and accurate rental dwelling application on file with the housing inspector.

SECTION 8. Section 20-151 of the Hopkins City Code is hereby amended to add the double-underlined language and delete the ~~stricken~~ language as follows:

Sec. 20-151. - Application.

A license application shall be submitted to the building official, fire chief or authorized representative on forms furnished by the city and must contain the following information:

- (1) Name, address, email and telephone number of the owner of the rental dwelling units. This is the address that all future correspondence from the city will be sent to. The owner shall indicate if the owner is a corporation, partnership, or sole proprietorship.
- (2) Name, address, and telephone number of any owner's agent responsible for the management of the rental dwelling units.
- (3) Street address of the rental dwelling units.
- (4) Number and type of dwelling units, including number of sleeping rooms.
- (5) The owner shall certify compliance with the requirement for conducting background checks on prospective tenants.
- (6) The owner shall certify compliance with the requirement to include disorderly behavior lease provisions.

SECTION 9. Section 20-153 of the Hopkins City Code is hereby amended to add the double-underlined language and delete the ~~stricken~~ language as follows:

Sec. 20-153. - Inspection.

Upon receipt of the properly executed initial application for a rental license, the building official, fire chief or authorized representative may cause an inspection to be made of the rental dwelling units to determine whether it is in compliance with this Code and state law. Every rental dwelling unit may be re-inspected after a renewal application is filed to determine if it still conforms to all applicable codes and ordinances.

SECTION 10. Section 20-155 of the Hopkins City Code is hereby amended to add the double-underlined language and delete the ~~stricken~~ language as follows:

Sec. 20-155. - Criminal background check.

The licensee shall conduct criminal background checks on all prospective tenants. The criminal background check must include the following:

- (1) A statewide (Minnesota) criminal history check of all prospective tenants covering at least three years; the check must be done utilizing the most recent update of the state criminal history files;
- (2) A statewide criminal history check from the prospective tenant's previous state of residence, if available, if the tenant is moving directly from the previous state;

- (3) A criminal history check of any prospective tenant in their previous states of residence, if available, covering the last three years if they have not resided in Minnesota for three years or longer;
- (4) A criminal history check of any prospective tenant must be conducted in all seven counties in the metro Twin City area (Hennepin, Ramsey, Anoka, Carver, Dakota, Scott and Washington) covering at least the last three years including all misdemeanor, gross misdemeanor, and felony convictions.
- (5) Property Owners have the final decision on accepting a tenant after completion of the background check.

SECTION 11. Section 20-157 of the Hopkins City Code is hereby amended to add the double-underlined language and delete the ~~stricken~~ language as follows:

Sec. 20-157. - Term, renewal.

Licenses will expire annually at midnight on ~~October 31~~ December 31st. The license for each building containing rental dwelling units must be renewed annually on or before ~~October 31~~ December 1st.

SECTION 12. Section 20-159 of the Hopkins City Code is hereby amended to add the double-underlined language and delete the ~~stricken~~ language as follows:

Sec. 20-159. - Records retention.

The license application and all other documents pertinent to a rental dwelling unit shall be kept on file in the office of the building official, fire chief or authorized representative. A copy shall be furnished to the owner or other authorized person upon request.

SECTION 13. Section 20-188 of the Hopkins City Code is hereby amended to add the double-underlined language and delete the ~~stricken~~ language as follows:

Sec. 20-188. - Grounds.

The basis for revocation, suspension, denial or non-renewal includes, but is not limited to, any of the following circumstances:

- (1) The license was procured by misrepresentation of material facts with regard to the rental dwelling unit or the ownership of the rental dwelling unit.
- (2) The applicant or one acting in his their behalf made oral or written misstatements accompanying the application.
- (3) The applicant has failed to comply with any condition set forth in any other permits granted by the city.
- (4) The activities of the owner or agent create or have created a danger to the public health, safety or welfare.
- (5) The rental dwelling unit contains conditions that might injure or endanger the safety, health or welfare of any member of the public.

- (6) Failure to pay any application, penalty or reinstatement fee required by this article and city council resolution.
- (7) Failure to correct violations of the property maintenance code in the time period specified in the notice of violation and correction.
- (8) Three instances of disorderly behavior that is not subject to an exception or exemption under this article.
- (9) Violation of any regulation or provision of the code applicable to the activity, to which the license has been granted, or any regulation or law of the state so applicable.
- (10) Failure to continuously comply with any condition required of the applicant for the approval or maintenance of the license.
- (11) Any violation of this article.

SECTION 14. Section 20-189 of the Hopkins City Code is hereby amended to add the double-underlined language and delete the ~~stricken~~ language as follows:

Sec. 20-189. - Notice.

- (a) The building official, fire chief or authorized representative shall notify the owner or the owner's agent in writing of the basis for the revocation, suspension, denial or non-renewal and the date of the hearing under this subdivision. The notice shall be served upon the owner or the owner's agent at least 20 days before the hearing. A copy of the notice will also be sent to the rental unit addressed general to "renter or current occupant".
- (b) Service shall be deemed sufficient if the notice is sent to the owner ~~or~~, the owner's agent and the address of the rental unit addressed to "renter or current occupant" by first class mail at the address provided in the license application. ~~It shall be the responsibility of the owner or the owner's agent to notify the tenant in writing of the hear date, time and place.~~

SECTION 15. Section 20-190 of the Hopkins City Code is hereby amended to add the double-underlined language and delete the ~~stricken~~ language as follows:

Sec. 20-190. - Hearing.

The owner or the owner's agent and the building official, fire chief or authorized representative shall be given an opportunity to be heard. The owner may be represented by counsel. Both sides may be permitted to examine the other side's witnesses. The council shall hear all relevant evidence and arguments and shall review all testimony, documents, and other evidence submitted. The council shall record the hearing and keep a record of documentary evidence submitted.

SECTION 16. Section 20-191 of the Hopkins City Code is hereby amended to add the double-underlined language and delete the ~~stricken~~ language as follows:

Sec. 20-191. - Final determination; written decision.

- (a) The city council shall make findings based on the evidence and shall make a decision on the recommendation to revoke, suspend, deny, or non-renew a license based on the findings.
- (b) The city council shall issue a written decision regarding the recommendation of the building official, fire chief or authorized representative within 30 days following the date of the hearing and shall notify the appellant of the decision by first class mail with a duplicate copy to the building official, fire chief or authorized representative. The decision shall specify the rental dwelling unit to which it applies, the duration of the revocation, suspension, denial or non-renewal, and the conditions that must be met before the license may be reissued or reinstated. A copy of the notice will also be sent to the rental unit addressed general to "renter or current occupant" and include materials necessary to assist the renter in understanding the impact of the decision.
- (c) Thereafter, and until a license is reissued or reinstated, the rental dwelling units affected may not be rented or occupied.

SECTION 17. Section 20-192 of the Hopkins City Code is hereby amended to add the double-underlined language and delete the ~~stricken~~ language as follows:

Sec. 20-192. - Requirements for license after revocation, suspension, denial or non-renewal.

- (a) After the city council revokes, suspends, denies or declines to renew a license, no license will be issued for the affected rental dwelling units until the building official, fire chief or authorized representative determines that the applicant/licensee has remedied the conditions identified by the city council as the basis for its action.
- (b) An application to obtain a license for a rental dwelling unit after the city council has revoked, suspended, denied or declined to renew a license for the same rental dwelling units must be accompanied by all fees required by this section.

SECTION 18. Section 20-195 of the Hopkins City Code is hereby amended to add the double-underlined language and delete the ~~stricken~~ language as follows:

Sec. 20-195. - Posted to prevent occupancy.

Whenever any rental dwelling unit has been denied an initial license, had its license revoked, suspended, denied or not renewed it shall be posted by the building official, fire chief or authorized representative to prevent further occupancy. No person, other than the building official, fire chief or authorized representative shall remove or alter any posting. The building official, fire chief or authorized representative will post the date the rental dwelling unit shall be vacated and no person shall reside in, occupy or cause to be occupied that rental dwelling unit until the building official, fire chief or authorized representative permits it.

SECTION 19. Section 20-195 of the Hopkins City Code is hereby amended to add the double-underlined language and delete the ~~stricken~~ language as follows:

Sec. 20-214. - Policy and guidelines to be established by building official, fire chief or authorized representative.

The building official, fire chief or authorized representative shall prepare a policy for inspecting all rental dwellings that are required to be licensed under this article. The policy shall contain objectives for the systematic inspection of all rental dwellings and priorities for the use of scarce inspection resources. The guidelines may be based upon any of the following factors and any other factors deemed by the community services director, fire chief or authorized representative to promote an efficient inspections program:

- (1) ~~Geographic distribution and concentration of rental dwellings.~~
- (2) Rental dwellings with delinquent property taxes, utility bills or other city charges/fees.
- (3) Property identified by the inspections division as having an excessive number of housing code violations or a history of noncompliance or slow compliance with housing inspection orders.
- (4) Rental dwellings for which no license has been obtained.
- (5) Rental dwellings with an excessive number of police calls for drug offenses, prostitution, crimes of force or violence, and loud disturbances or parties.
- (6) Sale of the equitable interest in a rental dwelling property.
- (7) Conversion of homesteaded dwelling units to rental dwelling units.

SECTION 20. Section 20-215 of the Hopkins City Code is hereby amended to add the double-underlined language and delete the ~~stricken~~ language as follows:

Sec. 20-215. - Periodic inspection schedule may be established by building official, fire chief or authorized representative.

The building official, fire chief or authorized representative may set up a schedule of periodic inspections to ensure compliance with this article.

SECTION 21. Section 20-216 of the Hopkins City Code is hereby amended to add the double-underlined language and delete the ~~stricken~~ language as follows:

Sec. 20-216. - Notice of intent to inspect; access for inspection.

The building official, fire chief or authorized representative shall provide reasonable notice to the owner or the owner's agent as to the date and time of the inspection.

SECTION 22. Section 20-217 of the Hopkins City Code is hereby amended to add the double-underlined language and delete the ~~stricken~~ language as follows:

Sec. 20-217. - Access for inspection.

Each occupant of a rental dwelling unit shall give the owner or the owner's agent access to any part of such rental dwelling unit at reasonable times for the purpose of

effecting inspection, maintenance, repairs or alterations as are necessary to comply with the provisions of this article. If any owner, owner's agent or tenant of a rental dwelling unit fails or refuses to permit entry to the rental dwelling unit under ~~his~~their control for an inspection pursuant to this article, the building official, fire chief or authorized representative may seek a court order authorizing such inspection.

SECTION 23. Section 20-218 of the Hopkins City Code is hereby amended to add the double-underlined language and delete the ~~stricken~~ language as follows:

Sec. 20-218. - Minimum inspection standards.

- (a) The minimum standard to be used for inspections for compliance with the property maintenance code shall include the inspection of the building exterior and the common areas and the basement. In addition:
 - (1) If there are ~~ten~~ 24 or fewer individual dwelling units in the building, minimum inspection requirements include inspecting ~~50~~ 25 percent of the individual dwelling units, with a minimum of at least one dwelling unit.
 - (2) ~~If there are between 11 and 24 individual dwelling units, inclusive, in the building, minimum inspection requirements include inspecting five individual dwelling units in the building.~~
 - (3) If there are 25 or more individual dwelling units in the building, minimum inspection requirements include inspecting 20 percent of the individual dwelling units.
 - (4) The specific individual dwelling units to be chosen for inspection shall be determined pursuant to inspection division policy.
- (b) If the rental dwelling structure is considered to be substandard, the building official, fire chief or authorized representative may inspect additional units, up to all of the units in the building.

SECTION 24. Section 20-245 of the Hopkins City Code is hereby amended to add the double-underlined language and delete the ~~stricken~~ language as follows:

Sec. 20-245. - Deficiency point system to be established by building official, fire chief or authorized representative.

- (a) The building official, fire chief or authorized representative shall cause to be prepared and shall keep on file for public inspection a rental licensing inspection deficiency point system used in the point calculation procedure provided in this article. He shall assign points according to the severity of each code violation on a scale from one up to the maximum points possible for such violation.
- (b) Except when otherwise provided by state law, conditions in the design or structure of a building, such as, but not limited to, the size and dimension of rooms and windows and the electrical and plumbing systems that were legal under existing codes when built shall not be violations as long as they are maintained in good repair.
- (c) A violation shall receive maximum points when a required item is completely absent, completely fails to perform its function, or is imminently hazardous to the health or safety of the occupants.

SECTION 25. Section 20-246 of the Hopkins City Code is hereby amended to add the double-underlined language and delete the ~~stricken~~ language as follows:

Sec. 20-246. - Determining whether dwelling is substandard; points required; major violations.

(a) A rental dwelling structure shall be considered substandard if at least one dwelling unit within the structure scores 25 or more points or the entire structure scores more than the points shown below based on the number of units within the structure:

<i>Number of Units</i>	<i>Points</i>
1	25
2	30
3	35
4	40
5 or more	10 per unit; or

(b) Any single violation scoring six or more points is considered a major violation.

(c) For the purposes of the point calculation in this section, any combination of four rooming units or shared bath units shall constitute one dwelling unit. Points for a violation in a common area of the structure outside a dwelling unit will not be cumulative on a unit-by-unit basis. However, 25 or more points in the common areas of a structure, including, but not limited to, the entryways, corridors, community rooms, exterior walls and roof, will constitute a substandard structure.

SECTION 26. Section 20-273 of the Hopkins City Code is hereby amended to add the double-underlined language and delete the ~~stricken~~ language as follows:

Sec. 20-273. - Acts constituting disorderly behavior.

Disorderly behavior under this division includes, but is not limited to, the following:

(1) Drug-related illegal activity in the rental dwelling unit. A tenant shall be deemed to be in possession of a controlled substance if any amount is located in the tenant's rental dwelling unit even if the tenant claims not to know the controlled substance was present unless the tenant provides a sworn statement by a person, other than another tenant or tenant's family member, that the controlled substance was theirs and the tenant had no knowledge of the controlled substance.

- (2) Acts of violence or threats of violence, including, but not limited to, discharge of firearms, prostitution, intimidation, or any other act that otherwise jeopardizes the health, safety or welfare of the licensee, ~~his~~ their agents or tenants.
- (3) Violation of M.S.A. § 609.72, disorderly conduct.
- (4) Violation of M.S.A. §§ 609.74 and 609.745, public nuisance.
- (5) Violation of M.S.A. § 609.66, subd. 1(a), 609.67 or 624.713, unlawful use or possession of a firearm or weapon.
- (6) Violation of M.S.A. § 609.50, obstructing legal process.
- (7) Violations of this Code related to firearms, noise or nuisances.

SECTION 27. Section 20-275 of the Hopkins City Code is hereby amended to add the double-underlined language and delete the ~~stricken~~ language as follows:

Sec. 20-275. - Enforcement procedure.

- (a) *First offense.* Upon determination by the building official, fire chief or authorized representative that a rental dwelling unit was the location of disorderly behavior, the ~~building official, fire chief or authorized representative~~ shall notify the licensee and tenant by first class mail of the violation and direct the licensee to take steps to prevent further violations.
- (b) *Second offense.* If a second instance of disorderly behavior occurs at a rental dwelling unit within 12 months of the time a notice was sent for previous disorderly behavior at the same unit, the building official, fire chief or authorized representative shall notify the licensee and the tenant by first class mail of the violation and direct the licensee to submit, within ten days of the date of the notice, a written report of all actions taken by the licensee since the first violation notice and actions the licensee intends to take to prevent further disorderly behavior.
- (c) *Third offense.* If a third instance of disorderly behavior occurs at a rental dwelling unit within 12 months after the first of two previous notices of disorderly behavior at the same unit, the rental dwelling unit license may be revoked, suspended or not renewed by the city council upon the recommendation of the building official, fire chief or authorized representative. The building official, fire chief or authorized representative shall make ~~his~~ their decision to recommend revocation, suspension or non-renewal of the license and submit ~~his~~ their recommendation to the city council within 15 days of the third instance of disorderly behavior.
- (d) *Determination of repeat offenses.* For the purposes of this section, second and third instances of disorderly behavior shall be those that:
 - (1) Occur at the same rental dwelling unit;
 - (2) Involve tenants at the same rental dwelling unit;
 - (3) Involve guests or invitees at the same rental dwelling unit;
 - (4) Involve guests or invitees of the same tenant; or
 - (5) Involve the same tenant.

SECTION 28. In accordance with Section 3.03 of the City Charter and Minn. Stat. § 412.191, subd. 4, due to the significant length of this Ordinance, City staff shall have the following summary printed in the official City newspaper in lieu of the complete ordinance:

On August 17, 2021, the Hopkins City Council adopted Ordinance 2020-1169 an Ordinance Amending Chapter 20, Article III of the Hopkins City Code Regrading Rental Housing.

A printed copy of the ordinance is available for inspection during regular business hours at Hopkins City Hall and is available online at the City's web site located at www.hopkinsmn.com.

SECTION 29. The effective date of this ordinance shall be the date of publication.

First Reading:	August 2, 2021
Second Reading:	August 17, 2021
Date of Publication:	August 26, 2021
Date Ordinance Takes Effect:	August 26, 2021

By:

Jason Gadd, Mayor

ATTEST:

Amy Domeier, City Clerk



MEMO

To: Honorable Mayor and City Council
From: Jason Lindahl, City Planner
Date: August 17, 2021
Subject: Second reading of Ordinance 2021-1172 rezoning properties in the northwest quadrant of Excelsior Boulevard and Blake Road to Mixed Use with a Planned Unit Development (PUD)

Proposed Action

Staff recommends the City Council approve the following motions:

- Move to adopt Resolution 2021-044 approving the second reading of Ordinance 2021-1172 rezoning properties in the northwest quadrant of Excelsior Boulevard and Blake Road to Mixed Use with a Planned Unit Development (PUD)
- Move to approve the Blake Road Station Planned Unit Development (PUD) Agreement and authorize the Mayor and City Manager to enter into this agreement, subject to any modification approved by the City Attorney.

Overview

The applicant, Bryan Farquhar of Trilogy Real Estate Group, requests approval of the second reading of Ordinance 2021-1172 rezoning properties in the northwest quadrant of Excelsior Boulevard and Blake Road to Mixed Use with a Planned Unit Development (PUD). The applicant also requests approval of the associated planned unit development (PUD) agreement.

Together these items finalize the rezoning for Blake Road Station, a 3 phase mixed use residential and commercial development proposed for the northwest quadrant of Excelsior Boulevard and Blake Road just south of the future Blake Road light rail transit station. This project will redevelop the existing Hopkins Commerce Center strip commercial development into 3 separate 7-story buildings totaling 770 residential units and approximately 11,000 square feet of commercial space.

The City Council approved the first reading of this rezoning ordinance, along with the associated Site Plan for Site A on August 2, 2021. Prior to that action, the Planning & Zoning Commission held a public hearing to review these items and recommended approval by the City Council on July 27, 2021. Should the City Council approve the second reading of this ordinance and the planned unit development agreement, it would rezone the subject properties to Mixed Use with a Planned Unit Development and authorize Mayor and City Manager to enter into the PUD agreement.

Attachments

- Resolution 2021-044
- Ordinance 2021-1172
- Blake Road Station Planned Unit Development Agreement

CITY OF HOPKINS
Hennepin County, Minnesota

RESOLUTION 2021-044

**A RESOLUTION APPROVING THE SECOND READING OF ORDINANCE 2021-1172
REZONING PROPERTIES IN THE NORTHWEST QUADRANT OF EXCELSIOR
BOULEVARD AND BLAKE ROAD (PIDS 19-117-21-42-0044, 19-117-21-42-0045 & 19-117-21-
42-0046) TO MIXED USE WITH A PLANNED UNIT DEVELOPMENT (PUD), SUBJECT TO
CONDITIONS**

WHEREAS, the applicant, Bryan Farquhar of Trilogy Real Estate Group, initiated an application requesting to rezone the properties in the northwest corner of Excelsior Boulevard and Blake Road with PIDs 19-117-21-42-0044, 19-117-21-42-0045 & 19-117-21-42-0046 to Mixed Use with a Planned Unit Development (PUD), subject to conditions., and

WHEREAS, these properties are legally described as Lots 1, 2 & 3, Hopkins Commerce Addition; and

WHEREAS, the procedural history of the application is as follows:

1. That the above stated application was initiated by the applicant on June 25, 2021; and,
2. That the Hopkins Planning & Zoning Commission, pursuant to published and mailed notice, held a public hearing on the application and reviewed such application on July 27, 2021: all persons present were given an opportunity to be heard; and,
3. That written comments and analysis of City staff were considered; and,
4. That the Hopkins Planning & Zoning Commission reviewed this application during their July 27, 2021 meeting and recommended approval by the City Council, subject to conditions; and
5. That the Hopkins City Council reviewed this application during their August 2, 2021 meeting and agreed with the findings of the Planning & Zoning Commission and approved the first reading of Ordinance 2021-1172.

WHEREAS, staff recommended approval of the above stated application based on the findings outlined in the staff report dated August 2, 2021.

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Hopkins hereby approves Ordinance 2021-1172 rezoning the properties in the northwest quadrant of Excelsior Boulevard and Blake Road with PIDs 19-117-21-42-0044, 19-117-21-42-0045 & 19-117-21-42-0046 to Mixed Use with a Planned Unit Development (PUD), subject to the conditions listed below.

1. Execution of a Planned Unit Development Agreement in a form acceptable to the City Attorney.
2. Approval of the associated site plan application for Blake Road Station Site A and conformance with all related conditions.
3. Approval of the development by the Minnehaha Creek Watershed District and conformance with all related conditions.

Adopted by the City Council of the City of Hopkins this 17th day of August, 2021.

By: _____
Jason Gadd, Mayor

ATTEST:

Amy Domeier, City Clerk

CITY OF HOPKINS
Hennepin County, Minnesota

ORDINANCE NO. 2021-1172

**AN ORDINANCE REZONING PROPERTIES IN THE NORTHWEST QUADRANT OF
EXCELSIOR BOULEVARD AND BLAKE ROAD (PIDS 19-117-21-42-0044, 19-117-21-
42-0045 & 19-117-21-42-0046) TO MIXED USE WITH A PLANNED UNIT
DEVELOPMENT (PUD)**

THE COUNCIL OF THE CITY OF HOPKINS DOES HEREBY ORDAIN AS
FOLLOWS:

1. That the present zoning classifications of B-4, Neighborhood Business District or I-1, General Industrial District, upon the following described premises are hereby repealed, and in lieu thereof, said premises are hereby rezoned as follows:
 - PID 19-117-21-42-0044 from I-1, General Industrial to Mixed Use with a Planned Unit Development (PUD)
 - PID 19-117-21-42-0045 from B-4, Neighborhood Business District to Mixed Use District with a Planned Unit Development (PUD)
 - PID 19-117-21-42-0046 from B-4, Neighborhood Business District to Mixed Use District with a Planned Unit Development (PUD)

2. The legal description of the properties to be rezoned are as follows:
 - Lot 1, Block 1, Hopkins Commerce Center Addition (PID 19-117-21-42-0044)
 - Lot 2, Block 1, Hopkins Commerce Center Addition (PID 19-117-21-42-0045)
 - Lot 3, Block 1, Hopkins Commerce Center Addition (PID 19-117-21-42-0046)

First Reading:	August 2, 2021
Second Reading:	August 17, 2021
Date of Publication:	August 26, 2021
Date Ordinance Takes Effect:	August 26, 2021

ATTEST:

Jason Gadd, Mayor

Amy Domeier, City Clerk

**BLAKE ROAD STATION
PLANNED UNIT DEVELOPMENT AGREEMENT**

THIS PLANNED UNIT DEVELOPMENT AGREEMENT (“Agreement”) is made this ____ day of _____, 2021, by and between the CITY OF HOPKINS, a Minnesota municipal corporation, (the “City”), and TF Hopkins, LLC, a Delaware limited liability company (the “Developer”).

Recitals

A. The Developer owns certain real estate located in the City of Hopkins, Hennepin County, Minnesota, legally described as

(See Exhibit A)

(the “Property”).

B. The Developer has made application to the City for certain land use approvals to facilitate the development of a three-phase mixed-use development with a total of 770 residential units and approximately 11,000 square feet of commercial space (the “Development”).

C. To accommodate the Development, the City conditionally approved a rezoning of the Property to Mixed Use/PUD, per Ordinance 2021-1172 (the “Rezoning Ordinance”), adopted by the City Council on August 17, 2021, which is incorporated into this Agreement as if fully set forth herein.

D. To accommodate the first phase of the Development, the City conditionally approved a planned unit development site plan for Lot 2, Block 1, Hopkins Commerce Center Addition, PID 19-117-21-42-0045 (the “Site Plan”) per Resolution 2021-043 (the “Site Plan Resolution”), adopted by the City Council on August 2, 2021, which is incorporated into this Agreement as if fully set forth herein. Said first phase includes a seven-story multi-use facility containing 220 apartment units and approximately 2,100 square feet of commercial space.

