



Legislation Text

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RESOLUTION ADOPTING A MODIFICATION TO THE DEVELOPMENT PROGRAM FOR DEVELOPMENT DISTRICT NO. 17, REMOVING PARCELS FROM TAX INCREMENT FINANCING DISTRICT NO. 22 AND FROM A PLEDGE AGREEMENT, AND ESTABLISHING TAX INCREMENT FINANCING DISTRICT NO. 31: VOYAGEUR LAKEWALK INN AND ADOPTING A TAX INCREMENT FINANCING PLAN THEREFOR.

CITY PROPOSAL:

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

Section 1. Recitals

1.01. The Board of Commissioners of the Duluth Economic Development Authority ("DEDA") has heretofore established Development District No. 17 and adopted the Development Program therefor. It has been proposed by DEDA and the City that the City adopt a Modification to the Development Program for Development District No. 17 (the "Development Program Modification"); remove parcels from Tax Increment Financing District No. 22 (the "TIF District 22") and from a Pledge Agreement; establish Tax Increment Financing District No. 31: Voyageur Lakewalk Inn (the "TIF District 31") 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 469.090 to 469.1082 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. DEDA and City have investigated the facts relating to the Program and Plan and have caused the Program and Plan to be prepared.

1.03. DEDA 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 St. Louis County and Independent School District No. 709 having taxing jurisdiction over the property to be included in the District, a review of and written comment on the Program and Plan by the City Planning Commission, approval of the Program and Plan by DEDA on December 12, 2018, 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 Development District No. 17, but is however, modifying the Development Program therefor.

Section 2. Removal of Parcels from Tax Increment Financing District No. 22

2.01. DEDA created TIF District 22 within Development District No. 17 by approval of the Tax Increment Financing Plan for the District.

2.02. The City desires by this resolution to amend the Tax Increment Financing Plan for TIF District 22 to remove the following parcels from the District and from the Tax Increment Pledge Agreement between the City and DEDA dated December 16, 2005, thereby reducing the size of TIF District 22:

- 010-3830-00170
- 010-3830-00180
- 010-3830-00190
- 010-3830-00200

2.03. The City has determined that the current net tax capacity (pay 2018) of the parcels proposed to be eliminated from TIF District 22 is \$34,601. Since the current tax capacity is higher than the frozen tax capacity of \$13,757, the City has not held a public hearing pursuant to Minnesota Statutes 469.175, Subdivision 4.

	Original NTC	2018 NTC	NTC Increase
010-3830-00170	1,829	3,910	2,081
010-3830-00180	479	1,575	1,096
010-3830-00190 - Class 207	1,088	1,110	22
010-3830-00190 - Class 233	281	2,818	2,537
010-3830-00200	10,080	25,188	15,108
Total	13,757	34,601	20,844

2.04. The City resolves that the Tax Increment Financing Plan for TIF District 22 is hereby amended to remove the described parcels and the Director of Planning and Economic Development is authorized and directed to notify the County Auditor thereof pursuant to Minnesota Statutes, Section 469.175, Subdivision 4, clause (b).

2.05. The City further resolves that the proper city officials are hereby authorized to enter into a First Amendment to Tax Increment Pledge Agreement, substantially in the form of that attached hereto as Exhibit A, with DEDA removing parcels 010-3830-00170, 010-3830-00180, 010-3830-00190 and 010-3830-00200 from the Pledge Agreement.

Section 3. Findings for the Adoption and Approval of the Development Program Modification.

3.01. 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 4. Findings for the Establishment of Tax Increment Financing District No. 31

4.01. 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.

4.02. 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.

4.03. 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 B.

Section 5. Public Purpose

5.01. 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 improve the tax base and to improve the general economy of the State, diversify the City's economy, enhance the quality of life of the residents by investing in neglected neighborhoods, and thereby serves a public purpose. For the reasons described in Exhibit B, 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 6. Approval and Adoption of the Program and Plan

6.01. The Program and Plan, attached hereto as Exhibit C, a summary of which is attached hereto as Exhibit D, and 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 Economic Development.

6.02. 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.

6.03 The Auditor of St. Louis 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 City of Duluth 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.

6.04. The Director of Planning and Economic Development 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, Section 469.175, Subd. 4a.

STATEMENT OF PURPOSE: The purpose of this resolution is to adopt a modification to the Development Program for Development District No. 17, remove parcels from TIF District No. 22 and from the Pledge Agreement, establish TIF District No. 31 and adopt a Tax Increment Financing Plan for TIF District No. 31 related to the Voyageur Lakewalk Inn mixed use project located at 319, 321, 323 and 333 East Superior Street.