



Legislation Text

File #: RES PH 11-908, **Version:** 1

Approving the establishment of a Tax Increment Financing District and approving the Tax Increment Plan and modification of the Riverfront Redevelopment Plan (Cossetta Project).

Amended 5/18/11

WHEREAS, the City Council of the City of Saint Paul (the "Council") has the statutory responsibility under Minnesota Statutes, Section 469.028, to approve redevelopment plans and projects of the Housing and Redevelopment Authority of the City of Saint Paul, Minnesota (the "HRA"), after a public hearing thereon; and

WHEREAS, the HRA heretofore established the Riverfront Redevelopment Project (the "Project Area") and has adopted a redevelopment plan therefor (the "Redevelopment Plan") pursuant to Minnesota Statutes, Sections 469.001 to 469.047, as amended; and

WHEREAS, the HRA proposes to enlarge the Project Area, and has submitted to the Council a modification to the Redevelopment Plan; and

WHEREAS, said Redevelopment Plan contains an identification of need and statement of objectives and program of the HRA for carrying out of a redevelopment project, including property to be acquired, public improvements to be provided, development and redevelopment to occur, and sources of revenue to pay redevelopment costs within the Project Area; and

WHEREAS, the Saint Paul Planning Commission has reviewed the modification to the Redevelopment Plan, and approved the same as being in conformity with the Saint Paul Comprehensive Plan and the general plan for the development and redevelopment of the City as a whole; and

WHEREAS, Minnesota Statutes, Section 469.175 requires that before a county auditor may certify a tax increment financing district created under Minnesota Statutes, Section 469.174 to 469.1799 (the "Tax Increment Act") the governing body of the municipality must approve the tax increment financing plan after a public hearing thereon; and

WHEREAS, the HRA has asked the Council to approve the creation, within the enlarged Project Area, of a Tax Increment Financing District as an economic development tax increment financing district under Minnesota Statutes, Section 469.174, Subdivision 12 (the "Tax Increment Financing District"), and the adoption of a Tax Increment Financing Plan therefor (the "Tax Increment Financing Plan"), all pursuant to and in accordance with the Tax Increment Act; and

WHEREAS, the Tax Increment District is being established in connection with an expansion of the existing market and restaurant facilities operated by Cossetta's, Inc. (the "Development"); and

WHEREAS, the HRA has performed all actions required by law to be performed prior to the creation of the Tax Increment Financing District and adoption of the Tax Increment Financing Plan therefor, including, but not limited to, delivering a copy of the Tax Increment Financing Plan to Ramsey County and Independent School District Number 625, which have taxing jurisdiction over the property to be included in the Tax Increment Financing District; and

WHEREAS, on this date, the City Council conducted a public hearing on the modification to the

Redevelopment Plan and the adoption of the Tax Increment Financing Plan, after published notice thereof; and

WHEREAS, at said public hearing the City Council heard testimony from any interested parties on the Redevelopment Plan and Tax Increment Financing Plan; and

WHEREAS, the City Council has considered the findings and determinations of the Saint Paul Planning Commission and the HRA respecting the modification to the Redevelopment Plan, the Tax Increment Financing District and Tax Increment Financing Plan, together with the documentation submitted in support of the same and has taken into account the information and knowledge gained in hearings upon and during consideration of other matters relating to the developments proposed within the Project Area.

Section 1. Approval of Modification of Redevelopment Plan.

1.01 It is hereby found and determined that the undertakings and site of the enlargement to the Project Area and the development proposed would not be financially feasible without the public improvements and the financial assistance proposed. It is hereby found and determined that the modification to the Redevelopment Plan will afford maximum opportunity, consistent with the sound needs of the locality as a whole, for the development of such area by private enterprise. It is hereby found and determined that the modification to the Redevelopment Plan conforms to the Saint Paul Comprehensive Plan and the general plan for the development of the locality as a whole.

1.02 The modification of the Redevelopment Plan is hereby approved as in the public interest and as necessary in order to carry out economic development and redevelopment within the Project Area in accordance with the objectives and purposes in said Redevelopment Plan to eliminate the conditions identified in said Redevelopment Plan and accomplish the provision of public improvements and private developments contemplated by said Redevelopment Plan in the furtherance of the general welfare of the citizens of Saint Paul.