E. The Rezoning Ordinance and the Site Plan Resolution shall be referred to collectively in this Agreement as the “City Approvals.”

F. As a condition of the City Approvals, the City required the Developer to enter into a planned unit development agreement, and the parties hereto are willing to be bound by the terms and conditions provided herein to facilitate said first phase.

G. Although this Agreement contains certain terms and conditions that will obligate the parties with respect to certain elements of subsequent phases of the Development, it is expressly understood that the Site Plan Resolution, this Agreement, and the PUD Declaration, as defined herein, are only intended to authorize the actual development of the Development's first phase. The Developer shall be required to obtain site plan approvals for future phases of the Development and, should there be any necessary flexibility provided by the City for said future phases with respect to the City's Mixed Use District standards, the PUD Declaration shall be amended accordingly. Subsequent planned unit development agreements or amendments to this Agreement may also be necessary, in the City's discretion, at the time of future phases.

Agreement

In consideration of each party's promises as set forth in this Agreement, it is mutually agreed as follows:

ARTICLE ONE REPRESENTATIONS AND WARRANTIES

1.01. City Representations and Warranties. The City makes the following representations as the basis for the undertakings on its part contained herein:

A. The City is a municipal corporation under the laws of Minnesota.

B. The City has the right, power, and authority to execute, deliver, and perform its obligations under this Agreement.

1.02. Developer Representations and Warranties. The Developer makes the following representations as the basis for the undertakings on its part contained herein:

A. The Developer is a limited liability company, duly organized and in good standing under the laws of Delaware.

B. The Developer has the right, power, and authority to execute, deliver, and perform its obligations under this Agreement. The Developer assures the City that the individuals who execute this Agreement on behalf of the Developer are duly authorized to sign on behalf of the Developer and to bind the Developer thereto.

C. The Developer is not in default under any lease, contract, or agreement to which it is a party or by which it is bound which would affect its performance under this Agreement. The Developer is not a party to or bound by any mortgage, lien, lease, agreement, instrument, order, judgment, or decree which would prohibit the execution or performance of this Agreement by the Developer or prohibit any of the transactions provided for in this Agreement.

D. The Developer has complied with and will continue to comply with all applicable federal, state and local statutes, laws, ordinances, and regulations including, without limitation, any permits, licenses, and applicable zoning, environmental, or other laws, ordinances, or regulations affecting the Property. The Developer is not aware of any pending or threatened claim of any such violation. Without limitation of the foregoing, the Developer expressly acknowledges and agrees that it has and shall at all times comply with each and every provision of the City's subdivision, zoning, and other related municipal code regulations.

E. There is no suit, action, arbitration, or legal, administrative, or other proceeding, or governmental investigation pending or threatened against or affecting the Developer or the Property. The Developer is not in default with respect to any order, writ, injunction, or decree of any federal, state, local or foreign court, department, agency, or instrumentality.

F. None of the representations and warranties made by the Developer or made in any exhibit hereto or memorandum or writing furnished or to be furnished by the Developer or on its behalf contains or will contain any untrue statement of material fact or omits any material fact, the omission of which would be misleading.

1.03 Incorporation of Recitals, City Approvals, and Exhibits. The Recitals set forth in the preamble to this Agreement, the City Approvals, and the Exhibits attached to this Agreement are incorporated into this Agreement as if fully set forth herein.

ARTICLE TWO ADDITIONAL PROVISIONS

2.01. Private Improvements. The Developer shall construct and install, at the Developer's expense, the proposed seven-story multi-use facility containing 220 apartment units and approximately 2,100 square feet of commercial space (the "Private Improvements"), according to the following terms and conditions:

A. Plans. The Developer shall construct the Private Improvements in accordance with the City Approvals, including the approved Site Plan, and all associated construction plans and documentation (the "Plans") on or before December 31, 2022. The Plans are those that are on file with the City, prepared by ESG Architecture & Design, dated June 25, 2021. No revisions to or deviations from the Plans that would, in the City's sole discretion, materially alter the Private Improvements may occur unless first approved by the City in writing.

B. Permits. The Developer shall secure all required permits necessary to construct the Private Improvements and provide documentation of such permits to the City, and nothing contained in this Agreement shall be deemed approval of or a substitute for any such permit.

2.02. Additional Requirements. The Developer shall satisfy, complete and abide by all requirements set forth in the City Approvals, the PUD Declaration (as hereinafter defined), and any other adopted City ordinances and resolutions affecting the Property, all of which are incorporated herein by reference as if fully set forth in this Agreement. In doing so, the Developer shall adequately

address all items as may be directed by the City Attorney, the City Engineer or others with review and approval authority for the City with respect to the City Approvals, the PUD Declaration, and any other adopted City ordinances and resolutions affecting the Property.

2.03. Zoning/PUD. Pursuant to the Rezoning Ordinance, the Property was rezoned to Mixed Use/Planned Unit Development. In order to secure the benefits and advantages of the approved planned unit development, the Developer shall execute and record a Declaration of Covenants, Conditions and Restrictions against the Property in the form attached hereto as Exhibit B (the “PUD Declaration”).

2.04. Off-Premise Sign. The Developer is authorized to maintain one off-premise sign on Lot 3, Block 1, Hopkins Commerce Center Addition for the purpose of advertising only the existing business that is located on Lot 1, Block 1, Hopkins Commerce Center Addition. Said sign shall be subject to all other code requirements. When the existing business that is located on Lot 1, Block 1, Hopkins Commerce Center Addition terminates its operations at its present location, the off-premise sign that is allowed in this section 2.04 shall be immediately removed at the Developer’s expense and, thereafter, all signage at the Property must strictly adhere to the then-current City requirements.

2.05. Traffic Signal Improvements. The City, Hennepin County, or both, may decide in the future that certain traffic light and/or traffic signal improvements are necessary at the intersection of Pierce Avenue and Excelsior Boulevard, which is adjacent to the Development’s southwest corner. In the event that the City makes any such improvements, the Developer shall not be obligated to contribute to any costs related thereto, whether by special assessment or otherwise.

2.06. Permits. The Developer shall obtain any necessary permits from the Minnehaha Creek Watershed District, the Minnesota Pollution Control Agency, the Minnesota Department of Natural Resources, the Minnesota Department of Health, the Minnesota Department of Transportation, and any other agency having jurisdiction over the Property before proceeding with construction.

2.07. Park Dedication Fees/Dedications. Although the first phase of the development will not require any portion of the Property to be subdivided, phases two and three will require future subdivisions and, thus, it is contemplated that the City’s park dedication requirements will be triggered. The City agrees that when said phases are platted, the Developer’s park dedication payment (which may be required by the City in lieu of land dedication) will be calculated based on the City’s park dedication fees that are in existence as of the effective date of this Agreement and, unless otherwise agreed to by the parties in the future, said payments shall be made at the time of subdivision of the Property for the second and third phase, as the case may be.

2.08. Stormwater Management Requirements. As part of the Private Improvements, the Developer (or future owners/developers of the Property) shall be responsible for the construction, operation, and maintenance of stormwater management facilities to achieve compliance with applicable stormwater treatment requirements. The Developer (or future owners/developers of the Property) shall be required to execute and record a stormwater declaration in favor of the Minnehaha Creek Watershed District (“MCWD”) to the satisfaction of the MCWD for those

stormwater facilities constructed as part of the Private Improvements. The purpose of the declaration is to ensure that the Developer, and future developers/owners of the Property, maintain the stormwater facilities. The declaration shall be recorded against the Property and will run with the land. The Developer acknowledges that i) the City will not accept ownership of the stormwater facilities; and ii) the City does not plan to maintain or pay for maintenance, repair or replacement of the stormwater facilities and that the Developer will have responsibility for such work.

2.09. Financial Guarantee. As part of the Plans, the Developer has agreed to install private landscaping/streetscaping on the Property (collectively, the “Secured Improvements”), which requires financial security to ensure that they are completed with the other Private Improvements. Prior to the issuance of any City-issued permits related to the Private Improvements, including, but not limited to, building permits, the Developer agrees to provide a letter of credit (“Letter of Credit”) to the City in the amount of \$282,500.00, which represents 125 percent of the estimated cost of the Secured Improvements. The Letter of Credit shall be delivered to the City prior to beginning any work on the Private Improvements and shall renew automatically thereafter or be replaced with a new letter of credit sixty (60) days prior to the expiration thereof until released by the City. The Letter of Credit shall be issued by a bank determined by the City to be solvent and creditworthy and shall be in a form acceptable to the City. The Letter of Credit shall allow the City to draw upon the instrument, in whole or part, in order to complete construction of any or all of the Secured Improvements upon the Developer’s failure to do so in accordance with the terms of this Agreement. The City may also draw upon the Letter of Credit to pay any fees or costs owed to the City under this Agreement and otherwise unpaid by the Developer upon the lapse of all notice and cure rights of the Developer. It is the intention of the parties that the City at all times have available to it a Letter of Credit in an amount adequate to ensure completion of the Secured Improvements and cost reimbursement to the City by the Developer as required under this Agreement. If at any time the City reasonably determines that the bank issuing the Letter of Credit no longer satisfies the City’s requirements regarding solvency and creditworthiness, the City shall notify the Developer and the Developer shall provide to the City within 30 days a substitute letter of credit from another bank meeting the City’s requirements. If within 30 days of notice the Developer fails to provide the City with a substitute letter of credit from an issuing bank satisfactory to the City, the City may draw under the existing Letter of Credit.

Upon the Developer’s failure to either complete the Secured Improvements, pay any fees or costs owed to the City under this Agreement, or both, the City may draw on the Letter of Credit in order to satisfy such requirements but only after the Developer fails to cure its breach following ten (10) days’ written notice from the City. In the event that the Letter of Credit is found to be deficient in amount to pay or reimburse the City in total as required herein, the Developer agrees that upon being billed by the City, it will pay within thirty (30) days of the mailing of said billing, the said deficient amount. If there should be an overage in the amount of the utilized Letter of Credit, the City will, upon making said determination, refund to the Developer any monies, without interest, which the City has in its possession which are in excess of the actual costs owed to the City hereunder.

In the event the Developer files bankruptcy or in the event a bankruptcy proceeding is filed against Developer by others and is not dismissed within 60 days, or in the event a court appoints a receiver for the Developer, the City may draw on the Letter of Credit in its full amount to secure its

surety position. The City shall then release the remainder of said Letter of Credit to the bankruptcy court or receiver in the same manner that it would be required to release the Letter of Credit under this Agreement.

When reasonably prudent, the Developer may request of the City that the Letter of Credit be proportionately reduced for portions of completed obligations herein. All such reductions shall be in the sole discretion of the City. It is the intention of the parties that the City at all times have available to it a Letter of Credit in an amount adequate to ensure completion of all elements of the Secured Improvements and the reimbursement of City costs required under this Agreement. To that end and notwithstanding anything herein to the contrary, all requests by the Developer for a reduction or release of the Letter of Credit shall be evaluated by the City in light of that principle. The costs incurred by the City in processing any reduction request shall be billed to the Developer and paid to the City within thirty (30) days of billing.

2.10. Payment of City Costs. The Developer agrees to reimburse the City its actual costs regarding: (i) preparing and administering this Agreement and all other documents, permits, and applications related to the Blake Road Station development; (ii) processing the approvals relating to the development of the Property; (iii) any other cost expressly required under or related to this Agreement. In addition to and without limitation of the foregoing, the costs to be reimbursed by the Developer to the City shall include, but not be limited to, attorneys' fees, engineering fees, inspection fees, and the costs and fees of other technical and professional assistance (including but not limited to the cost of City staff time) incurred or expended by the City on activities arising out of this Agreement and other undertakings related thereto. The Developer shall, upon request by the City, pay such costs to the City within 15 days of such request.

In the event the City does not recover any costs under the provisions of this section 2.10, as an additional remedy, the City may, at its option, assess the Property in the manner provided by Minnesota Statutes, chapter 429, and the Developer hereby consents to the levy of such special assessments without notice or hearing and waives its rights to appeal such assessments pursuant to Minnesota Statutes, section 429.081, provided the amount levied, together with the funds deposited with the City under this section, does not exceed the expenses actually incurred by the City. Further, the City may, at its option, as an additional remedy, recover expenses actually incurred by the City, in the manner provided by Minnesota Statutes, sections 415.01, 366.011 and 366.012, and the Developer hereby consents to the levy of such assessments without notice or hearing and waives its rights to appeal such assessments pursuant to such Minnesota Statutes, provided the amount levied, together with the funds deposited with the City under this section 2.10, does not exceed the expenses actually incurred by the City pursuant to this Agreement.

This section 2.10 shall survive termination of this Agreement and shall be binding on the Developer regardless of the enforceability of any other provision of this Agreement.

2.11. Attorneys' Fees. The Developer agrees to pay the City's reasonable costs and expenses, including attorneys' fees, in the event a suit or action is brought by the City against the Developer to enforce the terms of this Agreement.

2.12. Amendment. Any amendment to this Agreement must be in writing and signed by both parties.

2.13. Assignment. The Developer may not assign any of its obligations under this Agreement without the prior written consent of the City.

2.14. Agreement to Run with Land. This Agreement shall be recorded among the land records of Hennepin County, Minnesota. The provisions of this Agreement shall run with the Property and be binding upon the Developer and its assigns or successors in interest. Notwithstanding the foregoing, no conveyance of the Property or any part thereof shall relieve the Developer of its liability for full performance of this Agreement unless the City expressly so releases the Developer in writing. Additionally, in the event that all obligations of the Developer contained in this Agreement are duly satisfied, the City shall, upon written request from the Developer or any of its assigns or successors in interest, execute a document releasing the Property from the terms and conditions of this Agreement. The execution and recording of such instrument shall not affect or otherwise alter the PUD Declaration. Any such instrument may be executed by the city manager without city council approval.

Prior to the recording of this Agreement or any documents required herein with Hennepin County, the Developer agrees to provide the City with a signed consent from any other entity with a legal interest in the Property, including but not limited to any entity with a mortgage interest. Further, the Developer shall provide the City with evidence, which sufficiency shall be determined by the City, in its sole discretion, that all documents required to be recorded pursuant to this Agreement are recorded and all conditions related to the City Approvals have been met prior to the City processing or approving any building permits or other permits applicable to the development of the Property. The City Approvals are subject to the Developer's compliance with this section.

2.15. Representatives Not Individually Liable. No official, agent, or employee of the City shall be personally liable to the Developer, or any successor in interest, in the event of any default or breach by the City on any obligation or term of this Agreement. No agent, officer or employee of the Developer shall be personally liable to the City, or any successor in interest, in the event of any default or breach by the Developer on any obligation or term of this Agreement.

2.16. Notices and Demands. Any notice, demand, or other communication under this Agreement by either party to the other shall be sufficiently given or delivered if it is dispatched by registered or certified mail, postage prepaid, return receipt requested, or delivered personally:

(a) as to the Developer: TF Hopkins, LLC
520 W. Erie St., Ste. #100
Chicago, IL 60654
Attn: _____

with a copy to: Taft Stettinius & Hollister LLP
2200 IDS Center
80 South 8th Street
Minneapolis MN 55402
Attn: Justin P. Weinberg

(b) as to the City: City of Hopkins
1010 1st Street South
Hopkins, MN 55343
Attn: City Manager

with a copy to: Scott J. Riggs, City Attorney
Kennedy & Graven, Chartered
150 South 5th Street, Suite 700
Minneapolis, MN 55402

or at such other address with respect to either such party as that party may, from time to time, designate in writing and forward to the other as provided in this section 2.16.

2.17. Disclaimer of Relationships. The Developer acknowledges that nothing contained in this Agreement nor any act by the City or the Developer shall be deemed or construed by the Developer or by any third person to create any relationship of third-party beneficiary, principal and agent, limited or general partner, or joint venture between the City and the Developer.

2.18. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall constitute one and the same instrument.

2.19. Choice of Law and Venue. This Agreement shall be governed by and construed in accordance with the laws of the State of Minnesota. Any disputes, controversies, or claims arising out of this Agreement shall be heard in the state or federal courts of Minnesota, and all parties to this Agreement waive any objection to the jurisdiction of these courts, whether based on convenience or otherwise.

2.20. Indemnification. Notwithstanding anything to the contrary in this Agreement, the City, its officials, agents, and employees shall not be liable or responsible in any manner to the Developer, the Developer's successors or assigns, the Developer's contractors or subcontractors, material suppliers, laborers, or to any other person or persons for any claim, demand, damage, or cause of action of any kind or character arising out of or by reason of the execution of this Agreement or the performance of this Agreement. The Developer, and the Developer's successors or assigns, agree to protect, defend and save the City, and its officials, agents, and employees, harmless from all such claims, demands, damages, and causes of action and the costs, disbursements, and expenses of defending the same, including but not limited to, attorneys' fees, consulting engineering services, and other technical, administrative, or professional assistance except with respect to matters of gross negligence or willful misconduct of the City or its officials, agents, or employees. Nothing in this Agreement shall constitute a waiver or limitation of any immunity or limitation on liability to which the City is entitled under Minnesota Statutes, chapter 466 or otherwise.

This section 2.20 shall survive termination of this Agreement with respect to matters first arising prior to such termination and shall be binding on the Developer regardless of the enforceability of any other provision of this Agreement.

2.21. Developer's Default. In the event of an uncured default by the Developer as to any work

or undertaking required by this Agreement, the City may, at its option, (i) refuse to issue building permits, certificates of occupancy, or other City approvals for the Property until such time as such default has been cured; or (ii) perform any work required under this Agreement, and the Developer shall promptly reimburse the City for any expense incurred by the City related thereto. This Agreement is a license for the City to enter onto the Property and act in accordance with the terms of this Agreement, and it shall not be necessary for the City to seek an order from any court for permission to enter the Property for such purposes. If the City does any such work, the City may, in addition to its other remedies, levy special assessments against the Property to recover the costs thereof. For this purpose, the Developer, for itself and its successors and assigns, expressly waives any and all procedural and substantive objections to the special assessments, including, but not limited to, hearing requirements and any claim that the assessments exceed the benefit to the land so assessed. The Developer, for itself and its successors and assigns, also waives any appeal rights otherwise available pursuant to Minnesota Statutes, section 429.081.

2.22. Compliance with Existing Laws. The Developer warrants that all work performed pursuant to this Agreement shall be in compliance with existing laws, ordinances, pertinent regulations, standards, and specifications of the City.

2.23. Building Permits. The City Approvals and this Agreement do not include approval of any building permits for any structures on the Property. The Developer must submit and the City must approve building plans prior to an application for a building permit for a structure on the Property. The Developer or the parties applying for the building permit shall be responsible for payment of the customary fees associated with the building permits and other deferred fees as specified in this Agreement. In addition to all other remedies, permits may be withheld if the Developer is in violation of any of the terms of this Agreement.

2.24. City's Access. The Developer hereby grants the City, its agents, employees, officers and contractors a non-revocable license to enter the Property to perform any work and inspections deemed appropriate by the City related to any of the Developer's obligations contained in this Agreement. Such license shall terminate upon the issuance of a certificate of occupancy for all improvements contemplated as part of the first phase and the City's final approval of the Secured Improvements.

2.25. Developer Financial Assistance Request. The initial expectation for this Development was to not rely on any City financial subsidy. However, over the time it has taken to put the Development together, several factors have caused an increase in the project budget to the point the Developer has indicated that the Development is not financially feasible without City assistance. As a result of these circumstantial changes, the Developer submitted an application to the City for financial assistance to support the Development in the amount of \$1.831 million for the first phase and \$7.758 million for all three phases. There are several factors cited that have contributed to the financial gap in the project including environmental remediation, escalating lumber costs, design changes and other project changes.

It has been determined that some additional financial assistance is necessary for the Development to move forward, particularly for assistance tied to the environmental remediation necessary for the first phase of the Development. The City and the Developer were successful in obtaining a

clean-up grant through DEED totaling \$340,521. The total costs of environmental remediation, demolition and related costs for the first phase are \$1,111,188, leaving a balance of \$685,000 after adjustments are made. Providing environmental remediation assistance to the Developer for these costs brings the Development and Property to a level field similar to a greenfield site or other sites without significant environmental issues. The City, through the Housing and Redevelopment Authority of Hopkins (the "HRA"), has authorized the providing of a forgivable loan to the Developer in the amount of \$685,000 for the first phase of the Development. Funds for the forgivable loan would be provided through excess Tax Increment Financing (TIF) from the 2-11 TIF District as these funds are eligible expenditures for redevelopment and environmental remediation. A separate forgivable loan agreement, including a note and mortgage (the "Loan Agreement") will be provided that is conditioned on the Development receiving all land use approvals. The forgivable Loan Agreement would be forgiven after 10 years, but would be required to be paid back if the Property was sold or transferred within the initial 10-year period of the Development.

In addition to the Loan Agreement, the Developer and the City intend to pursue environmental clean-up funds for the second and third phases of the Development, estimated to cost \$1.95 million. If such efforts are not successful in obtaining grant funds for the estimated total cost, less required developer match, the Developer has requested City assistance to bridge those potential future financial gaps. Both the City and HRA are supportive of considering assistance for future environmental costs, if necessary. As the second and third phases of the Development are brought forward for site plan approval, the Developer may revisit the opportunity to work with the City and HRA to shape further development of the Property that meets community goals, and as a result, revisit the Developer's request for additional financial assistance, as it is merited.

2.26. Commercial Tenant Notice of Subsequent Phases. The Developer understands and acknowledges that the contemplated second and third phases of the Development, when those phases are implemented, will have a significant impact on existing commercial tenants that have their businesses located on the Property given the Developer's plan to demolish the existing structures. Because of that impact, the Developer agrees to provide said commercial tenants that have leases for businesses located on the Property at the time of execution of this Agreement with at least 180 days' written notice of its intent to make application to the City for land use entitlements necessary for said second and third phases, including, but not necessarily limited to, site plan and subdivision applications. Should the Developer fail to strictly adhere to the 180-day notice requirement contained in this section 2.26, the City shall have no obligation to adhere to the express requirements and City commitments contained in sections 2.05, 2.07, and 2.25 of this Agreement.

2.27. Miscellaneous Provisions.

A. The Developer represents to the City that the development of the Property will comply with all city, county, state, and federal laws and regulations including, but not limited to: subdivision ordinances, zoning ordinances and environmental regulations. If the City determines that the development of the Property does not comply, the City may, at its option, refuse to allow construction or development work on the Property until the Developer does comply. Upon the City's demand, the Developer shall cease work until there is compliance.

B. Third parties shall have no recourse against the City under this Agreement.

C. An ongoing default by the Developer under the terms of this Agreement shall be grounds for denial of building permits or certificates of occupancy until any such defaults are cured by the Developer.

D. Wherever possible, each provision of this Agreement and each related document shall be interpreted so that it is valid under applicable law. If any provision of this Agreement or any related document is to any extent found invalid by a court or other governmental entity of competent jurisdiction, that provision shall be ineffective only to the extent of such invalidity, without invalidating the remainder of such provision or the remaining provisions of this Agreement or any other related document.

E. No failure by any party to insist upon the strict performance of any covenant, duty, agreement, or condition of this Agreement or to exercise any right or remedy consequent upon a breach thereof, shall constitute a waiver of any such breach of any other covenant, agreement, term, or condition, nor does it imply that such covenant, agreement, term, or condition may be waived again. The action or inaction of the City shall not constitute a waiver or amendment to the provisions of this Agreement. To be binding, amendments or waivers shall be in writing and signed by the parties. The City's failure to promptly take legal action to enforce this Agreement shall not be a waiver or release.

G. Each right, power, or remedy herein conferred upon the City is cumulative and in addition to every other right, power, or remedy, express or implied, now or hereafter arising, available to the City, at law or in equity, or under any other agreement, and each and every right, power and remedy herein set forth or otherwise so exciting may be exercised from time to time as often and in such order as may be deemed expedient by the City and shall not be a waiver of the right to exercise at any time thereafter any other right, power, or remedy.

H. This Agreement, together with the exhibits hereto, which are incorporated by reference, constitutes the complete and exclusive statement of all mutual understandings between the parties with respect to this Agreement, superseding all prior or contemporaneous proposals, communications, and understandings, whether oral or written, pertaining to the subject matter of this Agreement.

I. No official, agent, or employee of the City shall be personally liable to the Developer, or any successor in interest, in the event of any default or breach by the City on any

obligation or term of this Agreement.

J. Data provided to the Developer or received from the Developer under this Agreement shall be administered in accordance with the Minnesota Government Data Practices Act, Minnesota Statutes, chapter 13.

[The remainder of this page to remain intentionally blank].

IN WITNESS OF THE ABOVE, the parties have caused this Agreement to be executed on the date and year written above.

THE CITY:

By: _____
Jason Gadd
Mayor

By: _____
Michael Mornson
City Manager

STATE OF MINNESOTA)
) SS.
COUNTY OF HENNEPIN)

The foregoing instrument was acknowledged before me this ___ day of _____, 2021, by Jason Gadd and Michael Mornson, the Mayor and City Manager, respectively, of the City of Hopkins, a Minnesota municipal corporation, on behalf of the City.

Notary Public

THE DEVELOPER:

TF HOPKINS LLC

By: _____

Its: _____

STATE OF MINNESOTA)
) SS.
COUNTY OF _____)

The foregoing instrument was acknowledged before me this __ day of _____, 2021, by _____, the _____ of TF Hopkins LLC, a Delaware limited liability company, by and on behalf of said company.

Notary Public

This document drafted by:

KENNEDY & GRAVEN, CHARTERED
150 South 5th Street, Suite 700
Minneapolis, MN 55402
(612) 337-9300

EXHIBIT A

LEGAL DESCRIPTION OF THE PROPERTY

The land to which this Agreement applies is legally described as follows:

Lots 1 through 3, inclusive, Block 1, Hopkins Commerce Center Addition, Hennepin County, Minnesota.

EXHIBIT B

FORM OF DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS

**DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS
BLAKE ROAD STATION (SITE A) PLANNED UNIT DEVELOPMENT**

THIS DECLARATION made this ____ day of _____, 2021, by TF Hopkins, LLC, a Delaware limited liability company (hereinafter referred to as the “Declarant”);

WHEREAS, Declarant is the owner of the real property as described below (hereinafter referred to as the “Subject Property”):

Lot 2, Block 1, Hopkins Commerce Center Addition, Hennepin County, Minnesota;

and

WHEREAS, the Subject Property is subject to certain zoning and land use restrictions imposed by the City of Hopkins, Minnesota ("City") in connection with the approval of an application for a mixed-use planned unit development on the Subject Property and surrounding parcels; and

WHEREAS, the City has approved the first phase of such development to be located on the Subject Property, including the required site plan approval, on the basis of the determination by the City Council of the City that such development is acceptable only by reason of the details of the development proposed and the unique land use characteristics of the proposed use of the Subject Property; and that but for the details of the development proposed and the unique land use characteristics of such proposed use, the planned unit development would not have been approved; and

WHEREAS, as a condition of approval of the first phase of the planned unit development, the City has required the execution and filing of this Declaration of Covenants, Conditions and Restrictions (hereinafter the “Declaration”); and

WHEREAS, to secure the benefits and advantages of approval of such first phase, the Declarant desires to subject the Subject Property to the terms hereof.

NOW, THEREFORE, the Declarant declares that the Subject Property is, and shall be, held, transferred, sold, conveyed and occupied subject to the covenants, conditions, and restrictions, hereinafter set forth.

1. The use and development of the Subject Property shall conform to the following documents, plans, drawings, and requirements:

a. The plans (“Plans”), prepared by ESG Architecture & Design, dated June 25, 2021, the sheets of which are specified on Attachment One hereof. Original documents are on file with the City and are made a part hereof. It is expressly acknowledged and understood that the first phase is referenced in said Plans as “Site A,” and this Declaration only relates to said Site A.

b. In exchange for the flexibility provided by the City as part of the approved planned unit development to be located on the Subject Property, the Developer has agreed to provide the elements contained in the Plans, as related to Site A, including, but not necessarily limited to, densities that are more transit-supportive and more consistent with the City’s 2040 Comprehensive Plan than the City’s Mixed Use District requirements; enhanced pedestrian scale architecture in the form of walk-up style units on the north and east side of Site A; enhanced stormwater management features; enhanced landscaping; porous pavement integrated into the streetscape; bicycle amenities; and 12 electric vehicle charging stations with capacity for eight additional stations.

c. The improvements on the Subject Property will be constructed so that they are solar-ready in the event it is deemed practical to install photovoltaic panels in the future.

d. The improvements on the Subject Property will maintain enrollment in the Xcel Energy Efficient Building Program (EEB) unless and until said program is otherwise terminated.

2. The Subject Property may only be developed and used in accordance with all requirements of the City’s Mixed Use District, except for those deviations contained in the Plans or otherwise outlined herein, and all other requirements contained in Paragraph 1 of this Declaration, unless the owner first secures approval by the City Council of an amendment to the planned unit development plan or a rezoning to a zoning classification that permits such other development and use.

3. In connection with the approval of development of the Subject Property (Site A), the following deviations from the City’s land use regulations, to the extent contained in the Plans, were approved:

PUD Approved Deviations on Subject Property (Site A)		
Category	Mixed Use Requirement	Approved Deviation for PUD
Building Height Requirements	6 Stories	7 Stories
Front Setback	15’ – 25’	8’
Side Setback (East)	10’	28’
Side Setback (West)	10’	6’
Rear Setback	10’	0’
Parking Stall Dimensions	9’ X 18’ or 8.5’ X 16’	As Contained in Plans (Site A)
Building Façade Articulation	25’ – 40’	As Contained in Plans (Site A)
Exterior Building Materials	>80% Primary Exterior Treatment	As Contained in Plans (Site A)

In all other respects the use and development of the Subject Property shall conform to the requirements of the Paragraphs 1 and 2 of this Declaration and the City Code of Ordinances.

4. The obligations and restrictions of this Declaration run with the land of the Subject Property and shall be enforceable against the Declarant, its successors and assigns, which successors and assigns shall be jointly and severally responsible for obligations under this Declaration, by the City of Hopkins acting through its City Council. This Declaration may be amended from time to time by a written amendment executed by the City and the owner or owners of the lot or lots to be affected by said amendment.

IN WITNESS WHEREOF, the undersigned as duly authorized agents, officers or representatives of Declarant have hereunto set their hands and seals as of the day and year first above written.

DECLARANT:

TF HOPKINS LLC

By: _____

Its: _____

STATE OF MINNESOTA)
) SS.
COUNTY OF _____)

The foregoing instrument was acknowledged before me this __ day of _____, 2021, by _____, the _____ of TF Hopkins LLC, a Delaware limited liability company, by and on behalf of said company.

Notary Public

This document drafted by:

KENNEDY & GRAVEN, CHARTERED
150 South 5th Street, Suite 700
Minneapolis, MN 55402
(612) 337-9300

Attachment One

The following documents prepared by ESG Architecture & Design, as revised June 25, 2021, and to the extent that they address Site A, collectively constitute the Plans:

DRAWING INDEX			
Sheet Number	Sheet Name	LUA SUBMITTAL 04/23/2021	LUA SUBMITTAL 06/25/2021
LAND USE APPLICATION			
A1-0	CONTEXT MAP & IMAGES	•	
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CONTAMINATION AND CLEANUP SUB-GRANT AGREEMENT

This Contamination and Cleanup Sub-Grant Agreement (“Contract”) is entered into on this ____ day of _____, 2021, by and between the **CITY OF HOPKINS**, a Minnesota municipal corporation (“Sub-Grantor”) and **TF Hopkins LLC**, a Delaware limited liability company (“Sub-Grantee”).

RECITALS

WHEREAS, the State of Minnesota, acting through the Department of Employment and Economic Development, Business and Community Development Division (“Grantor”) and the Sub-Grantor have entered into that certain Contamination Cleanup Grant Contract, Grant No. CCGP-20-0024-Z-FY21 (“Grant Contract”) in connection with the Blake Road Station Apartments – Phase A (“Project”); and

WHEREAS, the Sub-Grantee is the fee owner of real property in Hopkins, Minnesota, legally described as follows: Lot 1 through 3, Block 1, Hopkins Commerce Center Addition, Hennepin County, Minnesota, according to the recorded plat thereof; and

WHEREAS, the Sub-Grantor worked in conjunction with the Sub-Grantee to prepare and submit a successful grant application for the Project; and

WHEREAS, the Sub-Grantor and Sub-Grantee are entering into this Contract to fund part of the cost of abatement of contaminants and related work of the Project (“Cleanup Costs”).

NOW, THEREFORE, in consideration of the mutual promises and covenants herein, Sub-Grantor and Sub-Grantee do hereby agree as follows:

1. SATISFACTION OF GRANT CONTRACT. Sub-Grantee agrees to be bound by and to comply with the terms and requirements of the Grant Contract. Sub-Grantee also agrees to be responsible for any penalties due by reason of Sub-Grantee’s failure to comply with the Grant Contract. The Grant Contract is incorporated herein by reference. If there are any inconsistencies or conflicts between this Contract and the Grant Contract, the terms of the Grant Contract shall control.

2. ASSIGNMENT OF GRANT; MATCH DEPOSIT. To the fullest extent Sub-Grantor receives funds from the Grantor, the Sub-Grantor hereby grants to the Sub-Grantee the amount of **THREE HUNDRED FORTY THOUSAND FIVE HUNDRED TWENTY-ONE and 00/100 Dollars (\$340,521.00)** for Cleanup Costs for the abatement of contaminants, or such lesser amount that Sub-Grantor actually receives from Grantor.

Additionally, and upon execution of this Contract, Sub-Grantee agrees to deposit \$113,507.00 with Sub-Grantor to cover the 25% local match requirement contained in section 4.1 of the Grant Contract. Sub-Grantor will use said money only toward said local match requirement and, in the event that the total cost of the Project is less than what was contemplated in the Grant Contract, Sub-Grantor agrees to reimburse Sub-Grantee for any portion of the deposit that was not required to cover the local match.

3. **PAYMENT.** The Sub-Grantor will disburse Grant Contract funds in response to one or more written payment requests submitted by the Sub-Grantee and reviewed and approved by the Sub-Grantor’s authorized agent. Sub-Grantor’s obligation to disburse funds to the Sub-Grantee is contingent upon receipt by the Sub-Grantor of the funds from the Grantor. Written payment requests shall be made using payment request forms, the form and content of which will be determined by the Sub-Grantor. Payment request and other reporting forms will be provided to the Sub-Grantee by the Sub-Grantor. The Sub-Grantor will disburse grant funds on a reimbursement or “cost incurred” basis and such disbursements shall be limited to the amounts actually received by Sub-Grantor from Grantor. The Sub-Grantee must provide with its written payment requests documentation that shows the progress of the grant-funded Project activities. Subject to verification of each payment request form (and its documentation) and approval for consistency with this Contract, the Sub-Grantor will disburse a requested amount to the Sub-Grantee within sixty (60) days after receipt of funds from the Grantor.

4. **REPORTING.** The Sub-Grantee will submit information and updates required by the Grant Contract at least fourteen (14) days prior to the required submission date. The Sub-Grantor will review these materials and submit to the Grantor.

5. **MISCELLANEOUS.**

a. **Authorized Representatives.**

The Sub-Grantor’s Authorized Representative is:

Jan Youngquist
Community Development Coordinator
City of Hopkins
1010 1st Street S.
Hopkins, MN 55343
952-548-6343
jyoungquist@HOPKINSmn.com

The Sub-Grantee’s Authorized Representative is:

b. **Assignment.** Sub-Grantee may neither assign nor transfer any rights or obligations under this Contract without the prior consent of the Sub-Grantor and a fully executed Assignment Contract, executed and approved by the same parties who executed and approved this Contract, or their successors in office. Sub-Grantor shall have sole discretion to determine whether further assignments of these rights complies with the Grant Contract.

- c. **Amendments.** Any amendment to this Contract must be in writing and will not be effective until it has been executed and approved by the same parties who executed and approved the original Contract, or their successors in office.
- d. **Waiver.** If the Sub-Grantor fails to enforce any provision of this Contract, that failure does not result in a waiver of the right to enforce the same or another provision of the Contract in the future.
- e. **Liability and Indemnification.** Sub-Grantee will indemnify, save, and hold the Sub-Grantor, its agents, and employees, harmless from any third-party claims or causes of action, including attorney's fees incurred by the Sub-Grantor arising from the performance of this Contract by Sub-Grantee or Sub-Grantee's agents or employees. This clause will not be construed to bar any legal remedies Sub-Grantee may have for the Sub-Grantor's failure to fulfill its obligations under this Contract.
- f. **Records and State Audits.** Sub-Grantee shall maintain such books and records as will satisfactorily demonstrate to Federal, State, Grantor's and Sub-Grantor's Auditors that Sub-Grantee has used the grant funds in accordance with the Grant Contract and this Contract. Under Minn. Stat. § 16C.05, subd. 5, Sub-Grantee's books, records, documents, and accounting procedures and practices relevant to this Contract are subject to examination by the State and/or the State Auditor or Legislative Auditor, as appropriate, for a minimum of six (6) years from the end of this Contract.
- g. **Government Data Practices.** Sub-Grantee and Sub-Grantor must comply with the Minnesota Government Data Practices Act, Minn. Stat. Ch. 13, as it applies to all data provided by Sub-Grantee under this Contract, and as it applies to all data created, collected, received, stored, used, maintained, or disseminated by Sub-Grantee under this Contract. The civil remedies of Minn. Stat. § 13.08 apply to the release of the data referred to in this clause by either Sub-Grantee or the Sub-Grantor. If Sub-Grantee receives a request to release the data referred to in this clause, Sub-Grantee must immediately notify the Sub-Grantor. The Sub-Grantor will give Sub-Grantee instructions concerning the release of the data to the requesting party before the data is released.
- h. **Governing Law, Jurisdiction, and Venue.** Minnesota law, without regard to its choice-of-law provisions, governs this Contract. Venue for all legal proceedings out of this Contract, or its breach, must be in the appropriate state or federal court with competent jurisdiction in Rice County, Minnesota.
- i. **Termination for Insufficient Funding.** The Sub-Grantor may immediately terminate this Contract if it does not obtain funding from the Grantor, or if Grantor otherwise notifies Sub-Grantor that the Grant Contract has been terminated. Notice of such termination must be by written or fax notice to Sub-Grantee. The Sub-Grantor is not obligated to pay for any costs incurred after notice and effective date of termination. However, Sub-Grantee will be entitled to payment for all eligible costs to the extent that funds are available.

*****Signature Pages Follow*****

ESTABLISH TAX INCREMENT FINANCING DISTRICT NO. 1-6

Proposed Action

Staff recommends adoption of the following motion: Following the public hearing, move to approve:

Resolution 2021-045 Adopting a Modification to the Development Program for Redevelopment Project No. 1 and Establishing Tax Increment Financing District No. 1-6 (325 Blake) and Adopting a Tax Increment Financing Plan; and

Resolution 2021-046 Authorizing an Interfund Loan for Advance of Certain Costs in Connection with Tax Increment Financing District No. 1-6 (325 Blake).

Overview

325 Blake Road, owned by the Minnehaha Creek Watershed District (MCWD), is a 17-acre site purchased for the purpose of regional stormwater treatment, bank stabilization and public use. MCWD, in partnership with the City of Hopkins, is interested in selling a portion of the site not needed for these activities to a private developer. Alatus has been selected as the preferred developer and a development plan is currently being considered.

In preparation for the creation of a tax increment financing district to facilitate redevelopment, a blight analysis was completed on the building occupying the site and the City approved a demolition resolution preserving the ability to create a redevelopment TIF district under State Statute.

The City is approaching the end of the three-year period allowed from time of demolition of the qualifying building to the establishment of the TIF District, and therefor is recommending that the district be established to further preserve the ability to provide financial assistance for redevelopment activities. The creation of the district does not obligate the City to provide TIF, rather it preserves the right to do so in the future.

Primary Issues to Consider

The attached memorandum from Stacie Kvilvang, Ehlers Public Financial Advisors, provides more clarification on the process and purpose of the district’s creation.

Supporting Information

- Memo from Stacie Kvilvang, Ehlers
- Modification to the Development Program and TIF Plan for 1-6
- Resolution 2021-045
- Resolution 2021-046

Kersten Elverum
Director of Planning & Development

Financial Impact: \$ <u>0</u> Budgeted: Y/N <u> </u> Source: _____
Related Documents (CIP, ERP, etc.): _____

MEMORANDUM

TO: Kersten Elverum – Director of Planning and Development
FROM: Stacie Kvilvang - Ehlers
DATE: August 17, 2021
SUBJECT: Public Hearing on TIF District 1-6 (325 Blake)

Overview

The City and HRA are considering the establishment of Tax Increment Financing District 1-6 (325 Blake), a redevelopment district (District) to facilitate construction of approximately 600 apartments, 125 senior cooperative units, 50 town homes and 23,500 sq/ft of commercial space and finance infrastructure/public improvements.

In addition, the City and HRA anticipate utilizing up to 35 percent of the tax increment (including any administrative costs) for affordable housing objectives. They may decide to utilize a portion of the tax increment and return a portion to the County on an annual basis or they may take all of the tax increment in one year to assist eligible projects.

The District will encompass 1 parcel located at 325 Blake Road. Please reference the map in Appendix A of the TIF Plan for further information on the location of the District.

Term Length

The duration of this District will be 25 years from the date of receipt of the first increment, which is anticipated in 2024. Thus, it is estimated that the District, would terminate at **the earlier of** satisfaction of outstanding obligations such as pay-as-you-got notes, interfund loans and bonds or on December 31, 2049.

Qualification Criteria

In order to establish a redevelopment district, a City must determine that (i) parcels consisting of 70 percent of the area of the district are occupied by buildings, streets, utilities, paved or gravel parking lots, or other similar structures; (ii) more than 50 percent of the buildings are structurally substandard.

The City hired LHB to complete a coverage test and blight analysis in 2017. Based upon their inspection, the parcel was considered to be 100% covered and it was determined that the building was structurally substandard. Because the property owner wanted to remove the building prior to a developer being selected and to allow planned improvements to Blake Road, the City approved a demo resolution on July 17, 2018 as required to preserve the right to include the parcel in a future TIF district. Please reference Appendix D of the TIF Plan for further information about meeting the establishment criteria.



Budget

The budget below is in a maximum amount, meaning over the term of the District, the amount of tax increment collected may not exceed what is noted for Project Costs (\$86,478,951). If that were to happen, the City and HRA would be required to modify the budget which would entail going through the entire notification and public hearing process again as if the City and HRA were establishing a new district.

USES	
Land/ Building Acquisition	\$ 11,250,000
Site Improvements/ Preparation	15,000,000
Affordable Housing	22,028,190
Utilities	3,000,000
Other Qualifying Improvements	26,389,484
Administrative Costs (up to 10%)	8,811,276
PROJECT COSTS TOTAL	\$ 86,478,951
Interest	10,445,087
PROJECT AND INTEREST COSTS TOTAL	\$ 96,924,038

Please note: the budget does not resemble the amount of assistance being provided to the developer for development of the site. Assistance for each project is negotiated on its own merits and part of a separate Contract for Private Redevelopment between the HRA and the developer.

Administrative Costs and Affordable Housing Dollars

The HRA may retain 10 percent of tax increment generated for ongoing administrative costs associated with the District **OR** for other eligible redevelopment activities within the District or City. Based upon the proposed development projects noted above, it is estimated that this will equal approximately \$357,000/year once fully developed.

In addition, the HRAA has elected to retain an additional 10 percent of tax increment generated for affordable housing to increase available pooling to 25%. Over the term of the District, this may provide up to \$900,000/year after the obligations are paid off to assist other affordable housing initiatives and/ or projects within the City.

Interfund Loan

The City and/or HRA may have some out-of-pocket expenses prior to TIF being received in the District. State Statute requires the City/HRA to approve an interfund loan for any of these expenses prior to realizing the cost (or within 60 days of the expenditure). We have provided the City with the approval resolution for an amount up to \$100,000, which advances would be repaid at 4% interest (statutory maximum interest rate) when TIF is available.

Please contact me at 651-697-8506 with any questions.

Adoption Date: August 17, 2021

**City of Hopkins,
Hennepin County, Minnesota**

**MODIFICATION TO THE DEVELOPMENT
PROGRAM**

Redevelopment Project No. 1

&

Tax Increment Financing (TIF) Plan

Establishment of Tax Increment Financing

District No. 1-6 (325 Blake)

(a redevelopment district)



Prepared by:

Ehlers
3060 Centre Pointe Drive
Roseville, Minnesota 55113

BUILDING COMMUNITIES. IT'S WHAT WE DO.

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Modification to the Development Program for Redevelopment Project No. 1

FOREWORD

The following text represents a Modification to the Development Program for Redevelopment Project No. 1. This modification represents a continuation of the goals and objectives set forth in the Development Program for Redevelopment Project No. 1. Generally, the substantive changes include the establishment of Tax Increment Financing District No. 1-6 (325 Blake).

For further information, a review of the Development Program for Redevelopment Project No. 1, is recommended. It is available from the Director of Planning and Development at the City of Hopkins. Other relevant information is contained in the Tax Increment Financing Plans for the Tax Increment Financing Districts located within Redevelopment Project No. 1.

Tax Increment Financing Plan for Tax Increment Financing District No. 1-6 (325 Blake)

FOREWORD

The Hopkins Housing and Redevelopment Authority (the "HRA"), City of Hopkins (the "City"), staff and consultants have prepared the following information for the Establishment of Tax Increment Financing District No. 1-6 (325 Blake) (the "District"), a redevelopment tax increment financing district, located in Redevelopment Project No. 1.

STATUTORY AUTHORITY

Within the City, there exist areas where public involvement is necessary to cause development or redevelopment to occur. To this end, the HRA and City have certain statutory powers pursuant to *Minnesota Statutes ("M.S.")*, Sections 469.001 - 469.047 inclusive, as amended, and *M.S.*, Sections 469.174 to 469.1794, inclusive, as amended (the "Tax Increment Financing Act" or "TIF Act"), to assist in financing public costs related to this project.

This section contains the Tax Increment Financing Plan (the "TIF Plan") for the District. Other relevant information is contained in the Modification to the Development Program for Redevelopment Project No. 1.

STATEMENT OF OBJECTIVES

The District currently consists of one parcel of land and adjacent roads and internal rights-of-way. The District is being created to facilitate the construction of approximately 600 apartments, 125 senior cooperative units, 50 town homes and 23,500 sq/ft commercial space in the City. The HRA has not entered into an agreement but has designated Alatus as the developer and development is anticipated to begin in 2022. This TIF Plan is expected to achieve many of the objectives outlined in the Development Program for Redevelopment Project No. 1.

The activities contemplated in the Modification to the Development Program and the TIF Plan do not preclude the undertaking of other qualified development or redevelopment activities. These activities are anticipated to occur over the life of Redevelopment Project No. 1 and the District.

DEVELOPMENT PROGRAM OVERVIEW

Pursuant to the Development Program and authorizing state statutes, the HRA or City is authorized to undertake the following activities in the District:

- 1. Property to be Acquired - Selected property located within the District may be acquired by the HRA or City and is further described in this TIF Plan.
- 2. Relocation - Relocation services, to the extent required by law, are available pursuant to *M.S., Chapter 117* and other relevant state and federal laws.
- 3. Upon approval of a developer's plan relating to the project and completion of the necessary legal requirements, the HRA or City may sell to a developer selected properties that it may acquire within the District or may lease land or facilities to a developer.
- 4. The HRA or City may perform or provide for some or all necessary acquisition, construction, relocation, demolition, and required utilities and public street work within the District.

DESCRIPTION OF PROPERTY IN THE DISTRICT AND PROPERTY TO BE ACQUIRED

The District encompasses all property and adjacent roads rights-of-way and abutting roadways identified by the parcels listed below.

Parcel number	Address	Owner
1911721140002	325 Blake Rd	MCWD

Please also see the map in Appendix A for further information on the location of the District.

The HRA or City may acquire any parcel within the District including interior and adjacent street rights of way. Any properties identified for acquisition will be acquired by the HRA or City only in order to accomplish one or more of the following: storm sewer improvements; provide land for needed public streets, utilities and facilities; carry out land acquisition, site improvements, clearance and/or development to accomplish the uses and objectives set forth in this plan. The HRA or City may acquire property by gift, dedication, condemnation or direct purchase from willing sellers in order to achieve the objectives of this TIF Plan. Such acquisitions will be undertaken only when there is assurance of funding to finance the acquisition and related costs.

DISTRICT CLASSIFICATION

The HRA and City, in determining the need to create a tax increment financing district in accordance with *M.S., Sections 469.174 to 469.1794*, as amended, inclusive, finds that the District, to be established, is a redevelopment district pursuant to *M.S., Section 469.174, Subd. 10(a)(1)*.

- The District is a redevelopment district consisting of one parcel.
- An inventory shows that parcels consisting of more than 70 percent of the area in the District were occupied by buildings, streets, utilities, paved or gravel parking lots or other similar structures.
- An inspection of the buildings located within the District found that more than 50 percent of the buildings are structurally substandard as defined in the TIF Act. (See Appendix D).
- The City approved a resolution prior to demolition of the building finding it to be substandard. (See Appendix D).

Pursuant to *M.S., Section 469.176, Subd. 7*, the District does not contain any parcel or part of a parcel that qualified under the provisions of *M.S., Sections 273.111, 273.112, or 273.114 or Chapter 473H* for taxes payable in any of the five calendar years before the filing of the request for certification of the District.