Section 2. Findings for the Creation of the Tax Increment Financing District and Adoption of a Tax Increment Financing Plan therefor.

2.01 The City Council hereby finds that the creation of the Tax Increment Financing District and adoption of the Tax Increment Plan therefor, are intended and, in the judgment of the City Council, its effect will be, to carry out the objectives of the Redevelopment Plan and to create an impetus for the development in the City of Saint Paul (the "City"), to increase employment, to increase the tax base and to otherwise promote certain public purposes and accomplish certain objectives as specified in the Redevelopment Plan and Tax Increment Financing Plan.

2.02 The City Council hereby finds that Tax Increment Financing District qualifies as an "economic development district" within the meaning of the Tax Increment Act for the following reasons: The Tax Increment Financing District is, pursuant to Minnesota Statutes, Section 469.174, Subdivision 12, an "economic development district" because it will increase employment in the City and enhance the tax base. The use of tax increments for public costs of the Development is permitted, in accordance with Section 469.176, Subd. 4c, clause (d), because the Development will create and retain jobs in the State, including construction jobs, and the construction will commence by no later than July 1, 2011. The request for certification of the Tax Increment Financing District will be submitted to Ramsey County no later than June 30, 2011.

2.03 The City Council hereby makes the following additional findings:

(a) The City Council further finds that the proposed Development, in the opinion of the City Council, would not occur solely through private investment within the reasonably foreseeable future and, therefore, the use of

tax increment financing is deemed necessary. The specific basis for such finding being:
The property on which Development will occur has not been developed for several years. Cossetta's Inc. has represented that the Development is not feasible without tax increment assistance.

(b) The City Council further finds that the Tax Increment Financing Plan conforms to the general plan for the development or redevelopment of the City as a whole. The specific basis for such finding being:
The Tax Increment Financing Plan will generally compliment and serve to implement policies adopted in the City's comprehensive plan. The expansion of the commercial and retail facilities contemplated are in accordance with the existing zoning for the property.

(c) The City Council further finds that the Tax Increment Financing Plan will afford maximum opportunity consistent with the sound needs of the City as a whole for the development of the Tax Increment Financing District by private enterprise. The specific basis for such finding being:
The proposed development to occur within the Tax Increment Financing District is commercial and retail. The development will increase the taxable market valuation of the City. The business will retain and increase jobs in the City and will increase the market valuation of the City.

(d) For purposes of compliance with Minnesota Statutes, Section 469.175, Subdivision 3(2), the City Council hereby finds that the increased market value of the property to be developed within the Tax Increment District that could reasonably be expected to occur without the use of tax increment financing is \$0, which is less than the market value estimated to result from the proposed development (i.e., \$4,252,900 after subtracting the present value of the projected tax increments for the maximum duration of the Tax Increment Financing District (i.e., \$433,385). In making these findings, the City Council has noted that the property has been used as a parking lot and has not been developed for many years and would likely remain so if tax increment financing is not available. Thus, the use of tax increment financing will be a positive net gain to the City, the School District, and the County, and the tax increment assistance does not exceed the benefit which will be derived therefrom.

2.04 The provisions of this Section 2 are hereby incorporated by reference into and made a part of the Tax Increment Financing Plan.

Section 3. Creation of the Tax Increment Financing District and Approval of the Tax Increment Financing Plan therefor.

3.01 The creation of the Tax Increment Financing District (Cossetta's Project) and the Tax Increment Financing Plan therefor are hereby approved. Approval of the Tax Increment Financing Plan is subject to the condition that the annual payment of tax increment under the TIF note of \$388,000 to the developer requires that the developer has paid a minimum of 75% of all full-time employees a living wage.

3.02 The staff of the HRA and the HRA's advisors and legal counsel are authorized and directed to proceed with the implementation of the Tax Increment Financing District and the Tax Increment Financing Plan and for this purpose to negotiate, draft, prepare and present to the Board of Commissioners of the HRA for its consideration all further plans, resolutions, documents and contracts necessary for this purpose. The staff is directed to submit the request to Ramsey County to certify the original tax capacity of the Tax Increment Financing District no later than July 1, 2011.