DURATION & FIRST YEAR OF DISTRICT'S TAX INCREMENT

Pursuant to *M.S., Section 469.175, Subd. 1, and Section 469.176, Subd. 1*, the duration and first year of tax increment of the District must be indicated within the TIF Plan. Pursuant to *M.S., Section 469.176, Subd. 1b.*, the duration of the District will be 25 years after receipt of the first increment by the HRA or City (a total of 26 years of tax increment). The HRA or City elects to receive the first tax increment in 2024, which is no later than four years following the year of approval of the District.

Thus, it is estimated that the District, including any modifications of the TIF Plan for subsequent phases or other changes, would terminate after 2049, or when the TIF Plan is satisfied. The HRA or City reserves the right to decertify the District prior to the legally required date.

ORIGINAL TAX CAPACITY, TAX RATE & ESTIMATED CAPTURED NET TAX CAPACITY VALUE/INCREMENT & NOTIFICATION OF PRIOR PLANNED IMPROVEMENTS

Pursuant to *M.S., Section 469.174, Subd. 7 and M.S., Section 469.177, Subd. 1*, the Original Net Tax Capacity (ONTC) as certified for the District will be based on the market values placed on the property by the assessor in 2022 for taxes payable 2023.

Pursuant to *M.S., Section 469.177, Subds. 1 and 2*, the County Auditor shall certify in each year (beginning in the payment year 2024) the amount by which the original value has increased or decreased as a result of:

- 1. Change in tax exempt status of property;
- 2. Reduction or enlargement of the geographic boundaries of the district;
- 3. Change due to adjustments, negotiated or court-ordered abatements;
- 4. Change in the use of the property and classification;
- 5. Change in state law governing class rates; or
- 6. Change in previously issued building permits.

In any year in which the current Net Tax Capacity (NTC) value of the District declines below the ONTC, no value will be captured and no tax increment will be payable to the City.

The original local tax rate for the District will be the local tax rate for taxes payable 2022, assuming the request for certification is made before June 30, 2022). The ONTC and the Original Local Tax Rate for the District appear in the table below.

Pursuant to *M.S., Section 469.174 Subd. 4 and M.S., Section 469.177, Subd. 1, 2, and 4*, the estimated Captured Net Tax Capacity (CTC) of the District, within Redevelopment Project No. 1, upon completion of the projects within the District, will annually approximate tax increment revenues as shown in the table below. The HRA and City requests 100 percent of the available increase in tax capacity for repayment of its obligations and current expenditures, beginning in the tax year payable 2024. The Project Tax Capacity (PTC) listed is an estimate of values when the projects within the District are completed.

Project Tax Capacity	
Project estimated Tax Capacity upon completion	2,703,017
Original estimated Net Tax Capacity	145,313
Fiscal Disparities	<u>23,933</u>
Estimated Captured Tax Capacity	2,533,771
Original Local Tax Rate	<u>141.5870%</u> Pay 2021
Estimated Annual Tax Increment	\$3,587,491
Percent Retained by the City	100%

Note: Tax capacity includes no inflation factor for the duration of the District. The tax capacity included in this chart is the estimated tax capacity of the District in year 4 when development is complete. The tax capacity of the District in year one is estimated to be \$470,507.

Pursuant to *M.S., Section 469.177, Subd. 4*, the HRA shall, after a due and diligent search, accompany its request for certification to the County Auditor or its notice of the District enlargement pursuant to *M.S., Section 469.175, Subd. 4*, with a listing of all properties within the District or area of enlargement for which building permits have been issued during the eighteen (18) months immediately preceding approval of the TIF Plan by the municipality pursuant to *M.S., Section 469.175, Subd. 3*. The County Auditor shall increase the original net tax capacity of the District by the net tax capacity of improvements for which a building permit was issued.

The City has reviewed the area to be included in the District and has determined no building permits have been issued during the 18 months immediately preceding approval of the TIF Plan by the City.

SOURCES OF REVENUE/BONDS TO BE ISSUED

The total estimated tax increment revenues for the District are shown in the table below:

SOURCES	
Tax Increment	\$ 88,112,762
Interest	<u>8,811,276</u>
TOTAL	\$ 96,924,038

The costs outlined in the Uses of Funds will be financed primarily through the annual collection of tax increments. The HRA and City reserve the right to incur bonds or other indebtedness as a result of the TIF Plan. As presently proposed, the projects within the District will be financed by pay-as-you-go notes, interfund loans and bonds. Any refunding amounts will be deemed a budgeted cost without a formal TIF Plan Modification. This provision does not obligate the HRA or City to incur debt. The HRA or City will issue bonds or incur other debt only upon the determination that such action is in the best interest of the HRA and City.

The HRA and City may issue bonds (as defined in the TIF Act) secured in whole or in part with tax increments from the District in a maximum principal amount of \$86,478,951. Such bonds may be in the form of pay-as-you-go notes, revenue bonds or notes, general obligation bonds, or interfund loans. This estimate of total bonded indebtedness is a cumulative statement of authority under this TIF Plan as of the date of approval.

USES OF FUNDS

Currently under consideration for the District is a proposal to facilitate the construction of approximately 600 apartments, 125 senior cooperative units, 50 town homes and 23,500 sq/ft commercial space. The HRA and City have determined that it will be necessary to provide assistance to the project(s) for certain District costs, as described.

The HRA and City have elected to increase the pooling percentage for affordable housing, as permitted under Minnesota Statutes, Section 469.1763, subdivision 2(d). The HRA and City hereby elects to increase by 10 percentage points (i.e, from 25% to 35%) the permitted amount of expenditures of increment from TIF District 1-6 (325 Blake) for affordable housing activities located outside the geographic area of TIF District 1-6 (325 Blake).

Upon approval of this TIF Plan, the City or HRA may expend 35% of the tax increment from the TIF District 1-6 (325 Blake) (the "Expanded Pooling Amount") as follows:

1. The Expanded Pooling Amount may be spent anywhere in the City (whether or not located within Redevelopment Project No. 1).
2. Expenditures of the Expanded Pooling Amount are not subject to the limitations set forth in Section 469.176, subd. 4j (relating to correcting conditions that allow the establishment of redevelopment district).

3. The Expanded Pooling Amount must be used exclusively to assist housing that meets the requirement for a qualified low-income building, as that term is used in Section 42 of the Internal Revenue Code of 1986, as amended (the "Tax Credit Act").
4. Expenditures of the Expanded Pooling Amount for any qualified low-income buildings may not exceed the qualified basis of that building, as defined in the Tax Credit Act, less the amount of any tax credit allowed under the Tax Credit Act for that building.
5. The Expanded Pooling Amount may be used to acquire and prepare sites for qualified rental housing; acquire construct or rehabilitate the housing, and make public improvements directly related to such housing.
6. To assist owner-occupied housing that meets the requirement of section 469.1761, subdivision 2.

The estimate of public costs and uses of funds associated with the District and other affordable housing projects is outlined in the following table.

The HRA and City have studied the feasibility of the development or redevelopment of property in and around the District. To facilitate the establishment and development or redevelopment of the District, this TIF Plan authorizes the use of tax increment financing to pay for the cost of certain eligible expenses. The estimate of public costs and uses of funds associated with the District is outlined in the following table.

USES	
Land/Building Acquisition	\$ 11,250,000
Site Improvements/Preparation	15,000,000
Affordable Housing	22,028,190
Utilities	3,000,000
Other Qualifying Improvements	26,389,484
Administrative Costs (up to 10%)	8,811,276
PROJECT COSTS TOTAL	\$ 86,478,951
Interest	10,445,087
PROJECT AND INTEREST COSTS TOTAL	\$ 96,924,038

The total project cost, including financing costs (interest) listed in the table above does not exceed the total projected tax increments for the District as shown in the Sources of Revenue section.

Estimated costs associated with the District are subject to change among categories without a modification to this TIF Plan. The cost of all activities to be considered for tax increment financing will not exceed, without formal modification, the budget above pursuant to the applicable statutory requirements. Pursuant to *M.S., Section 469.1763, Subd. 2*, no more than 25 percent of the tax increment paid by property within the District will be spent on activities related to development or redevelopment outside of the District but within the boundaries of Redevelopment Project No. 1, (including administrative costs, which are considered to be spent outside of the District) subject to the limitations as described in this TIF Plan.

FISCAL DISPARITIES ELECTION

Pursuant to *M.S., Section 469.177, Subd. 3*, the HRA or City may elect one of two methods to calculate fiscal disparities.

The HRA and City will choose to calculate fiscal disparities by clause b (inside).

ESTIMATED IMPACT ON OTHER TAXING JURISDICTIONS

The estimated impact on other taxing jurisdictions assumes that the redevelopment contemplated by the TIF Plan would occur without the creation of the District. However, the HRA and City have determined that such development or redevelopment would not occur "but for" tax increment financing and that, therefore, the fiscal impact on other taxing jurisdictions is \$0. The estimated fiscal impact of the District would be as follows if the "but for" test was not met:

Impact on Tax Base			
Entity	2020/Pay 2021 Total Net Tax Capacity	Estimated Captured Tax Capacity (CTC) upon completion	Percent of CTC to Entity Total
Hennepin County	2,080,642,179	2,533,771	0.1218%
City of Hopkins	23,376,940	2,533,771	10.8388%
ISD 270 (Hopkins Public Schools)	137,105,821	2,533,771	1.8480%

Impact on Tax Rates				
Entity	Pay 2021 Extension Rate	Percent of Total	CTC	Potential Taxes
Hennepin County	38.2100%	26.99%	2,533,771	\$ 968,154
City of Hopkins	67.6640%	47.79%	2,533,771	1,714,451
ISD 270 (Hopkins Public Schools)	26.4780%	18.70%	2,533,771	670,892
Other	9.2350%	6.52%	2,533,771	233,994
	141.5870%	100.00%		\$3,587,491

The estimates listed above display the captured tax capacity when all construction is completed. The tax rate used for calculations is the Pay 2021 rate. The total net capacity for the entities listed above are based on Pay 2021 figures. The District will be certified under the Pay 2022 rates, which were unavailable at the time this TIF Plan was prepared.

Pursuant to *M.S. Section 469.175 Subd. 2(b)*:

- (1) Estimate of total tax increment. It is estimated that the total amount of tax increment that will be generated over the life of the District is \$88,112,762;
- (2) Probable impact of the District on city provided services and ability to issue debt. An impact of the District on police protection is expected. With any addition of new residents or businesses, police calls for service will be increased. New developments add an increase in traffic, and additional overall demands to the call load. The City expects that the proposed development, in and of itself, will require the addition of one new police officer, but no new capital investment in vehicles or facilities.

The probable impact of the District on fire protection is not expected to be significant. Typically, new buildings generate few calls, if any, and are of superior construction. The City does not expect that the proposed development, in and of itself, will necessitate new capital investment in vehicles or facilities.

The impact of the District on public infrastructure is expected to be minimal. The developer will be required to pay for and install any public roads and required storm water ponding. Based on the development plans, there will be minimal costs associated with street maintenance, sweeping, plowing, lighting and sidewalks.

There is no probable impact of any District general obligation tax increment bonds on the ability to issue debt for general fund purposes.

- (3) Estimated amount of tax increment attributable to school district levies. It is estimated that the amount of tax increments over the life of the District that would be attributable to school district levies, assuming the school district's share of the total local tax rate for all taxing jurisdictions remained the same, is \$16,477,853;
- (4) Estimated amount of tax increment attributable to county levies. It is estimated that the amount of tax increments over the life of the District that would be attributable to county levies, assuming the county's share of the total local tax rate for all taxing jurisdictions remained the same, is \$23,778,939;
- (5) Additional information requested by the county or school district. The City is not aware of any standard questions in a county or school district written policy regarding tax increment districts and impact on county or school district services. The county or school district must request additional information pursuant to *M.S. Section 469.175 Subd. 2(b)* within 15 days after receipt of the tax increment financing plan.

No requests for additional information from the county or school district regarding the proposed development for the District have been received.

SUPPORTING DOCUMENTATION

Pursuant to *M.S. Section 469.175, Subd. 1 (a), clause 7* the TIF Plan must contain identification and description of studies and analyses used to make the determination set forth in *M.S. Section 469.175, Subd. 3, clause (b)(2)* and the findings are required in the resolution approving the District.

- (i) In making said determination, reliance has been placed upon (1) written representation made by the developer to such effects; and (2) City staff awareness of the feasibility of developing the project site within the District, which is further outlined in the city council resolution approving the establishment of the TIF District and Appendix C.

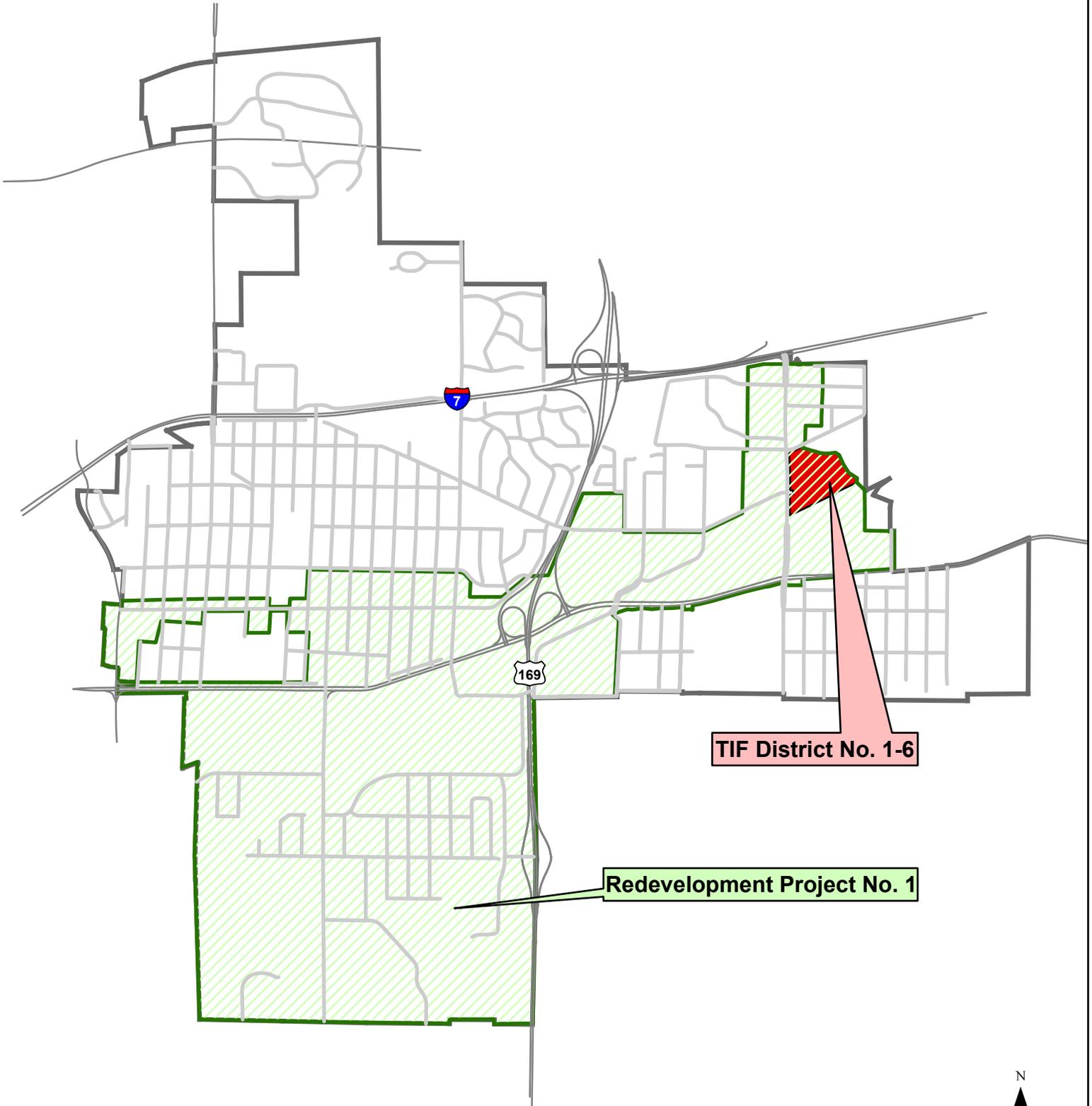
(ii) A comparative analysis of estimated market value both with and without establishment of the TIF District and the use of tax increments has been performed. Such analysis is included with the cashflow in Appendix B and indicates that the increase in estimated market value of the proposed development (less the indicated subtractions) exceeds the estimated market value of the site absent the establishment of the TIF District and the use of tax increments.

DISTRICT ADMINISTRATION

Administration of the District will be handled by the Director of Planning and Development.

Appendix A: Map of Redevelopment Project No. 1 and the TIF District

**City of Hopkins
Tax Increment Financing District 1-6
325 Blake Road North**



TIF District No. 1-6

Redevelopment Project No. 1



Appendix B: Estimated Cash Flow for the District

TIF 1-6 (325 Blake)

City of Hopkins, MN

Mixed Use



ASSUMPTIONS AND RATES

DistrictType:	Redevelopment
District Name/Number:	1-6 (325 Blake)
County District #:	
First Year Construction or Inflation on Value	2022
Existing District - Specify No. Years Remaining	
Inflation Rate - Every Year:	0.00%
Interest Rate:	1.00%
Present Value Date:	1-Aug-23
First Period Ending	1-Feb-24
Tax Year District was Certified:	Pay 2021
Cashflow Assumes First Tax Increment For Developmen	2024
Years of Tax Increment	26
Assumes Last Year of Tax Increment	2049
Fiscal Disparities Election [Outside (A), Inside (B), or N/	Inside(B)
Incremental or Total Fiscal Disparities	Incremental
Fiscal Disparities Contribution Ratio	32.7850% Pay 2021
Fiscal Disparities Metro-Wide Tax Rate	139.5040% Pay 2021
Maximum/Frozen Local Tax Rate:	141.587% Pay 2021
Current Local Tax Rate: (Use lesser of Current or Max.)	141.587% Pay 2021
State-wide Tax Rate (Comm./Ind. only used for total tax)	35.9780% Pay 2021
Market Value Tax Rate (Used for total taxes)	0.14358% Pay 2021

Tax Rates		
Exempt Class Rate (Exempt)		0.00%
Commercial Industrial Preferred Class Rate (C/I Pref.)		
First \$150,000		1.50%
Over \$150,000		2.00%
Commercial Industrial Class Rate (C/I)		2.00%
Rental Housing Class Rate (Rental)		1.25%
Affordable Rental Housing Class Rate (Aff. Rental)		
First \$100,000		0.75%
Over \$100,000		0.25%
Non-Homestead Residential (Non-H Res. 1 Unit)		
First \$500,000		1.00%
Over \$500,000		1.25%
Homestead Residential Class Rate (Hmstd. Res.)		
First \$500,000		1.00%
Over \$500,000		1.25%
Agricultural Non-Homestead		1.00%

BASE VALUE INFORMATION (Original Tax Capacity)														
Map ID	PID	Owner	Address	Land Market Value	Building Market Value	Total Market Value	Percentage Of Value Used for District	Original Market Value	Tax Year Original Market Value	Property Tax Class	Current Original Tax Capacity	Class After Conversion	After Conversion Orig. Tax Cap.	Area/Phase
1	1911721140002	MCWD	325 Blake Rd	11,625,000	0	11,625,000	100%	11,625,000	Pay 2021	Exempt	-	Rental	145,313	1
				11,625,000	0	11,625,000		11,625,000			0		145,313	

Note:

1. Base values are based upon \$15,000/unit
2. Located in SD # 270 and WS #3

TIF 1-6 (325 Blake)

City of Hopkins, MN
Mixed Use



PROJECT INFORMATION (Project Tax Capacity)														
Area/Phase	New Use	Estimated Market Value Per Sq. Ft./Unit	Taxable Market Value Per Sq. Ft./Unit	Total Sq. Ft./Units	Total Taxable Market Value	Property Tax Class	Project Tax Capacity	Project Tax Capacity/Unit	Percentage Completed 2022	Percentage Completed 2023	Percentage Completed 2024	Percentage Completed 2025	First Year Full Taxes Payable	
1	Sr. Coop	332,330	325,000	125	40,624,963	Hmstd. Res.	406,250	3,250	25%	75%	100%	100%	2026	
1	Apts	270,000	270,000	219	59,130,000	Rental	739,125	3,375	25%	75%	100%	100%	2026	
1	Retail	175	175	6,000	1,050,000	C/I Pref.	20,250	3	25%	75%	100%	100%	2026	
1	Apts	270,000	270,000	191	51,570,000	Rental	644,625	3,375	25%	75%	100%	100%	2026	
1	TH	400,000	398,760	9	3,588,840	Hmstd. Res.	35,888	3,988	50%	100%	100%	100%	2025	
2	Apts	270,000	270,000	76	20,520,000	Rental	256,500	3,375	0%	25%	75%	100%	2027	
2	Apts	270,000	270,000	79	21,330,000	Rental	266,625	3,375	0%	25%	75%	100%	2027	
2	Retail	175	175	8,000	1,400,000	C/I Pref.	27,250	3	0%	25%	75%	100%	2027	
2	TH	400,000	398,760	5	1,993,800	Hmstd. Res.	19,938	3,988	0%	50%	100%	100%	2026	
2	Apts	270,000	270,000	36	9,720,000	Rental	121,500	3,375	0%	25%	75%	100%	2027	
2	Retail	175	175	7,500	1,312,500	C/I Pref.	25,500	3	0%	25%	75%	100%	2027	
2	TH	400,000	398,760	35	13,956,600	Hmstd. Res.	139,566	3,988	0%	50%	100%	100%	2026	
TOTAL					226,196,703		2,703,017							
Subtotal Residential				775	222,434,203		2,630,017							
Subtotal Commercial/Ind.				21,500	3,762,500		73,000							

Note:

1. Market values are based upon estimates.

TAX CALCULATIONS									
New Use	Total Tax Capacity	Fiscal Disparities Tax Capacity	Local Tax Capacity	Local Property Taxes	Fiscal Disparities Taxes	State-wide Property Taxes	Market Value Taxes	Total Taxes	Taxes Per Sq. Ft./Unit
Sr. Coop	406,250	0	406,250	575,197	0	0	58,329	633,526	5,068.21
Apts	739,125	0	739,125	1,046,505	0	0	84,899	1,131,404	5,166.23
Retail	20,250	6,639	13,611	19,271	9,262	6,746	1,508	36,787	6.13
Apts	644,625	0	644,625	912,705	0	0	74,044	986,749	5,166.23
TH	35,888	0	35,888	50,813	0	0	5,153	55,966	6,218.46
Apts	256,500	0	256,500	363,171	0	0	29,463	392,633	5,166.23
Apts	266,625	0	266,625	377,506	0	0	30,626	408,132	5,166.23
Retail	27,250	8,934	18,316	25,933	12,463	9,264	2,010	49,671	6.21
TH	19,938	0	19,938	28,230	0	0	2,863	31,092	6,218.46
Apts	121,500	0	121,500	172,028	0	0	13,956	185,984	5,166.23
Retail	25,500	8,360	17,140	24,268	11,663	8,635	1,884	46,450	6.19
TH	139,566	0	139,566	197,607	0	0	20,039	217,646	6,218.46
TOTAL	2,703,017	23,933	2,679,084	3,793,235	33,388	24,645	324,773	4,176,040	

Note:

1. Taxes and tax increment will vary significantly from year to year depending upon values, rates, state law, fiscal disparities and other factors which cannot be predicted.

WHAT IS EXCLUDED FROM TIF?	
Total Property Taxes	4,176,040
less State-wide Taxes	(24,645)
less Fiscal Disp. Adj.	(33,388)
less Market Value Taxes	(324,773)
less Base Value Taxes	(205,744)
Annual Gross TIF	3,587,491

MARKET VALUE BUT / FOR ANALYSIS	
Current Market Value - Est.	11,625,000
New Market Value - Est.	226,196,703
Difference	214,571,703
Present Value of Tax Increment	76,783,530
Difference	137,788,172
Value likely to occur without Tax Increment is less than:	137,788,172



TIF 1-6 (325 Blake)

City of Hopkins, MN

Mixed Use

TAX INCREMENT CASH FLOW															
% of OTC	Project Tax Capacity	Original Tax Capacity	Fiscal Disparities Incremental	Captured Tax Capacity	Local Tax Rate	Annual Gross Tax Increment	Semi-Annual Gross Tax Increment	State Auditor 0.36%	Admin. at 10%	Semi-Annual Net Tax Increment	Semi-Annual Present Value	PERIOD ENDING Yrs.	Tax Year	Payment Date	
100%	470,507	(145,313)	(1,660)	323,534	141.587%	458,083	229,041	(825)	(22,822)	205,395	203,356	0.5	2024	02/01/24	
100%	1,647,671	(145,313)	(9,303)	1,493,056	141.587%	2,113,973	1,056,987	(3,805)	(105,318)	947,863	1,334,842	1.5	2025	08/01/25	
100%	2,528,673	(145,313)	(19,610)	2,363,751	141.587%	3,346,764	1,673,382	(6,024)	(166,736)	1,500,622	3,715,741	2.5	2026	08/01/26	
100%	2,703,017	(145,313)	(23,933)	2,533,771	141.587%	3,587,491	1,793,746	(6,457)	(178,729)	1,608,559	6,710,517	3.5	2027	08/01/27	
100%	2,703,017	(145,313)	(23,933)	2,533,771	141.587%	3,587,491	1,793,746	(6,457)	(178,729)	1,608,559	8,248,468	4	2027	02/01/28	
100%	2,703,017	(145,313)	(23,933)	2,533,771	141.587%	3,587,491	1,793,746	(6,457)	(178,729)	1,608,559	9,778,768	4.5	2028	08/01/28	
100%	2,703,017	(145,313)	(23,933)	2,533,771	141.587%	3,587,491	1,793,746	(6,457)	(178,729)	1,608,559	11,301,454	5	2028	02/01/29	
100%	2,703,017	(145,313)	(23,933)	2,533,771	141.587%	3,587,491	1,793,746	(6,457)	(178,729)	1,608,559	12,816,564	5.5	2029	08/01/29	
100%	2,703,017	(145,313)	(23,933)	2,533,771	141.587%	3,587,491	1,793,746	(6,457)	(178,729)	1,608,559	14,324,137	6	2029	02/01/30	
100%	2,703,017	(145,313)	(23,933)	2,533,771	141.587%	3,587,491	1,793,746	(6,457)	(178,729)	1,608,559	15,824,209	6.5	2030	08/01/30	
100%	2,703,017	(145,313)	(23,933)	2,533,771	141.587%	3,587,491	1,793,746	(6,457)	(178,729)	1,608,559	17,316,818	7	2030	02/01/31	
100%	2,703,017	(145,313)	(23,933)	2,533,771	141.587%	3,587,491	1,793,746	(6,457)	(178,729)	1,608,559	18,802,002	7.5	2031	08/01/31	
100%	2,703,017	(145,313)	(23,933)	2,533,771	141.587%	3,587,491	1,793,746	(6,457)	(178,729)	1,608,559	20,279,796	8	2031	02/01/32	
100%	2,703,017	(145,313)	(23,933)	2,533,771	141.587%	3,587,491	1,793,746	(6,457)	(178,729)	1,608,559	21,750,238	8.5	2032	08/01/32	
100%	2,703,017	(145,313)	(23,933)	2,533,771	141.587%	3,587,491	1,793,746	(6,457)	(178,729)	1,608,559	23,213,365	9	2032	02/01/33	
100%	2,703,017	(145,313)	(23,933)	2,533,771	141.587%	3,587,491	1,793,746	(6,457)	(178,729)	1,608,559	24,669,212	9.5	2033	08/01/33	
100%	2,703,017	(145,313)	(23,933)	2,533,771	141.587%	3,587,491	1,793,746	(6,457)	(178,729)	1,608,559	26,117,816	10	2033	02/01/34	
100%	2,703,017	(145,313)	(23,933)	2,533,771	141.587%	3,587,491	1,793,746	(6,457)	(178,729)	1,608,559	27,559,214	10.5	2034	08/01/34	
100%	2,703,017	(145,313)	(23,933)	2,533,771	141.587%	3,587,491	1,793,746	(6,457)	(178,729)	1,608,559	28,993,440	11	2034	02/01/35	
100%	2,703,017	(145,313)	(23,933)	2,533,771	141.587%	3,587,491	1,793,746	(6,457)	(178,729)	1,608,559	30,420,530	11.5	2035	08/01/35	
100%	2,703,017	(145,313)	(23,933)	2,533,771	141.587%	3,587,491	1,793,746	(6,457)	(178,729)	1,608,559	31,840,521	12	2035	02/01/36	
100%	2,703,017	(145,313)	(23,933)	2,533,771	141.587%	3,587,491	1,793,746	(6,457)	(178,729)	1,608,559	33,253,447	12.5	2036	08/01/36	
100%	2,703,017	(145,313)	(23,933)	2,533,771	141.587%	3,587,491	1,793,746	(6,457)	(178,729)	1,608,559	34,659,344	13	2036	02/01/37	
100%	2,703,017	(145,313)	(23,933)	2,533,771	141.587%	3,587,491	1,793,746	(6,457)	(178,729)	1,608,559	36,058,246	13.5	2037	08/01/37	
100%	2,703,017	(145,313)	(23,933)	2,533,771	141.587%	3,587,491	1,793,746	(6,457)	(178,729)	1,608,559	37,450,188	14	2037	02/01/38	
100%	2,703,017	(145,313)	(23,933)	2,533,771	141.587%	3,587,491	1,793,746	(6,457)	(178,729)	1,608,559	38,835,206	14.5	2038	08/01/38	
100%	2,703,017	(145,313)	(23,933)	2,533,771	141.587%	3,587,491	1,793,746	(6,457)	(178,729)	1,608,559	40,213,332	15	2038	02/01/39	
100%	2,703,017	(145,313)	(23,933)	2,533,771	141.587%	3,587,491	1,793,746	(6,457)	(178,729)	1,608,559	41,584,603	15.5	2039	08/01/39	
100%	2,703,017	(145,313)	(23,933)	2,533,771	141.587%	3,587,491	1,793,746	(6,457)	(178,729)	1,608,559	42,949,051	16	2039	02/01/40	
100%	2,703,017	(145,313)	(23,933)	2,533,771	141.587%	3,587,491	1,793,746	(6,457)	(178,729)	1,608,559	44,306,711	16.5	2040	08/01/40	
100%	2,703,017	(145,313)	(23,933)	2,533,771	141.587%	3,587,491	1,793,746	(6,457)	(178,729)	1,608,559	45,657,616	17	2040	02/01/41	
100%	2,703,017	(145,313)	(23,933)	2,533,771	141.587%	3,587,491	1,793,746	(6,457)	(178,729)	1,608,559	47,001,800	17.5	2041	08/01/41	
100%	2,703,017	(145,313)	(23,933)	2,533,771	141.587%	3,587,491	1,793,746	(6,457)	(178,729)	1,608,559	48,339,297	18	2041	02/01/42	
100%	2,703,017	(145,313)	(23,933)	2,533,771	141.587%	3,587,491	1,793,746	(6,457)	(178,729)	1,608,559	49,670,140	18.5	2042	08/01/42	
100%	2,703,017	(145,313)	(23,933)	2,533,771	141.587%	3,587,491	1,793,746	(6,457)	(178,729)	1,608,559	50,994,361	19	2042	02/01/43	
100%	2,703,017	(145,313)	(23,933)	2,533,771	141.587%	3,587,491	1,793,746	(6,457)	(178,729)	1,608,559	52,311,995	19.5	2043	08/01/43	
100%	2,703,017	(145,313)	(23,933)	2,533,771	141.587%	3,587,491	1,793,746	(6,457)	(178,729)	1,608,559	53,623,073	20	2043	02/01/44	
100%	2,703,017	(145,313)	(23,933)	2,533,771	141.587%	3,587,491	1,793,746	(6,457)	(178,729)	1,608,559	54,927,628	20.5	2044	08/01/44	
100%	2,703,017	(145,313)	(23,933)	2,533,771	141.587%	3,587,491	1,793,746	(6,457)	(178,729)	1,608,559	56,225,693	21	2044	02/01/45	
100%	2,703,017	(145,313)	(23,933)	2,533,771	141.587%	3,587,491	1,793,746	(6,457)	(178,729)	1,608,559	57,517,300	21.5	2045	08/01/45	
100%	2,703,017	(145,313)	(23,933)	2,533,771	141.587%	3,587,491	1,793,746	(6,457)	(178,729)	1,608,559	58,802,480	22	2045	02/01/46	
100%	2,703,017	(145,313)	(23,933)	2,533,771	141.587%	3,587,491	1,793,746	(6,457)	(178,729)	1,608,559	60,081,267	22.5	2046	08/01/46	
100%	2,703,017	(145,313)	(23,933)	2,533,771	141.587%	3,587,491	1,793,746	(6,457)	(178,729)	1,608,559	61,353,692	23	2046	02/01/47	
100%	2,703,017	(145,313)	(23,933)	2,533,771	141.587%	3,587,491	1,793,746	(6,457)	(178,729)	1,608,559	62,619,787	23.5	2047	08/01/47	
100%	2,703,017	(145,313)	(23,933)	2,533,771	141.587%	3,587,491	1,793,746	(6,457)	(178,729)	1,608,559	63,879,582	24	2047	02/01/48	
100%	2,703,017	(145,313)	(23,933)	2,533,771	141.587%	3,587,491	1,793,746	(6,457)	(178,729)	1,608,559	65,133,110	24.5	2048	08/01/48	
100%	2,703,017	(145,313)	(23,933)	2,533,771	141.587%	3,587,491	1,793,746	(6,457)	(178,729)	1,608,559	66,380,401	25	2048	02/01/49	
100%	2,703,017	(145,313)	(23,933)	2,533,771	141.587%	3,587,491	1,793,746	(6,457)	(178,729)	1,608,559	67,621,487	25.5	2049	08/01/49	
							1,793,746	(6,457)	(178,729)	1,608,559	68,856,399	26	2049	02/01/50	
Total							88,431,114	(318,352)	(8,811,276)	79,301,486					
Present Value From 08/01/2023							76,783,530	(276,421)	(7,650,711)	68,856,399					
Present Value Rate							1.00%								

Appendix C: Findings Including But/For Qualifications

The reasons and facts supporting the findings for the adoption of the Tax Increment Financing Plan (TIF Plan) for Tax Increment Financing District No. 1-6 (325 Blake) (the “District”), as required pursuant to Minnesota Statutes, Section 469.175, Subdivision 3 are as follows:

1. *Finding that Tax Increment Financing District No. 1-6 (325 Blake) is a redevelopment district as defined in M.S., Section 469.174, Subd. 10.*

The District consists of one parcel and vacant right-of-way, with plans to redevelop the area for the construction of approximately 600 apartments, 125 senior cooperative units, 50 town homes and 23,500 sq/ft commercial space. Parcels consisting of 70 percent of the area of the District are occupied by buildings, streets, utilities, paved or gravel parking lots or other similar structures and more than 50 percent of the buildings in the District, not including outbuildings, are structurally substandard to a degree requiring substantial renovation or clearance. (See Appendix D of the TIF Plan.)

2. *Finding that the proposed development, in the opinion of the City Council, would not reasonably be expected to occur solely through private investment within the reasonably foreseeable future and that the increased market value of the site that could reasonably be expected to occur without the use of tax increment financing would be less than the increase in the market value estimated to result from the proposed development after subtracting the present value of the projected tax increments for the maximum duration of Tax Increment Financing District No. 1-6 (325 Blake) permitted by the TIF Plan.*

The proposed development, in the opinion of the City, would not reasonably be expected to occur solely through private investment within the reasonably foreseeable future: This finding is supported by the fact that the redevelopment proposed in the TIF Plan meets the City’s objectives for redevelopment. Due to the high cost of construction of a high-density development, required parking and significant public improvements, this project is feasible only through assistance, in part, from tax increment financing. The developer was selected through a competitive RFP process and all respondents requested public assistance in the form of tax increment financing in order to redevelop the site.

The increased market value of the site that could reasonably be expected to occur without the use of tax increment financing would be less than the increase in market value estimated to result from the proposed development after subtracting the present value of the projected tax increments for the maximum duration of the District permitted by the TIF Plan: This finding is justified on the grounds that the cost of site, roadways, public improvements and utilities add to the total redevelopment cost. Historically, construction costs, site and public improvements costs have made redevelopment infeasible without tax increment assistance. In addition, the developer was selected through a competitive RFP process and all respondents requested public assistance in the form of tax increment financing in order to redevelop the site. The City reasonably determines that no other redevelopment of similar scope is anticipated on this site without substantially similar assistance being provided to the development.

Therefore, the City concludes as follows:

- a. The City's estimate of the amount by which the market value of the entire District will increase without the use of tax increment financing is \$0.
 - b. If the proposed development occurs, the total increase in market value will be \$214,571,703.
 - c. The present value of tax increments from the District for the maximum duration of the district permitted by the TIF Plan is estimated to be \$76,783,530.
 - d. Even if some development other than the proposed development were to occur, the Council finds that no alternative would occur that would produce a market value increase greater than \$137,788,172 (the amount in clause b less the amount in clause c) without tax increment assistance.
3. *Finding that the TIF Plan for the District conforms to the general plan for the development or redevelopment of the municipality as a whole.*

The Council reviewed the TIF Plan on and found that the TIF Plan conforms to the general development plan of the City.

4. *Finding that the TIF Plan for Tax Increment Financing District No. 1-6 (325 Blake) will afford maximum opportunity, consistent with the sound needs of the City as a whole, for the development or redevelopment of Redevelopment Project No. 1 by private enterprise.*

The project to be assisted by the District will result in increased employment in the City and the State of Minnesota, increased tax base of the State, will increase the availability of safe and decent life-cycle housing in the City, and add high-quality developments to the City.

Appendix D: Redevelopment Qualifications for the District and Demo Resolution

Report of Inspection Procedures and Results for
Determining Qualifications of a
Tax Increment Financing District as a Redevelopment District

Hopkins Cold Storage Redevelopment TIF District Hopkins, Minnesota



June 9, 2017

Prepared For the
City of Hopkins

Prepared by:



LHB, Inc.
701 Washington Avenue North, Suite 200
Minneapolis, Minnesota 55401

LHB Project No. 170285

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PART 1 – EXECUTIVE SUMMARY

PURPOSE OF EVALUATION

LHB was hired by the City of Hopkins to inspect and evaluate the properties within a Tax Increment Financing Redevelopment District (“TIF District”) proposed to be established by the City. The proposed TIF District is located at the southeast intersection of Lake Street Northeast and Blake Road North (Diagram 1). The purpose of LHB’s work is to determine whether the proposed TIF District meets the statutory requirements for coverage, and whether one (1) building on one (1) parcel, located within the proposed TIF District, meet the qualifications required for a Redevelopment District.



Diagram 1 – Proposed TIF District

SCOPE OF WORK

The proposed TIF District consists of one (1) parcel with one (1) building. One (1) building was inspected on May 4, 2017. A Building Code and Condition Deficiency Report for the building that was inspected is located in Appendix B.

CONCLUSION

After inspecting and evaluating the properties within the proposed TIF District and applying current statutory criteria for a Redevelopment District under *Minnesota Statutes, Section 469.174, Subdivision 10*, it is our professional opinion that the proposed TIF District qualifies as a Redevelopment District because:

- The proposed TIF District has a coverage calculation of 100 percent which is above the 70 percent requirement.
- 100 percent of the buildings are structurally substandard which is above the 50 percent requirement.
- The substandard buildings are reasonably distributed.

The remainder of this report describes our process and findings in detail.

PART 2 – MINNESOTA STATUTE 469.174, SUBDIVISION 10 REQUIREMENTS

The properties were inspected in accordance with the following requirements under *Minnesota Statutes, Section 469.174, Subdivision 10(c)*, which states:

INTERIOR INSPECTION

“The municipality may not make such determination [that the building is structurally substandard] without an interior inspection of the property...”

EXTERIOR INSPECTION AND OTHER MEANS

“An interior inspection of the property is not required, if the municipality finds that

- (1) the municipality or authority is unable to gain access to the property after using its best efforts to obtain permission from the party that owns or controls the property; and
- (2) the evidence otherwise supports a reasonable conclusion that the building is structurally substandard.”

DOCUMENTATION

“Written documentation of the findings and reasons why an interior inspection was not conducted must be made and retained under section 469.175, subdivision 3(1).”

QUALIFICATION REQUIREMENTS

Minnesota Statutes, Section 469.174, Subdivision 10 (a) (1) requires three tests for occupied parcels:

A. COVERAGE TEST

...“parcels consisting of 70 percent of the area of the district are occupied by buildings, streets, utilities, or paved or gravel parking lots...”

The coverage required by the parcel to be considered occupied is defined under *Minnesota Statutes, Section 469.174, Subdivision 10(e)*, which states: “For purposes of this subdivision, a parcel is not occupied by buildings, streets, utilities, paved or gravel parking lots, or other similar structures unless 15 percent of the area of the parcel contains buildings, streets, utilities, paved or gravel parking lots, or other similar structures.”

B. CONDITION OF BUILDINGS TEST

Minnesota Statutes, Section 469.174, Subdivision 10(a) states, “...and more than 50 percent of the buildings, not including outbuildings, are structurally substandard to a degree requiring substantial renovation or clearance;”

1. Structurally substandard is defined under *Minnesota Statutes, Section 469.174, Subdivision 10(b)*, which states: “For purposes of this subdivision, ‘structurally substandard’ shall mean containing defects in structural elements or a combination of deficiencies in essential utilities and facilities, light and ventilation, fire protection including adequate egress, layout and condition of interior partitions, or similar factors, which defects or deficiencies are of sufficient total significance to justify substantial renovation or clearance.”
 - a. We do not count energy code deficiencies toward the thresholds required by *Minnesota Statutes, Section 469.174, Subdivision 10(b)* defined as “structurally substandard”, due to concerns expressed by the State of Minnesota Court of Appeals in the *Walser Auto Sales, Inc. vs. City of Richfield* case filed November 13, 2001.
2. Buildings are not eligible to be considered structurally substandard unless they meet certain additional criteria, as set forth in Subdivision 10(c) which states:

“A building is not structurally substandard if it is in compliance with the building code applicable to new buildings or could be modified to satisfy the building code at a cost of less than 15 percent of the cost of constructing a new structure of the same square footage and type on the site. The municipality may find that a building is not disqualified as structurally substandard under the preceding sentence on the basis of reasonably available evidence, such as the size, type, and age of the building, the average cost of plumbing, electrical, or structural repairs, or other similar reliable evidence.”

“Items of evidence that support such a conclusion [that the building is not disqualified] include recent fire or police inspections, on-site property tax appraisals or housing inspections, exterior evidence of deterioration, or other similar reliable evidence.”

LHB counts energy code deficiencies toward the 15 percent code threshold required by *Minnesota Statutes, Section 469.174, Subdivision 10(c)* for the following reasons:

- The Minnesota energy code is one of ten building code areas highlighted by the Minnesota Department of Labor and Industry website where minimum construction standards are required by law.

- Chapter 13 of the 2015 *Minnesota Building Code* states, “Buildings shall be designed and constructed in accordance with the *International Energy Conservation Code*.” Furthermore, Minnesota Rules, Chapter 1305.0021 Subpart 9 states, “References to the *International Energy Conservation Code* in this code mean the *Minnesota Energy Code*...”
- The Senior Building Code Representative for the Construction Codes and Licensing Division of the Minnesota Department of Labor and Industry confirmed that the Minnesota Energy Code is being enforced throughout the State of Minnesota.
- In a January 2002 report to the Minnesota Legislature, the Management Analysis Division of the Minnesota Department of Administration confirmed that the construction cost of new buildings complying with the Minnesota Energy Code is higher than buildings built prior to the enactment of the code.
- Proper TIF analysis requires a comparison between the replacement value of a new building built under current code standards with the repairs that would be necessary to bring the existing building up to current code standards. In order for an equal comparison to be made, all applicable code chapters should be applied to both scenarios. Since current construction estimating software automatically applies the construction cost of complying with the Minnesota Energy Code, energy code deficiencies should also be identified in the existing structures.

C. DISTRIBUTION OF SUBSTANDARD BUILDINGS

Minnesota Statutes, Section 469.174, Subdivision 10, defines a Redevelopment District and requires one or more of the following conditions, “reasonably distributed throughout the district.”

- (1) “Parcels consisting of 70 percent of the area of the district are occupied by buildings, streets, utilities, paved or gravel parking lots, or other similar structures and more than 50 percent of the buildings, not including outbuildings, are structurally substandard to a degree requiring substantial renovation or clearance;
- (2) the property consists of vacant, unused, underused, inappropriately used, or infrequently used rail yards, rail storage facilities, or excessive or vacated railroad rights-of-way;
- (3) tank facilities, or property whose immediately previous use was for tank facilities...”

Our interpretation of the distribution requirement is that the substandard buildings must be reasonably distributed throughout the district as compared to the location of all buildings in the district. For example, if all of the buildings in a district are located on one half of the area of the district, with the other half occupied by parking lots (meeting the required 70 percent coverage for the district), we would evaluate the distribution of the substandard buildings compared with only the half of the district where the buildings are located. If all of the buildings in a district are located evenly throughout the entire area of the district, the substandard buildings must be reasonably distributed throughout the entire area of the district. We believe this is consistent with the opinion expressed by the State of Minnesota Court of Appeals in the *Walser Auto Sales, Inc. vs. City of Richfield* case filed November 13, 2001.

PART 3 – PROCEDURES FOLLOWED

LHB inspected one (1) building during the day of May 4, 2017.

PART 4 – FINDINGS

A. COVERAGE TEST

1. The total square foot area of the parcel in the proposed TIF District was obtained from City records, GIS mapping and site verification.
2. The total square foot area of buildings and site improvements on the parcels in the proposed TIF District was obtained from City records, GIS mapping and site verification.
3. The percentage of coverage for each parcel in the proposed TIF District was computed to determine if the 15 percent minimum requirement was met. The total square footage of parcels meeting the 15 percent requirement was divided into the total square footage of the entire district to determine if the 70 percent requirement was met.

FINDING:

The proposed TIF District met the coverage test under *Minnesota Statutes, Section 469.174, Subdivision 10(e)*, which resulted in parcels consisting of 100 percent of the area of the proposed TIF District being occupied by buildings, streets, utilities, paved or gravel parking lots, or other similar structures (Diagram 2). This exceeds the 70 percent area coverage requirement for the proposed TIF District under *Minnesota Statutes, Section 469.174, Subdivision (a) (1)*.



Diagram 2 – Coverage Diagram

Shaded area depicts a parcel more than 15 percent occupied by buildings, streets, utilities, paved or gravel parking lots or other similar structures

B. CONDITION OF BUILDING TEST

1. BUILDING INSPECTION

The first step in the evaluation process is the building inspection. After an initial walk-thru, the inspector makes a judgment whether or not a building “appears” to have enough defects or deficiencies of sufficient total significance to justify substantial renovation or clearance. If it does, the inspector documents with notes and photographs code and non-code deficiencies in the building.

2. REPLACEMENT COST

The second step in evaluating a building to determine if it is substandard to a degree requiring substantial renovation or clearance is to determine its replacement cost. This is the cost of constructing a new structure of the same square footage and type on site. Replacement costs were researched using R.S. Means Cost Works square foot models for 2017.

A replacement cost was calculated by first establishing building use (office, retail, residential, etc.), building construction type (wood, concrete, masonry, etc.), and building size to obtain the appropriate median replacement cost, which factors in the costs of construction in Hopkins, Minnesota.

Replacement cost includes labor, materials, and the contractor's overhead and profit. Replacement costs do not include architectural fees, legal fees or other "soft" costs not directly related to construction activities. Replacement cost for each building is tabulated in Appendix A.

3. CODE DEFICIENCIES

The next step in evaluating a building is to determine what code deficiencies exist with respect to such building. Code deficiencies are those conditions for a building which are not in compliance with current building codes applicable to new buildings in the State of Minnesota.

Minnesota Statutes, Section 469.174, Subdivision 10(c), specifically provides that a building cannot be considered structurally substandard if its code deficiencies are not at least 15 percent of the replacement cost of the building. As a result, it was necessary to determine the extent of code deficiencies for each building in the proposed TIF District.

The evaluation was made by reviewing all available information with respect to such buildings contained in City Building Inspection records and making interior and exterior inspections of the buildings. LHB utilizes the current Minnesota State Building Code as the official code for our evaluations. The Minnesota State Building Code is actually a series of provisional codes written specifically for Minnesota only requirements, adoption of several international codes, and amendments to the adopted international codes.

After identifying the code deficiencies in each building, we used R.S. Means Cost Works 2017; Unit and Assembly Costs to determine the cost of correcting the identified deficiencies. We were then able to compare the correction costs with the replacement cost of each building to determine if the costs for correcting code deficiencies meet the required 15 percent threshold.

FINDING:

One (1) out of one (1) buildings (100 percent) in the proposed TIF District contained code deficiencies exceeding the 15 percent threshold required by *Minnesota Statutes, Section 469.174, Subdivision 10(c)*. Building Code, Condition Deficiency and Context Analysis

reports for the buildings in the proposed TIF District can be found in Appendix B of this report.

4. SYSTEM CONDITION DEFICIENCIES

If a building meets the minimum code deficiency threshold under *Minnesota Statutes, Section 469.174, Subdivision 10(c)*, then in order for such building to be “structurally substandard” under *Minnesota Statutes, Section 469.174, Subdivision 10(b)*, the building’s defects or deficiencies should be of sufficient total significance to justify “substantial renovation or clearance.” Based on this definition, LHB re-evaluated each of the buildings that met the code deficiency threshold under *Minnesota Statutes, Section 469.174, Subdivision 10(c)*, to determine if the total deficiencies warranted “substantial renovation or clearance” based on the criteria we outlined above.

System condition deficiencies are a measurement of defects or substantial deterioration in site elements, structure, exterior envelope, mechanical and electrical components, fire protection and emergency systems, interior partitions, ceilings, floors and doors.

The evaluation of system condition deficiencies was made by reviewing all available information contained in City records, and making interior and exterior inspections of the buildings. LHB only identified system condition deficiencies that were visible upon our inspection of the building or contained in City records. We did not consider the amount of “service life” used up for a particular component unless it was an obvious part of that component’s deficiencies.

After identifying the system condition deficiencies in each building, we used our professional judgment to determine if the list of defects or deficiencies is of sufficient total significance to justify “substantial renovation or clearance.”

FINDING:

In our professional opinion, one (1) out of one (1) buildings (100 percent) in the proposed TIF District are structurally substandard to a degree requiring substantial renovation or clearance, because of defects in structural elements or a combination of deficiencies in essential utilities and facilities, light and ventilation, fire protection including adequate egress, layout and condition of interior partitions, or similar factors which defects or deficiencies are of sufficient total significance to justify substantial renovation or clearance. This exceeds the 50 percent requirement of Subdivision 10a(1).

C. DISTRIBUTION OF SUBSTANDARD STRUCTURES

Much of this report has focused on the condition of individual buildings as they relate to requirements identified by *Minnesota Statutes, Section 469.174, Subdivision 10*. It is also important to look at the distribution of substandard buildings throughout the geographic area of the proposed TIF District (Diagram 3).

FINDING:

The parcels with substandard buildings are reasonably distributed compared to all parcels that contain buildings.



Diagram 3 – Substandard Buildings
Shaded green area depicts parcels with buildings.
Shaded orange area depicts substandard buildings.

PART 5 - TEAM CREDENTIALS

Michael A. Fischer, AIA, LEED AP - Project Principal/TIF Analyst

Michael has 29 years of experience as project principal, project manager, project designer and project architect on planning, urban design, educational, commercial and governmental projects. He has become an expert on Tax Increment Finance District analysis assisting over 100 cities with strategic planning for TIF Districts. He is an Architectural Principal at LHB and currently leads the Minneapolis office.

Michael completed a two-year Bush Fellowship, studying at MIT and Harvard in 1999, earning Masters degrees in City Planning and Real Estate Development from MIT. He has served on more than 50 committees, boards and community task forces, including a term as a City Council President and as Chair of a Metropolitan Planning Organization. Most recently, he served as Chair of the Edina, Minnesota planning commission and is currently a member of the Edina city council. Michael has also managed and designed several award-winning architectural projects, and was one of four architects in the Country to receive the AIA Young Architects Citation in 1997.

Philip Waugh – Project Manager/TIF Analyst

Philip is a project manager with 13 years of experience in historic preservation, building investigations, material research, and construction methods. He previously worked as a historic preservationist and also served as the preservation specialist at the St. Paul Heritage Preservation Commission. Currently, Phil sits on the Board of Directors for the Preservation Alliance of Minnesota. His current responsibilities include project management of historic preservation projects, performing building condition surveys and analysis, TIF analysis, writing preservation specifications, historic design reviews, writing Historic Preservation Tax Credit applications, preservation planning, and grant writing.

Phil Fisher – Inspector

For 35 years, Phil Fisher worked in the field of Building Operations in Minnesota including White Bear Lake Area Schools. At the University of Minnesota he earned his Bachelor of Science in Industrial Technology. He is a Certified Playground Safety Inspector, Certified Plant Engineer, and is trained in Minnesota Enterprise Real Properties (MERP) Facility Condition Assessment (FCA). His FCA training was recently applied to the Minnesota Department of Natural Resources Facilities Condition Assessment project involving over 2,000 buildings.

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APPENDICES

APPENDIX A	Property Condition Assessment Summary Sheet
APPENDIX B	Building Code and Condition Deficiencies Reports
APPENDIX C	Building Replacement Cost Reports Code Deficiency Cost Reports Photographs

APPENDIX A

Property Condition Assessment Summary Sheet

Property Condition Assessment Summary Sheet

TIF Map No.	PID #	Property Address	Improved or Vacant	Survey Method Used	Site Area (S.F.)	Coverage Area of Improvements (S.F.)	Coverage Percent of Improvements	Coverage Quantity (S.F.)	No. of Buildings	Building Replacement Cost	15% of Replacement Cost	Building Code Deficiencies	No. of Buildings Exceeding 15% Criteria	No. of buildings determined substandard
A	1911721140002	325 Blake Rd N	Improved	Interior/Exterior	733,621	529,820	72.2%	733,621	1	\$17,045,968	\$2,556,895	\$4,977,430	1	1

TOTALS

733,621	733,621	1	1	1
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Total Coverage Percent:

100.0%

Percent of buildings exceeding 15 percent code deficiency threshold:

100.0%

Percent of buildings determined substandard:

100.0%

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APPENDIX B

Building Code, Condition Deficiency and Context Analysis Reports

Hopkins Cold Storage Redevelopment TIF District

Building Code, Condition Deficiency and Context Analysis Report

June 9, 2017

Parcel No. & Building Name: Parcel A Hopkins Cold Storage - Commercial
Address: 325 Blake Road North, Hopkins, Minnesota 55343
Parcel ID: 19-117-21-14-0002
Inspection Date(s) & Time(s): May 4, 2017 3:30 PM
Inspection Type: Interior and Exterior
Summary of Deficiencies: It is our professional opinion that this building is Substandard because:
- Substantial renovation is required to correct Conditions found.
- Building Code deficiencies total more than 15% of replacement cost, NOT including energy code deficiencies.

Estimated Replacement Cost: \$17,045,968
Estimated Cost to Correct Building Code Deficiencies: \$4,977,430
Percentage of Replacement Cost for Building Code Deficiencies: 29.20%

Defects in Structural Elements

1. Foundation walls are cracked and allowing for water intrusion contrary to code.
2. Metal structural building members are rusting and should be repaired and protected per code.
3. Interior structural walls are showing signs of separation at intersections.

Combination of Deficiencies

1. Essential Utilities and Facilities
 - a. There are no ADA compliant restrooms.
 - b. There is no ADA compliant entrance into the building.
 - c. There is no ADA compliant way to get between levels.
 - d. Door hardware is not ADA code compliant.
 - e. Overhead warehouse doors are not code compliant for lack of functional safety devices.
 - f. Shower is not ADA code compliant.
 - g. Staff break room is not ADA code compliant.
 - h. Stairway handrails do not comply with ADA code.
2. Light and Ventilation
 - a. HVAC system does not comply with mechanical/building code.
 - b. Light fixtures are damaged or missing in several areas.

3. Fire Protection/Adequate Egress
 - a. No code required smoke detectors were observed.
 - b. Code compliant emergency lighting should be installed.
 - c. The exterior concrete steps do not meet code compliance for tread rise.
 - d. The exterior metal steps do not meet code compliance for tread rise.
 - e. Interior controlled doors do not comply with code for emergency egress. There is no power backup or manual override device.
 - f. The freezer room doors are not code compliant because they cannot be operated from the inside if door is locked from the outside.
 - g. Vinyl floor tile is missing/damaged creating an impediment to emergency egress, contrary to code.
 - h. Carpeting is wrinkled causing an impediment to emergency egress, contrary to code.
 - i. The boiler room should have a second means of egress installed per code.
 - j. The stairway leading to the upper breakroom should be enclosed per code.

4. Layout and Condition of Interior Partitions/Materials
 - a. Interior walls should be painted.
 - b. Carpeting should be replaced.
 - c. Vinyl tile should be replaced.
 - d. Concrete floors are cracked.
 - e. Ceiling tile is missing/damaged.
 - f. Interior glass windows are not code compliant.
 - g. Mold is growing on interior surfaces.
 - h. Mechanical devices are not protected per OSHA code.
 - i. Interior pallet racking is not secured and is out of alignment.

5. Exterior Construction
 - a. Exterior face brick is damaged and/or missing, allowing for water intrusion, contrary to code.
 - b. Exterior concrete block is damaged and/or missing allowing for water intrusion, contrary to code.
 - c. Expansion joint caulking is damaged and/or missing, allowing for water intrusion, contrary to code.
 - d. Metal window frames are rusting and should be replaced to prevent water intrusion per code.
 - e. Concrete window sills are damaged/cracked and allowing for water intrusion, contrary to code.
 - f. Caulking around air vents is missing allowing for water intrusion, contrary to code.
 - g. Exterior walls need to be repainted.
 - h. Exterior electrical outlets are not code compliant.
 - i. Canvas awnings are damaged and stained.
 - j. One third of the roof is allowing for water intrusion, which is contrary to code.

Description of Code Deficiencies

1. Foundation walls should be repaired to prevent water intrusion per code.
2. Metal structural members should have rust removed and surfaces protected per code.
3. An ADA code compliant restroom should be installed.
4. A building entrance should be modified to create an ADA code compliant means of access.
5. Elevators should be installed to create an accessible route between levels.
6. ADA code compliant door hardware should be installed.

7. Safety devices should be installed on all overhead warehouse doors per code.
8. The shower on the second floor is not ADA code compliant.
9. Staff break room is not ADA code compliant.
10. Stairway handrails do not comply with code.
11. The HVAC system does not comply with mechanical/building code.
12. Code compliant smoke detectors should be installed.
13. Code compliant emergency lighting should be installed.
14. Exterior concrete stairs do not meet code for proper tread rise.
15. Exterior metal stairs do not meet code for proper tread rise.
16. Interior transfer doors do not meet code for emergency exiting in the event of power failure.
17. Freezer room doors do not comply with code for emergency egress if they are locked from the outside.
18. Vinyl flooring is damaged and causing an impediment to emergency egress per code.
19. Carpeting is wrinkled and causing an impediment to emergency egress per code.
20. The boiler room should have a second means of egress per code.
21. Metal stairway leading to the upper break room should be enclosed per code.
22. Metal stairway leading out of mechanical room basement should be enclosed per code.
23. Interior glass windows are not code compliant.
24. Mechanical pumps in the boiler room are not properly protected per code.
25. Mechanical door opener at tall bay storage area is not properly protected per code.
26. Exterior brick is damaged/missing allowing for water intrusion, contrary to code.
27. Exterior concrete block is damaged/missing allowing for water intrusion, contrary to code.
28. Expansion joint caulking should be replaced to prevent water intrusion per code.
29. Metal window frames are rusting and should be replaced to prevent water intrusion per code.
30. Concrete window sills are cracked and allowing for water intrusion, contrary to code.
31. Caulking is missing around air vents allowing for water intrusion, contrary to code.
32. Exterior electrical outlets are not code compliant.
33. One third of the roof is allowing for water intrusion and should be replaced per code.

Overview of Deficiencies

This cold storage facility has been in operation for 67 years with at least two or more additions. The stress of this type of operation is showing on both the inside and outside of the buildings structure. Exterior brick and block surfaces over the entire building are damaged, cracked, or missing allowing for water intrusion, contrary to code. Metal structural members are rusting and should be protected per code from further erosion. All exterior surfaces should be repainted. Metal window frames are rusting and should be replaced. The building is not ADA code compliant for access into the building and to all levels. There is no ADA code compliant restroom. The building HVAC system is not code compliant. Code compliant smoke detectors and an emergency notification system should be installed. Freezer doors, interior transfer doors and overhead warehouse doors are not code compliant, lacking code compliant safety devices. The boiler room does not comply with code because it has only one means of egress. Vinyl and carpeted flooring should be replaced. Interior ceiling tile is missing and/or damaged. Interior office lights are missing and/or damaged. One third of the roof has failed and should be replaced to prevent water intrusion per code.

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APPENDIX C

Building Replacement Cost Reports
Code Deficiency Cost Reports
Photographs

Hopkins Cold Storage Redevelopment TIF District

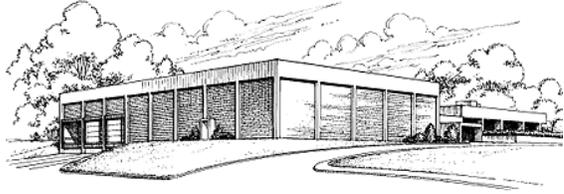
Replacement Cost Report



Square Foot Cost Estimate Report

Date:

5/15/2017

Estimate Name:	Hopkins Cold Storage City of Hopkins 325 Blake Road , Hopkins , Minnesota 55343	
Building Type:	Warehouse with Brick Veneer / Reinforced Concrete	
Location:	HOPKINS, MN	 <p>Costs are derived from a building model with basic components. Scope differences and market conditions can cause costs to vary significantly.</p>
Story Count:	1	
Story Height (L.F.):	24	
Floor Area (S.F.):	270000	
Labor Type:	OPN	
Basement Included:	No	
Data Release:	Year 2017	
Cost Per Square Foot:	\$62.78	
Building Cost:	\$17,045,968.15	

		% of Total	Cost Per S.F.	Cost
A Substructure		12.37%	7.75	2090449.19
A1010	Standard Foundations		1.58	426347.39
	Foundation wall, CIP, 4' wall height, direct chute, .148 CY/LF, 7.2 PLF, 12" thick		0.74	200686.25
	Strip footing, concrete, reinforced, load 11.1 KLF, soil bearing capacity 6 KSF, 12" deep x 24" wide		0.37	99848.25
	Spread footings, 3000 PSI concrete, load 100K, soil bearing capacity 6 KSF, 4' - 6" square x 15" deep		0.47	125812.89
A1030	Slab on Grade		5.99	1616279.40
	Slab on grade, 5" thick, non industrial, reinforced		5.99	1616279.40
A2010	Basement Excavation		0.18	47822.40
	Excavate and fill, 30,000 SF, 4' deep, sand, gravel, or common earth, on site storage		0.18	47822.40
B Shell		39.74%	24.87	6713673.90
B1010	Floor Construction		3.67	989707.37
	Cast-in-place concrete column, 20", square, tied, minimum reinforcing, 500K load, 10'-14' story height, 375 lbs/LF, 4000PSI		1.09	294611.21
	Concrete I beam, precast, 18" x 36", 790 PLF, 25' span, 6.44 KLF superimposed load		0.79	212861.31
	Cast-in-place concrete beam and slab, 7.5" slab, two way, 12" column, 25'x25' bay, 40 PSF superimposed load, 149 PSF total load		1.79	482234.85
B1020	Roof Construction		6.07	1638900.00
	Roof, steel joists, beams, 1.5" 22 ga metal deck, on columns and bearing wall, 20'x25' bay, 20" deep, 40 PSF superimposed load, 60 PSF total load		6.07	1638900.00
B2010	Exterior Walls		8.68	2344411.86
	Brick wall, composite double wythe, standard face/CMU back-up, 8" thick, perlite core fill, 3" XPS		8.68	2344411.86
B2020	Exterior Windows		0.16	42162.40

	Windows, aluminum, sliding, standard glass, 5' x 3'	0.16	42162.40
B2030	Exterior Doors	1.24	335630.03
	Door, aluminum & glass, with transom, narrow stile, double door, hardware, 6'-0" x 10'-0" opening	0.19	51899.63
	Door, steel 18 gauge, hollow metal, 1 door with frame, no label, 3'-0" x 7'-0" opening	0.26	71305.20
	Door, steel 24 gauge, overhead, sectional, electric operator, 12'-0" x 12'-0" opening	0.79	212425.20
B3010	Roof Coverings	5.00	1350528.23
	Roofing, single ply membrane, EPDM, 60 mils, loosely laid, stone ballast 4" thick, R20	1.65	446058.90
	Roof edges, aluminum, duranodic, .050" thick, 6" face	2.98	803989.80
	Roof edges, aluminum, duranodic, .050" thick, 6" face	0.26	70138.13
	Gravel stop, aluminum, extruded, 4", mill finish, .050" thick	0.11	30341.40
B3020	Roof Openings	0.05	12334.01
	Roof hatch, with curb, 1" fiberglass insulation, 2'-6" x 3'-0", galvanized steel, 165 lbs	0.01	1147.15
	Smoke hatch, unlabeled, galvanized, 2'-6" x 3', not incl hand winch operator	0.04	11186.86
C Interiors		5.61%	3.51
C1010	Partitions	0.85	230841.60
	Concrete block (CMU) partition, light weight, hollow, 6" thick, no finish framing, same opposite face, no insulation	0.28	75711.02
	Gypsum board, 1 face only, exterior sheathing, fire resistant, 5/8"	0.22	59864.00
	Add for the following: taping and finishing	0.21	57882.13
C1020	Interior Doors	0.14	37384.45
	Door, single leaf, kd steel frame, hollow metal, commercial quality, flush, 8'-0" x 10'-0" x 2"	0.24	151200.00
C2010	Stair Construction	0.12	32598.90
	Stairs, steel, grate type w/nosing & rails, 20 risers, with landing	0.12	32598.90
C3010	Wall Finishes	0.47	126472.79
	2 coats paint on masonry with block filler	0.19	51906.20
	Painting, interior on plaster and drywall, walls & ceilings, roller work, primer & 2 coats	0.09	23848.06
	Painting, interior on plaster and drywall, walls & ceilings, roller work, primer & 2 coats	0.19	50718.53
C3020	Floor Finishes	1.78	480732.83
	Concrete topping, hardeners, metallic additive, minimum	0.54	145759.91
	Concrete topping, hardeners, metallic additive, maximum	1.19	321222.92
	Vinyl, composition tile, maximum	0.05	13750.00
C3030	Ceiling Finishes	0.05	13260.00
	Acoustic ceilings, 5/8" mineral fiber, 12" x 12" tile, 1" x 3" wood, 12" OC grid, wood support	0.05	13260.00
D Services		30.53%	19.09
D1010	Elevators and Lifts	0.58	157504.00
	Hydraulic, passenger elevator, 4500 lb, 2 floors, 100 FPM	0.58	157504.00
D2010	Plumbing Fixtures	0.52	141451.20
	Water closet, vitreous china, bowl only with flush valve, wall hung	0.21	55360.80
	Urinal, vitreous china, wall hung	0.04	11878.20
	Lavatory w/trim, wall hung, PE on CI, 18" x 15"	0.11	28789.20
	Service sink w/trim, PE on CI, wall hung w/rim guard, 24" x 20"	0.11	29295.00

	Water cooler, electric, wall hung, wheelchair type, 7.5 GPH	0.06	16128.00
D2020	Domestic Water Distribution	0.25	67266.00
	Gas fired water heater, commercial, 100< F rise, 75.5 MBH input, 63 GPH	0.25	67266.00
D2040	Rain Water Drainage	0.50	134974.00
	Roof drain, DWV PVC, 5" diam, 10' high	0.44	118539.00
	Roof drain, steel galv sch 40 threaded, 5" diam piping, for each additional foot add	0.06	16435.00
D3020	Heat Generating Systems	5.21	1407261.60
	Warehouse ventilization with boiler heat system 24,000 CFM Supply and Exhaust	5.21	1407261.60
D3050	Terminal & Package Units	0.84	226292.40
	Rooftop, single zone, air conditioner, offices, 3,000 SF, 9.50 ton	0.84	226292.40
D4010	Sprinklers	4.13	1113912.00
	Dry pipe sprinkler systems, grooved steel, black, sch 40 pipe, ordinary hazard, 1 floor, 10,000 SF	4.13	1113912.00
D4020	Standpipes	0.50	135846.00
	Wet standpipe risers, class III, steel, black, sch 40, 6" diam pipe, 1 floor	0.50	135846.00
D5010	Electrical Service/Distribution	0.06	17234.13
	Overhead service installation, includes breakers, metering, 20' conduit & wire, 3 phase, 4 wire, 120/208 V, 200 A	0.01	2961.88
	Feeder installation 600 V, including RGS conduit and XHHW wire, 200 A	0.01	2335.50
	Switchgear installation, incl switchboard, panels & circuit breaker, 120/208 V, 3 phase, 400 A	0.04	11936.75
D5020	Lighting and Branch Wiring	3.70	999845.91
	Receptacles incl plate, box, conduit, wire, 5 per 1000 SF, .6 watts per SF	0.83	224915.40
	Wall switches, 1.0 per 1000 SF	0.14	38491.20
	Miscellaneous power, to .5 watts	0.16	44093.70
	Central air conditioning power, 3 watts	0.06	16919.82
	Fluorescent fixtures recess mounted in ceiling, 0.8 watt per SF, 20 FC, 5 fixtures @32 watt per 1000 SF	2.50	675425.79
D5030	Communications and Security	2.80	755227.13
	Communication and alarm systems, fire detection, addressable, 100 detectors, includes outlets, boxes, conduit and wire	2.59	699906.60
	Fire alarm command center, addressable without voice, excl. wire & conduit	0.20	55320.53
E Equipment & Furnishings		2.96%	1.85
E1030	Vehicular Equipment	1.85	500291.10
	Architectural equipment, dock boards, heavy duty, 5' x 5', aluminum, 5000 lb capacity	0.32	85050.00
	Architectural equipment, dock levelers, hydraulic, 7' x 8', 10 ton capacity	1.54	415241.10
G Building Sitework		0%	0
SubTotal		100%	\$57.07
Contractor Fees (General Conditions,Overhead,Profit)		10.00%	\$5.71
Architectural Fees		0.00%	\$0.00
User Fees		0.00%	\$0.00
Total Building Cost		\$62.78	\$17,045,968.15

Hopkins Cold Storage Redevelopment TIF District

Code Deficiency Cost Report

Parcel A -325 Blake Road North, Hopkins, MN 55343 - Parcel ID 19-117-21-14-0002

Code	Related Cost Items	Unit Cost	Units	Unit Quantity	Total
Accessibility Items					
	Restroom				
	Install ADA code compliant restroom	\$ 0.52	SF	270,000	\$ 140,400.00
	Building Entrance				
	Create ADA code compliant entrance into building	\$ 5,000.00	Lump	1	\$ 5,000.00
	Elevators				
	Install two ADA code compliant elevators to gain access to all levels	\$ 0.58	SF	270,000	\$ 156,600.00
	Door Hardware				
	Install ADA code compliant door hardware on all doors	\$ 250.00	EA	50	\$ 12,500.00
	Shower				
	Install ADA code compliant shower on second floor	\$ 1,500.00	Lump	1	\$ 1,500.00
	Staff Break Room				
	Modify staff break room to comply with ADA code	\$ 1,500.00	Lump	1	\$ 1,500.00
Structural Elements					
	Concrete Foundation Walls				
	Repair concrete foundation walls to prevent water intrusion per code	\$ 0.38	SF	270,000	\$ 102,600.00
	Metal Structural Members				
	Exterior metal structural members should be repaired and protected from rust per code	\$ 0.69	SF	270,000	\$ 186,300.00
	Interior Windows				
	Interior windows are not code compliant and should be replaced with tempered glass	\$ 150.00	Lump	12	\$ 1,800.00
Exiting					
	Overhead Warehouse Doors				
	Install code compliant safety devices	\$ 1,000.00	EA	25	\$ 25,000.00
	Stairways				
	Install code compliant hand rails	\$ 250.00	Lump	1	\$ 250.00
	Modify exterior concrete stairs to comply with code for proper rise of tread	\$ 2,500.00	Lump	1	\$ 2,500.00
	Modify exterior metal stairs to comply with code for proper rise of tread	\$ 1,500.00	EA	10	\$ 15,000.00
	Interior Overhead Transfer Door				
	Install code approved safety device to release door in the event of a power failure	\$ 1,000.00	EA	1	\$ 1,000.00
	Freezer Room Doors				

Code	Related Cost Items	Unit Cost	Units	Unit Quantity	Total
	Install code approved safety device to release door from the interior should the exterior side be locked	\$ 1,500.00	EA	40	\$ 60,000.00
	Flooring				
	Replace damaged vinyl tile to create an unimpeded emergency egress per code	\$ 0.05	SF	270,000	\$ 13,500.00
	Replace wrinkled carpet to create an unimpeded emergency egress per code	\$ 0.05	SF	270,000	\$ 13,500.00
	Boiler Room				
	Install second means of egress from boiler room per code	\$ 25,000.00	Lump	1	\$ 25,000.00
	Interior Metal Stairways				
	Metal stairway to second floor breakroom should be enclosed per code	\$ 2,500.00	Lump	1	\$ 2,500.00
	Metal stairway from basement mechanical room should be enclosed per code	\$ 2,500.00	Lump	1	\$ 2,500.00
	Fire Protection				
	Smoke Detectors				
	Install code compliant smoke detectors	\$ 2.59	SF	270,000	\$ 699,300.00
	Emergency Lighting				
	Install code compliant emergency lighting	\$ 0.75	SF	270,000	\$ 202,500.00
	Exterior Construction				
	Exterior Brick				
	Repair/replace damaged and missing brick to prevent water intrusion per code	\$ 4.15	SF	70,000	\$ 290,500.00
	Exterior Concrete Block				
	Repair/replace damaged and concrete block and mortar joints to prevent water intrusion per code	\$ 4.15	SF	200,000	\$ 830,000.00
	Exterior Control Joints				
	Remove/replace caulking in exterior control joints to prevent water intrusion per code	\$ 4.23	LF	1,000	\$ 4,230.00
	Windows and Sills				
	Remove/replace metal windows to prevent water intrusion per code	\$ 0.16	SF	270,000	\$ 43,200.00
	Repair/replace concrete window sills to prevent water intrusion per code	\$ 1,000.00	EA	2	\$ 2,000.00
	Air Vents				
	Remove/replace caulking around exterior air vents	\$ 500.00	Lump	1	\$ 500.00
	Roof Construction				
	Roofing Material				
	Remove damaged one third of roofing material	\$ 0.50	SF	90,000	\$ 45,000.00
	Replace damaged one third of roofing material	\$ 5.05	SF	90,000	\$ 454,500.00

Code	Related Cost Items	Unit Cost	Units	Unit Quantity	Total
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Mechanical- Electrical

Mechanical

	Install code compliant HVAC system	\$ 6.05	SF	270,000	\$ 1,633,500.00
	Mechanical pumps in the boiler room should be protected per code	\$ 250.00	EA	2	\$ 500.00
	Mechanical door operator in high bay room should be protected per code	\$ 250.00	EA	1	\$ 250.00

Electrical

	Install code compliant exterior electrical outlets around building	\$ 2,500.00	Lump	1	\$ 2,500.00
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Total Code Improvements \$ 4,977,430

Hopkins Cold Storage Redevelopment TIF District

Photos: Parcel A - 325 Blake Road North - Hopkins Cold Storage



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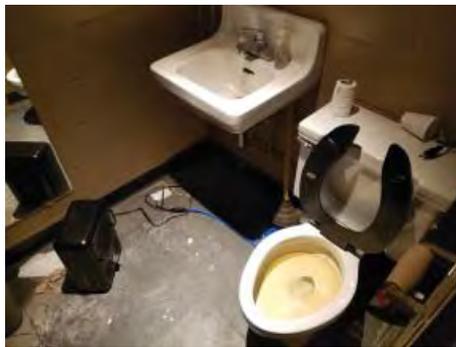
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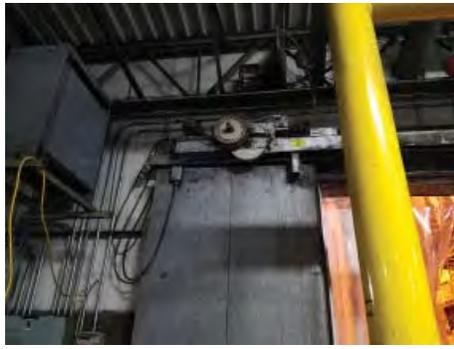
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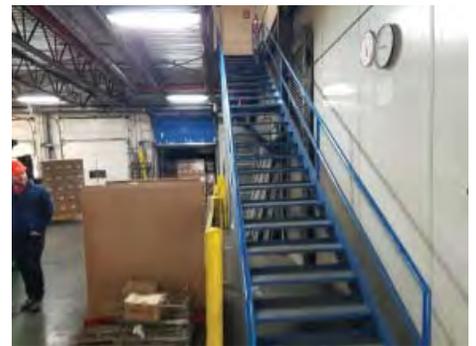
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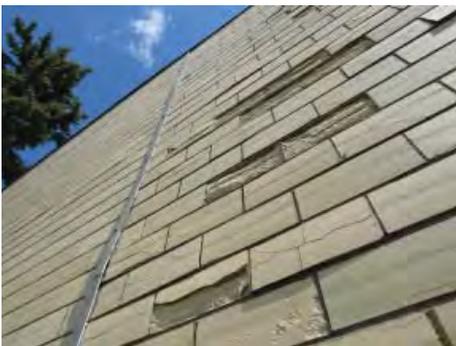
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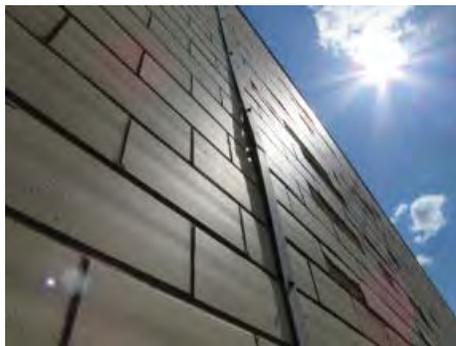
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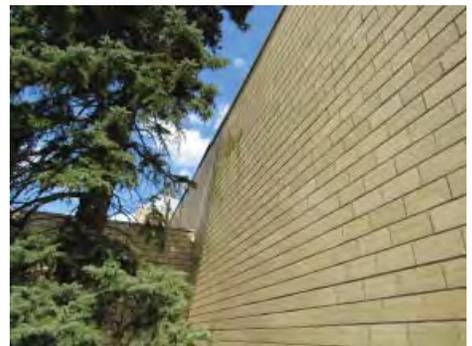
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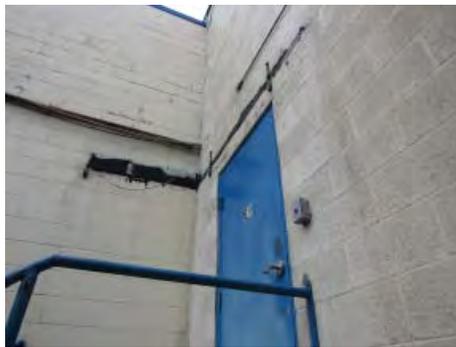
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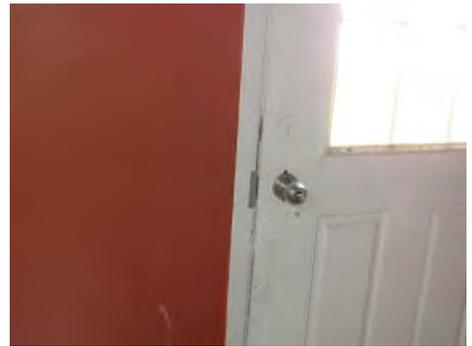
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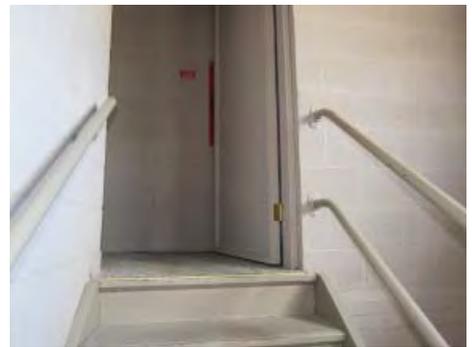
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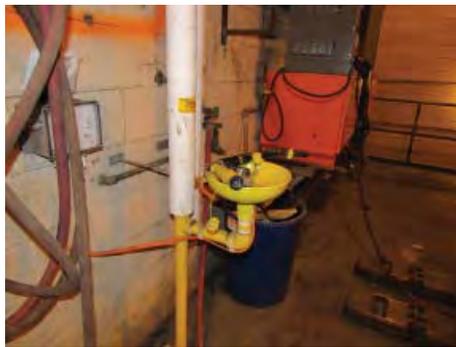
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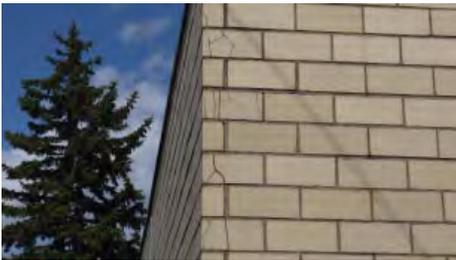
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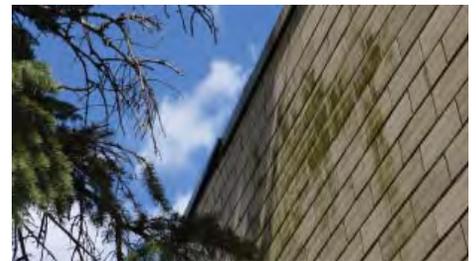
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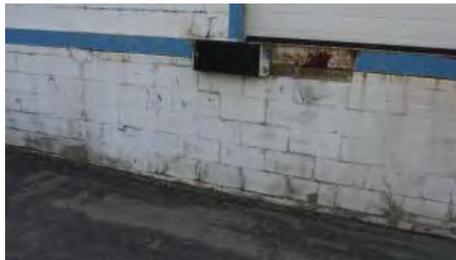
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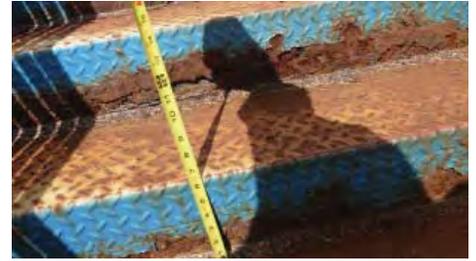
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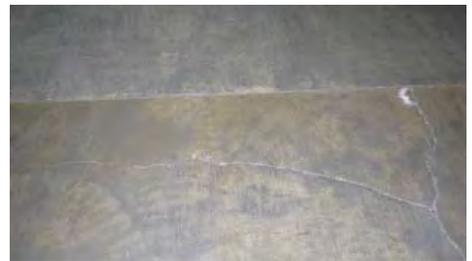
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**CITY OF HOPKINS
HENNEPIN COUNTY
STATE OF MINNESOTA**

RESOLUTION NO. 2018-063

**RESOLUTION OF THE CITY OF HOPKINS FINDING PARCELS
ARE OCCUPIED BY A STRUCTURALLY SUBSTANDARD
BUILDING AND MEET THE REQUIREMENTS OF A
REDEVELOPMENT TIF DISTRICT UNDER MINNESOTA
STATUTES, SECTION 469.174, SUBD. 10**

WHEREAS, it has been proposed that the City Council for the City of Hopkins, Minnesota, (the “City”), create a tax increment financing district in an area within the City to be designated a redevelopment district as defined in Minnesota Statutes, Section 469.174, Subd. 10 (the “TIF District”); and

WHEREAS, in order to create this type of TIF District, the City must make a determination that before the demolition or removal of any substandard buildings, certain conditions exist; and

WHEREAS, the conditions found by the City to exist throughout the proposed TIF District are that parcels consisting of 70 percent of the area of the district are occupied by buildings, streets, utilities, paved or gravel parking lots, or other similar structures and more than 50 percent of the buildings, not including outbuildings, are structurally substandard to a degree requiring substantial renovation or clearance; and

WHEREAS, in order to deem a parcel as being occupied by a structurally substandard building, the City must first pass a resolution before the demolition or removal that the parcel was occupied by one or more structurally substandard buildings and that after demolition and clearance the City intended to include the parcel within the proposed tax increment financing district; and

WHEREAS, there exists in the City on the parcel at 325 Blake Road, Hopkins, MN, PID # 19-117-21-14-0002 (collectively, the “Parcel”) one structurally substandard building to be demolished or removed (the “Substandard Building Condition”); and

WHEREAS, a parcel is deemed to be occupied by a structurally substandard building if the parcel was occupied by a substandard building or met the criteria of Minnesota Statutes, section 469.174, Subd. 10(e) within three years of the filing of the request for certification of the parcel as part of the district with the county auditor, in addition to other requirements as are required by law.

NOW, THEREFORE, BE IT RESOLVED by the City Council for the City of Hopkins that:

1. The Council has received from LHB, Inc. the “Report of Inspection Procedures and Results for Determining Qualifications of a Tax Increment Financing District as a Redevelopment District – Hopkins Cold Storage Redevelopment TIF District”, dated June 9, 2017 (the “Inspection Report”), finding that, based on an inspection of the building located on the Parcel, such building was determined to be substandard under the definition set forth in the Minnesota Statutes, Sections 469.174 to 469.1794, as amended (the “TIF Act”). Based on the Inspection Report and other information available to the Council, the Council finds that the building on the Parcel is structurally substandard to a degree requiring substantial renovation (i.e. 100% of the buildings in the proposed TIF District) or clearance and at least 15% of the

area of the Parcel identified on Exhibit A attached hereto contains improvements including one structurally substandard building and therefore more than 70% of the area of the proposed TIF District is occupied by buildings, streets, utilities, paved or gravel parking lots, or other similar structures as required by the TIF Act.

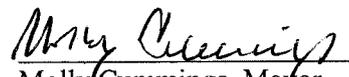
2. After the date of approval of this resolution, the buildings on the Parcels may be demolished or removed by the City, or such demolition or removal may be financed by the City, or may be undertaken by a developer under a development agreement with the City.

3. The City intends to include Parcels in a redevelopment TIF District, and to file the request for certification of such district with the Hennepin County auditor within 3 years after the date of demolition of the building on the Parcels.

4. Upon filing the request for certification of a new tax increment financing district, the City will notify the Hennepin County auditor that the original tax capacity of the Parcel must be adjusted to reflect the greater of (a) the current net tax capacity of the parcel, or (b) the estimated market value of the Parcel for the year in which the building was demolished or removed, but applying class rates for the current year, all in accordance with Minnesota Statutes, Section 469.174, Subd. 10(d).

5. City staff and consultants are authorized to take any actions necessary to carry out the intent of this resolution.

Adopted by the City Council of the City of Hopkins this 17th day of July, 2018.


Molly Cummings, Mayor

ATTEST:


Amy Domeier, City Clerk

(Seal)

EXHIBIT A



PARCEL AND PROPOSED TIF DISTRICT

**CITY OF HOPKINS
HENNEPIN COUNTY
STATE OF MINNESOTA**

RESOLUTION NO. 2021-045

RESOLUTION ADOPTING A MODIFICATION TO THE DEVELOPMENT PROGRAM FOR REDEVELOPMENT PROJECT NO. 1; AND ESTABLISHING TAX INCREMENT FINANCING DISTRICT NO. 1-6 (325 BLAKE) THEREIN AND ADOPTING A TAX INCREMENT FINANCING PLAN THEREFOR

BE IT RESOLVED by the City Council (the "Council") of the City of Hopkins, Minnesota (the "City"), as follows:

Section 1. Recitals

1.01. The Board of Commissioners of the Hopkins Housing and Redevelopment Authority (the "HRA") has heretofore established Redevelopment Project No. 1 and adopted the Development Program therefor. It has been proposed by the HRA and the City that the City adopt a Modification to the Development Program for Redevelopment Project No. 1 (the "Development Program Modification") and establish Tax Increment Financing District No. 1-6 (325 Blake) (the "District") therein and adopt a Tax Increment Financing Plan (the "TIF Plan") therefor (the Development Program Modification and the TIF Plan are referred to collectively herein as the "Program and Plan"); all pursuant to and in conformity with applicable law, including Minnesota Statutes, Sections 469.001 to 469.047 and Sections 469.174 to 469.1794, all inclusive, as amended, (the "Act") all as reflected in the Program and Plan, and presented for the Council's consideration.

1.02. The HRA and City have investigated the facts relating to the Program and Plan and have caused the Program and Plan to be prepared.

1.03. The HRA and City have performed all actions required by law to be performed prior to the establishment of the District and the adoption and approval of the proposed Program and Plan, including, but not limited to, notification of Hennepin County and Independent School District No. 270 having taxing jurisdiction over the property to be included in the District, review of the Program and Plan by the HRA on August 17, 2021, and the holding of a public hearing upon published notice as required by law.

1.04. Certain written reports (the "Reports") relating to the Program and Plan and to the activities contemplated therein have heretofore been prepared by staff and consultants and submitted to the Council and/or made a part of the City files and proceedings on the Program and Plan. The Reports, including the redevelopment qualifications reports and planning documents, include data, information and/or substantiation constituting or relating to the basis for the other findings and determinations made in this resolution. The Council hereby confirms, ratifies and adopts the Reports, which are hereby incorporated into and made as fully a part of this resolution to the same extent as if set forth in full herein.

1.05. The City is not modifying the boundaries of Redevelopment Project No. 1, but is however, modifying the Development Program therefor.

Section 2. Findings for the Adoption and Approval of the Development Program Modification

2.01. The Council approves the Development Program Modification, and specifically finds that:
(a) the land within the Project area would not be available for redevelopment without the financial aid to be

sought under this Development Program; (b) the Development Program, as modified, will afford maximum opportunity, consistent with the needs of the City as a whole, for the development of the Project by private enterprise; and (c) that the Development Program, as modified, conforms to the general plan for the development of the City as a whole.

Section 3. Findings for the Establishment of Tax Increment Financing District No. 1-6 (325 Blake)

3.01. The Council hereby finds that the District is in the public interest and is a "redevelopment district" under Minnesota Statutes, Section 469.174, Subd. 10(a)(1) of the Act.

3.02. The Council further finds that the proposed redevelopment would not occur solely through private investment within the reasonably foreseeable future and that the increased market value of the site that could reasonably be expected to occur without the use of tax increment financing would be less than the increase in the market value estimated to result from the proposed development after subtracting the present value of the projected tax increments for the maximum duration of the District permitted by the Tax Increment Financing Plan, that the Program and Plan conform to the general plan for the development or redevelopment of the City as a whole; and that the Program and Plan will afford maximum opportunity consistent with the sound needs of the City as a whole, for the development or redevelopment of the District by private enterprise.

3.03. The Council further finds, declares and determines that the City made the above findings stated in this Section and has set forth the reasons and supporting facts for each determination in writing, attached hereto as Exhibit A.

Section 4. Public Purpose

4.01. The adoption of the Program and Plan conforms in all respects to the requirements of the Act and will help fulfill a need to develop an area of the City which is already built up, to provide employment opportunities, to improve the tax base and to improve the general economy of the State and thereby serves a public purpose. For the reasons described in Exhibit A, the City believes these benefits directly derive from the tax increment assistance provided under the TIF Plan. A private developer will receive only the assistance needed to make this development financially feasible. As such, any private benefits received by a developer are incidental and do not outweigh the primary public benefits.

Section 5. Approval and Adoption of the Program and Plan

5.01. The Program and Plan, as presented to the Council on this date, including without limitation the findings and statements of objectives contained therein, are hereby approved, ratified, established, and adopted and shall be placed on file in the office of the Director of Planning and Development.

5.02. The staff of the City, the City's advisors and legal counsel are authorized and directed to proceed with the implementation of the Program and Plan and to negotiate, draft, prepare and present to this Council for its consideration all further plans, resolutions, documents and contracts necessary for this purpose.

5.03. The Auditor of Hennepin County is requested to certify the original net tax capacity of the District, as described in the Program and Plan, and to certify in each year thereafter the amount by which the original net tax capacity has increased or decreased; and the Hopkins Housing and Redevelopment Authority is authorized and directed to forthwith transmit this request to the County Auditor in such form and content as the Auditor may specify, together with a list of all properties within the District, for which building permits have been issued during the 18 months immediately preceding the adoption of this resolution.

5.04. The Executive Director is further authorized and directed to file a copy of the Program and Plan with the Commissioner of the Minnesota Department of Revenue and the Office of the State Auditor pursuant to Minnesota Statutes 469.175, Subd. 4a.

Dated: August 17, 2021.

By: _____
Jason Gadd, Mayor

ATTEST:

Amy Domeier, City Clerk

EXHIBIT A

RESOLUTION NO. 2021-045

The reasons and facts supporting the findings for the adoption of the Tax Increment Financing Plan (TIF Plan) for Tax Increment Financing District No. 1-6 (325 Blake) (the "District"), as required pursuant to Minnesota Statutes, Section 469.175, Subdivision 3 are as follows:

1. *Finding that Tax Increment Financing District No. 1-6 (325 Blake) is a redevelopment district as defined in M.S., Section 469.174, Subd. 10.*

The District consists of one parcel and vacant right-of-way, with plans to redevelop the area for the construction of approximately 600 apartments, 125 senior cooperative units, 50 town homes and 23,500 sq/ft commercial space. Parcels consisting of 70 percent of the area of the District are occupied by buildings, streets, utilities, paved or gravel parking lots or other similar structures and more than 50 percent of the buildings in the District, not including outbuildings, are structurally substandard to a degree requiring substantial renovation or clearance. (See Appendix D of the TIF Plan.)

2. *Finding that the proposed development, in the opinion of the City Council, would not reasonably be expected to occur solely through private investment within the reasonably foreseeable future and that the increased market value of the site that could reasonably be expected to occur without the use of tax increment financing would be less than the increase in the market value estimated to result from the proposed development after subtracting the present value of the projected tax increments for the maximum duration of Tax Increment Financing District No. 1-6 (325 Blake) permitted by the TIF Plan. The proposed development, in the opinion of the City, would not reasonably be expected to occur solely through private investment within the reasonably foreseeable future:* This finding is supported by the fact that the redevelopment proposed in the TIF Plan meets the City's objectives for redevelopment. Due to the high cost of construction of a high-density development, required parking and significant public improvements, this project is feasible only through assistance, in part, from tax increment financing. The developer was selected through a competitive RFP process and all respondents requested public assistance in the form of tax increment financing in order to redevelop the site. *The increased market value of the site that could reasonably be expected to occur without the use of tax increment financing would be less than the increase in market value estimated to result from the proposed development after subtracting the present value of the projected tax increments for the maximum duration of the District permitted by the TIF Plan:* This finding is justified on the grounds that the cost of site, roadways, public improvements and utilities add to the total redevelopment cost. Historically, construction costs, site and public improvements costs have made redevelopment infeasible without tax increment assistance. In addition, the developer was selected through a competitive RFP process and all respondents requested public assistance in the form of tax increment financing in order to redevelop the site. The City reasonably determines that no other redevelopment of similar scope is anticipated on this site without substantially similar assistance being provided to the development.

Therefore, the City concludes as follows:

- a. The City's estimate of the amount by which the market value of the entire District will increase without the use of tax increment financing is \$0.
 - b. If the proposed development occurs, the total increase in market value will be \$214,571,703.
 - c. The present value of tax increments from the District for the maximum duration of the district permitted by the TIF Plan is estimated to be \$76,783,530.
 - d. Even if some development other than the proposed development were to occur, the Council finds that no alternative would occur that would produce a market value increase greater than \$137,788,172 (the amount in clause b less the amount in clause c) without tax increment assistance.
3. *Finding that the TIF Plan for the District conforms to the general plan for the development or redevelopment of the municipality as a whole.*

The Council reviewed the TIF Plan on and found that the TIF Plan conforms to the general development plan of the City.
 4. *Finding that the TIF Plan for Tax Increment Financing District No. 1-6 (325 Blake) will afford maximum opportunity, consistent with the sound needs of the City as a whole, for the development or redevelopment of Redevelopment Project No. 1 by private enterprise.*

The project to be assisted by the District will result in increased employment in the City and the State of Minnesota, increased tax base of the State, will increase the availability of safe and decent life-cycle housing in the City, and add high-quality developments to the City.

**CITY OF HOPKINS
HENNEPIN COUNTY
STATE OF MINNESOTA**

RESOLUTION NO. 2021-046

**RESOLUTION AUTHORIZING AN INTERFUND LOAN FOR ADVANCE OF
CERTAIN COSTS IN CONNECTION WITH TAX INCREMENT FINANCING
DISTRICT NO. 1-6 (325 BLAKE).**

BE IT RESOLVED by the City Council (the "Council") of the City of Hopkins, Minnesota (the "City"), as follows:

Section 1. Background.

1.01. The City has heretofore approved the establishment of Tax Increment Financing District No. 1-6 (325 Blake) (the "TIF District") within Redevelopment Project No. 1 (the "Project"), and has adopted a Tax Increment Financing Plan (the "TIF Plan") for the purpose of financing certain improvements within the Project.

1.02. The City has determined to pay for certain costs identified in the TIF Plan consisting of site improvements/preparation, public improvements, other qualifying improvements, interest and administrative costs (collectively, the "Qualified Costs"), which costs may be financed on a temporary basis from City funds available for such purposes.

1.03. Under Minnesota Statutes, Section 469.178, Subd. 7, the City is authorized to advance or loan money from the City's general fund or any other fund from which such advances may be legally authorized, in order to finance the Qualified Costs.

1.04. The City intends to reimburse itself for the Qualified Costs from tax increments derived from the TIF District in accordance with the terms of this resolution (which terms are referred to collectively as the "Interfund Loan").

Section 2. Terms of Interfund Loan.

2.01. The City hereby authorizes the advance of up to \$100,000 from the EDA fund or existing TIF funds or so much thereof as may be paid as Qualified Costs. The City shall reimburse itself for such advances together with interest at the rate stated below. Interest accrues on the principal amount from the date of each advance. The maximum rate of interest permitted to be charged is limited to the greater of the rates specified under Minnesota Statutes, Section 270C.40 or Section 549.09 as of the date the loan or advance is authorized, unless the written agreement states that the maximum interest rate will fluctuate as the interest rates specified under Minnesota Statutes, Section 270C.40 or Section 549.09 are from time to time adjusted. The interest rate shall be 4% and will not fluctuate.

2.02. Principal and interest ("Payments") on the Interfund Loan shall be paid semi-annually on each August 1 and February 1 (each a "Payment Date"), commencing on the first Payment Date on which the Authority has Available Tax Increment (defined below), or on any other dates determined by the City Manager, through the date of last receipt of tax increment from the TIF District.

2.03. Payments on this Interfund Loan are payable solely from "Available Tax Increment," which shall mean, on each Payment Date, tax increment available after other obligations have been paid,

or as determined by the City Administrator, generated in the preceding six (6) months with respect to the property within the TIF District and remitted to the City by Hennepin County, all in accordance with Minnesota Statutes, Sections 469.174 to 469.1794, all inclusive, as amended. Payments on this Interfund Loan may be subordinated to any outstanding or future bonds, notes or contracts secured in whole or in part with Available Tax Increment, and are on parity with any other outstanding or future interfund loans secured in whole or in part with Available Tax Increment.

2.04. The principal sum and all accrued interest payable under this Interfund Loan are pre-payable in whole or in part at any time by the City without premium or penalty. No partial prepayment shall affect the amount or timing of any other regular payment otherwise required to be made under this Interfund Loan.

2.05. This Interfund Loan is evidence of an internal borrowing by the City in accordance with Minnesota Statutes, Section 469.178, Subd. 7, and is a limited obligation payable solely from Available Tax Increment pledged to the payment hereof under this resolution. This Interfund Loan and the interest hereon shall not be deemed to constitute a general obligation of the State of Minnesota or any political subdivision thereof, including, without limitation, the City. Neither the State of Minnesota, nor any political subdivision thereof shall be obligated to pay the principal of or interest on this Interfund Loan or other costs incident hereto except out of Available Tax Increment, and neither the full faith and credit nor the taxing power of the State of Minnesota or any political subdivision thereof is pledged to the payment of the principal of or interest on this Interfund Loan or other costs incident hereto. The City shall have no obligation to pay any principal amount of the Interfund Loan or accrued interest thereon, which may remain unpaid after the final Payment Date.

2.06. The City may amend the terms of this Interfund Loan at any time by resolution of the City Council, including a determination to forgive the outstanding principal amount and accrued interest to the extent permissible under law.

Section 3. Effective Date. This resolution is effective upon the date of its approval.

Dated: August 17, 2021

By: _____
Jason Gadd, Mayor

ATTEST:

Amy Domeier, City Clerk



APPROVE PURCHASE OF FIRE ENGINE

Proposed Action:

Staff recommends that the Council approve the following motion: Move that Council approve the purchase of a fire engine at an estimated cost of \$771,000 and amend the 2021-2025 Equipment Replacement Plan to include the purchase.

Approval of the motion will allow staff to begin the process of ordering the truck. It would not be received until 2022.

Overview:

The City Council approved the 2021-2025 Equipment Replacement Plan (ERP) on November 17, 2020. The ERP includes the replacement of the truck in 2023 at an estimated cost of \$725,000. Staff has requested that the purchase be advanced to occur in 2022 and the cost increased to \$771,000.

The current truck was purchased in 2012 and served its purpose at that time. The Fire Departments operation have changed and the requested truck is larger and will better fit the needs of the department. The truck will have served near its estimated useful life of 10 years by the time a new truck can be received.

The cost of materials is rising, approving this motion will allow the City to lock-in the price of the truck before the ERP is approved later in the fall. The truck has a 12-14 month lead time.

Supporting Information:

- Proposed 2022-2026 ERP – project detail sheet

A handwritten signature in black ink, appearing to read 'Nick Bishop', is positioned above a horizontal line.

Nick Bishop
Finance Director

EQUIPMENT REPLACEMENT PLAN

2022 *thru* 2026

Department Fire
Contact Fire Chief
Type Equipment
Useful Life 10 years
Category Vehicles
Priority n/a

City of Hopkins, MN - ERP

Project # 01-ERP-0105
Project Name Fire Engine/Rescue (2)

Future

Total Project Cost: \$1,821,000

Description

Duty Crew Vehicles to respond to all calls.

Current vehicle: 2012 Ford F550 (#104)

Current Vehicle: 2006 Peterbilt Fire Pumper 357 (#103)

Justification

2012 Rescue (#104) will be replaced by the a fire engine for day to day operation. The current vehicle is undersized for the type of truck it is on. We have spent \$70,000 on maintenance cost since 2014. With going to overnight duty crews in Aug of 2021 and going to 24-hour duty crews in 2022, we will need a larger truck to fit more personnel. This would be a 10-year truck. It will be utilized as a first out response vehicle.

2006 Peterbilt Fire Pumper 357 (#103) will be replaced in 2027 and will also be on a 10 year rotation.

Expenditures	2022	2023	2024	2025	2026	Total
Equipment	771,000					771,000
Total	771,000					771,000

Funding Sources	2022	2023	2024	2025	2026	Total
Equipment Replacement Fund	771,000					771,000
Total	771,000					771,000

Budget Impact/Other

The replacement schedule for 2012 Rescue (#104) has been advanced from 2023 to 2022.

The replacement schedule for 2006 Peterbilt Fire Pumper 357 (#103) has been delayed from 2026 to 2027.



Finance Department

CITY OF HOPKINS

Memorandum

To: Honorable Mayor and Council Members
Mike Mornson, City Manager

From: Nick Bishop, Finance Director

Date: August 17, 2021

Subject: Second Quarter Financial Report

Attached is the presentation for the 2nd quarter financial report. If you have any questions in advance please contact me. A full presentation will be given at the council meeting.

2nd Quarter Financial Report

August 17, 2021

Prepared by Finance Department



City of
Hopkins
Minnesota

General Fund Overview

- At the end of the 2nd quarter
 - Revenues are at 49.60%
 - 2020 Q2 Revenues were at 45.91%
 - 2019 Q2 Revenues were at 48.70%
 - Expenditures are at 45.12%
 - 2020 Q2 Expenditures were at 46.46%
 - 2019 Q2 Expenditures were at 48.11%



General Fund Revenues

		<u>Budget</u>		<u>Actual</u>	<u>% of Budget</u>
Taxes	\$	12,896,352	\$	6,314,616	48.96%
Intergovernmental		1,474,671		545,581	37.00%
Licenses, Permits & Fines		784,515		445,988	56.85%
Charges for Services		229,550		341,312	148.69%
Miscellaneous		69,550		13,824	19.88%
Franchise Fees		296,200		151,837	51.26%
Total Revenues	\$	15,750,838	\$	7,813,157	49.60%



General Fund Revenues

Percent of Budget through 2nd Qtr



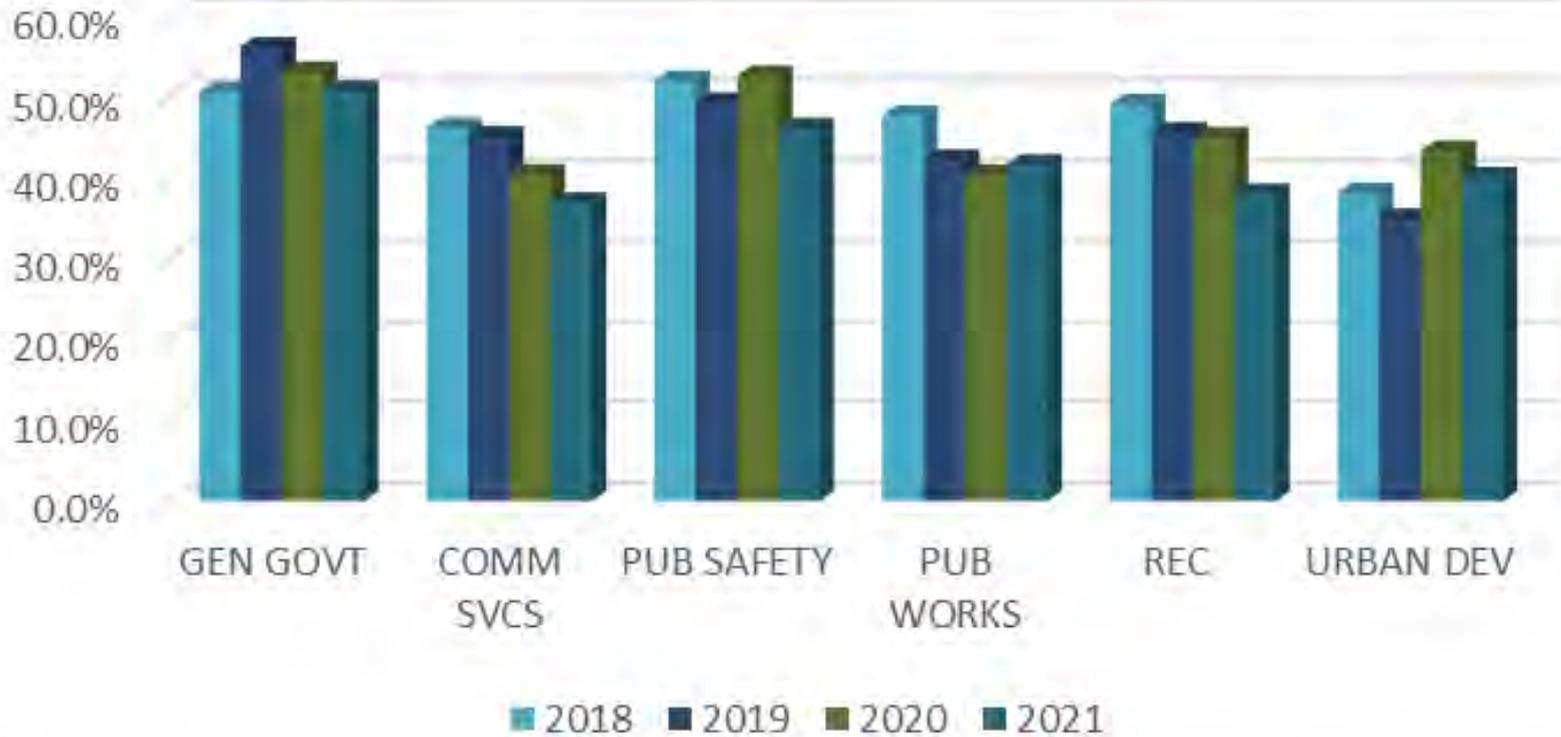
General Fund Expenditures

	<u>Budget</u>	<u>Actual</u>	<u>% of Budget</u>
General Government	\$ 2,488,599	\$ 1,264,059	50.79%
Community Services	465,218	171,927	36.96%
Public Safety	8,223,352	3,796,425	46.17%
Public Works	3,469,191	1,446,750	41.70%
Recreation	756,557	288,024	38.07%
Urban Development	347,921	139,497	40.09%
Total Expenditures	\$ 15,750,838	\$ 7,106,681	45.12%



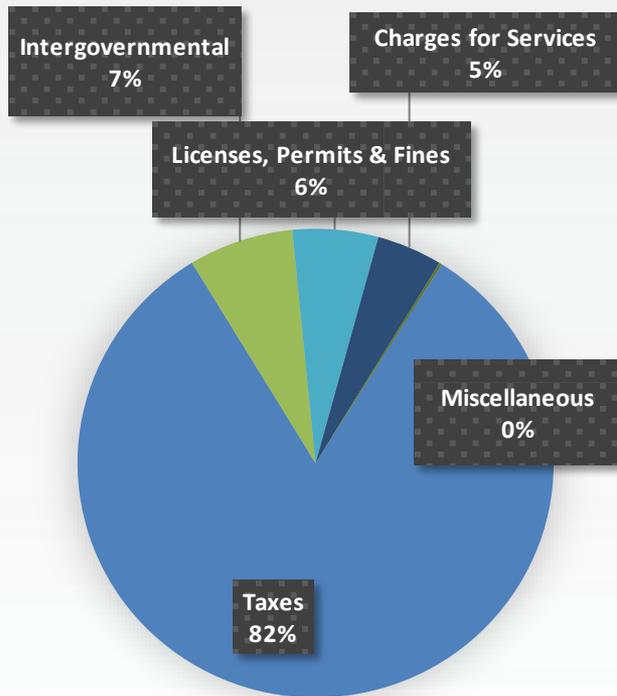
General Fund Expenditures

Percent of Budget through 2nd Qtr

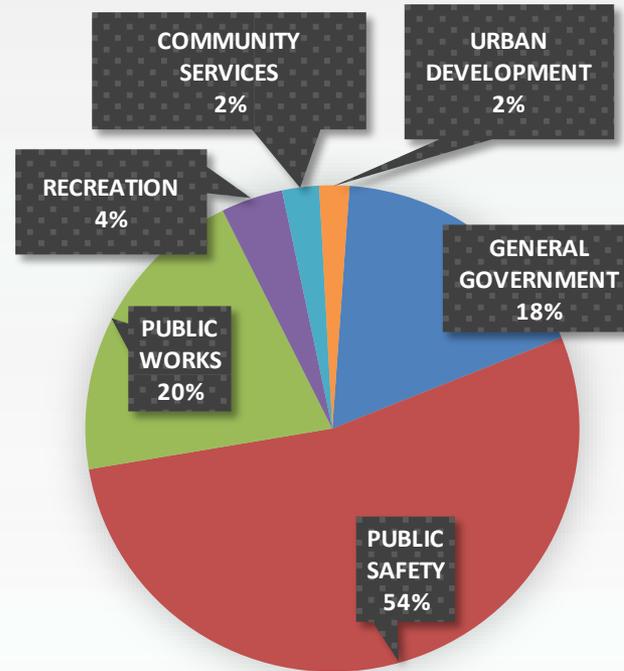


General Funds Performance Dashboard

Revenue by Source



Expense by Department



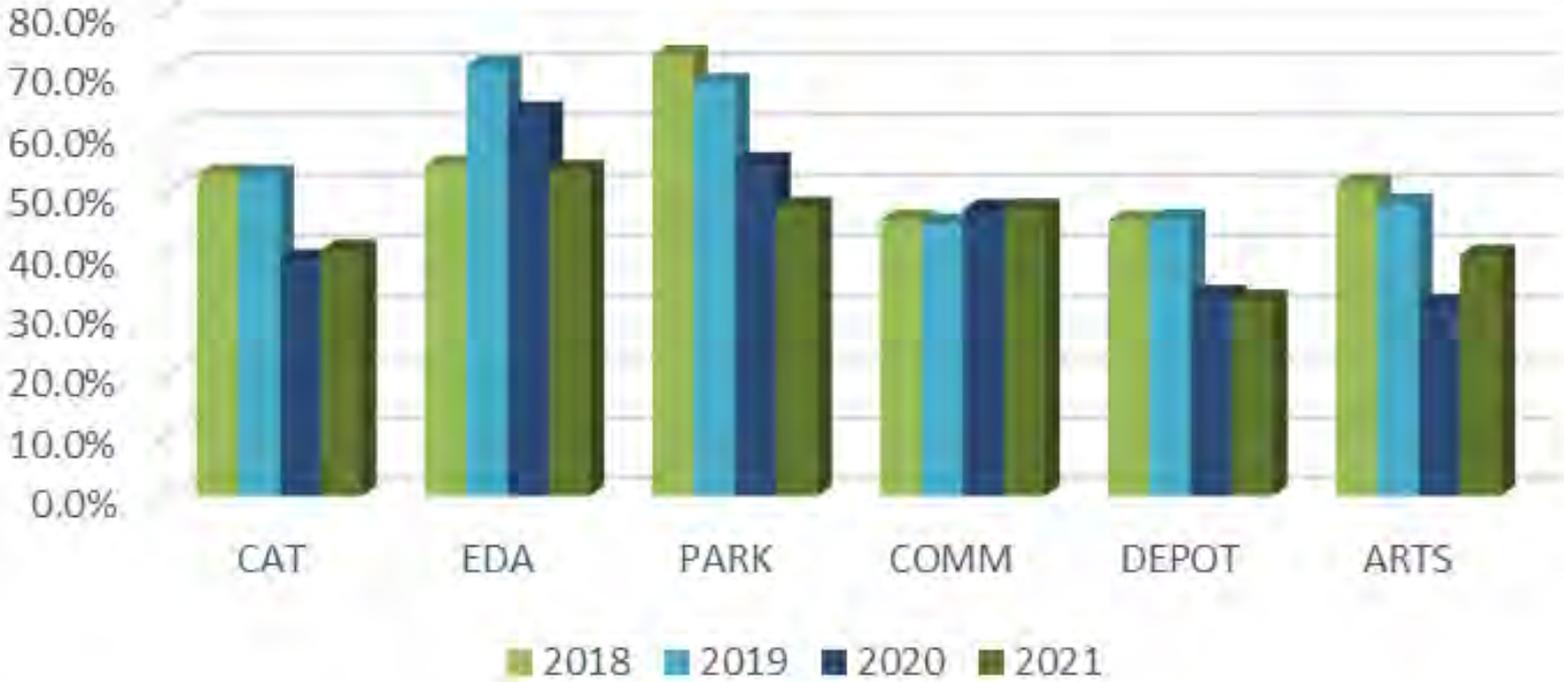
Special Revenue Funds Revenues

	<u>Budget</u>		<u>Actual</u>	<u>% of Budget</u>
Chemical Assessment	\$ 65,000	\$	26,370	40.57%
Economic Development	503,070		270,439	53.76%
Parking	121,500		57,892	47.65%
Communications	243,000		115,127	47.38%
Depot Coffee House	233,000		75,311	32.32%
Art Center	1,084,159		431,391	39.79%



Special Revenue Fund Revenues

Percent of Budget through 2nd Qtr



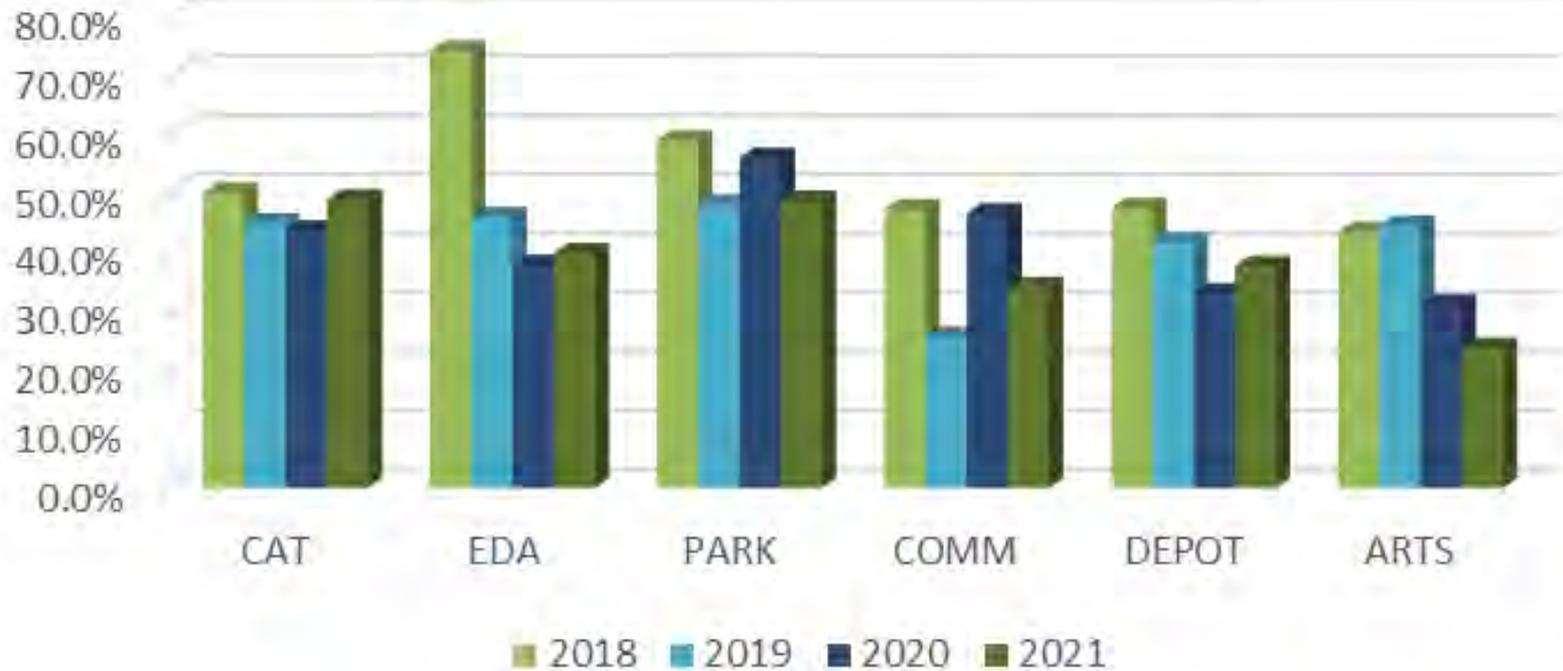
Special Revenue Funds Expenditures

	<u>Budget</u>	<u>Actual</u>	<u>% of Budget</u>
Chemical Assessment	\$ 65,000	\$ 31,720	48.80%
Economic Development	498,900	198,255	39.74%
Parking	154,875	75,268	48.60%
Communications	251,224	85,386	33.99%
Depot Coffee House	247,266	92,801	37.53%
Art Center	1,024,159	242,439	23.67%



Special Revenue Fund Expenditures

Percent of Budget through 2nd Qtr



Special Revenue Funds Financial Position

	<u>Revenues</u>	<u>Expenses</u>	<u>Change In Fund Balance</u>	<u>Ending Fund Balance</u>
Chemical Assessment	\$ 26,370	\$ 31,720	\$ (5,350)	\$ (32,506)
Economic Development	270,439	198,255	72,184	4,534,288
Parking	57,892	75,268	(17,376)	42,727
Communications	115,127	85,386	29,740	360,360
Depot Coffee House	75,311	92,801	(17,490)	(108,170)
Art Center	431,391	242,439	188,952	(831,068)



Enterprise Funds Revenues

	<u>Budget</u>	<u>Actual</u>	<u>% of Budget</u>
Water	\$ 2,292,074	\$ 1,064,888	46.46%
Sewer	3,105,587	1,522,462	49.02%
Refuse	1,001,941	502,376	50.14%
Storm Sewer	789,332	400,293	50.71%
Pavilion	823,500	383,836	46.61%



Enterprise Fund Revenues

Percent of Budget through 2nd Qtr



Enterprise Funds Expenses

	<u>Budget</u>	<u>Actual</u>	<u>% of Budget</u>
Water	\$ 2,198,674	\$ 1,247,553	56.74%
Sewer	2,963,236	1,433,178	48.37%
Refuse	1,029,220	445,352	43.27%
Storm Sewer	596,969	374,770	62.78%
Pavilion	1,098,359	493,940	44.97%



Enterprise Fund Expenses

Percent of Budget through 2nd Qtr



Enterprise Funds Financial Position

		<u>Revenues</u>		<u>Expenses</u>		Net Income (Loss)
Water	\$	1,064,888	\$	1,247,553	\$	(182,666)
Sewer	\$	1,522,462	\$	1,433,178	\$	89,284
Refuse	\$	502,376	\$	445,352	\$	57,024
Storm Sewer	\$	400,293	\$	374,770	\$	25,523
Pavilion	\$	383,836	\$	493,940	\$	(110,103)

- All funds include depreciation expense



Next Steps – 2022 Budget

Meeting Date	Meeting Type	Subject	Details
September 7	Regular Meeting	Review 2022 Tax Levy and General Fund Budget	-Preliminary for approval on September 21
September 21	Regular Meeting	Approve Preliminary Tax Levy and General Fund Budget	-Must be approved by September 30
October 12	Work Session	Review Enterprise Fund Budgets and Utility Rates	-Water -Sewer -Storm Sewer -Refuse -Pavilion



Next Steps – 2022 Budget

Meeting Date	Meeting Type	Subject	Details
November 3	Regular Meeting	Approve CIP, ERP and Utility Rates	
November 9	Work Session	Review Special Revenue Budgets and Activity Center Budget	<ul style="list-style-type: none">-Chemical Assessment-Economic Development-Communications-Parking-Depot-Arts Center-Activity Center



Next Steps – 2022 Budget

Meeting Date	Meeting Type	Subject	Details
December 6 (Monday)	Special Meeting	Truth in Taxation Hearing	-Overview of 2022 Budget and Tax Levy -Public Comment
December 7	Regular Meeting	Approve Final Budget and Tax Levy	
December 21	Regular Meeting	Approve Final Budget and Tax Levy	-Last scheduled meeting to approve





Finance Department

CITY OF HOPKINS

Memorandum

To: Honorable Mayor and Council Members
Mike Mornson, City Manager

From: Nick Bishop, Finance Director

Date: August 17, 2021

Subject: Hopkins Business Retention Program

City Council has expressed an interest in creating a program to incentivize businesses to stay in Hopkins. Staff is currently in the process of creating an outline of possible program guidelines and criteria, which will be presented at the meeting.