

**2N. Consideration of Resolution 2022-62 Modifying TIF District 1-22 for Parcel Removals Related to Proposed new Redevelopment TIF District in Block 52**

<b>Prepared by:</b> Economic Development Manager	<b>Meeting Date:</b> 5/23/2022	<input checked="" type="checkbox"/> <b>Consent Agenda Item</b> <input type="checkbox"/> <b>Regular Agenda Item</b>
<b>Reviewed by:</b> Community Development Director	<b>Approved by:</b> City Administrator	

**ACTION REQUESTED**

Motion to adopt Resolution 2022-62 Approving the Elimination of Parcels from Tax Increment Financing District No. 1-22 within Central Monticello Redevelopment Project No. 1.

**REFERENCE AND BACKGROUND**

The City Council is asked to consider adopting Resolution 2022-62 approving modification of TIF District 1-22 (TIF 22) to remove three parcels within the district for administrative purposes.

The removal of the parcels is required to allow the proposed establishment of Redevelopment TIF District 1-45 in Block 52 in support of Deephaven Development’s vertical mixed use development proposal. A public hearing is scheduled as a subsequent part of this meeting agenda to consider establishing TIF District No. 1-45.

Land parcels cannot be in more than one TIF District. The three parcels identified in the resolution were originally included in TIF District 1-22 many years ago when the TIF District was formed as a Redevelopment District. It is reasonable to assume there may have been a redevelopment proposal involving those three parcels which ultimately never came to fruition.

The three land parcels to be removed from TIF District 1-22 are:

- 155-010-052010
- 155-010-052060
- 155-010-052110

The following are the related impacts to TIF District 1-22.

- The only modification proposed to TIF 1-22 is elimination of the identified parcels from the district.
- The modification to the boundaries of TIF 1- 22 will not change the classification of the district. TIF 1-22 will remain classified as a redevelopment district. The findings related to classification of the district contained in the original TIF Plan can be reaffirmed with the elimination of the three parcels.

- At the time of the establishment of TIF 1-22 (TIF Plan, adopted March 10, 1997), the City concluded that more than 70% of the area in the district was occupied by buildings, streets, utilities, or other improvements and more than 50% of the buildings, not including outbuildings, were structurally substandard to a degree requiring substantial renovation or clearance.
- The anticipated decertification date of TIF 1-22 is December 31, 2023. The decertification is anticipated to occur one year earlier than the required decertification date of December 31, 2024. The final maturity date of the one remaining obligation (pay-go TIF note) payable from tax increment from TIF 1-22 is February 1, 2023.
- There is a slight possibility that, due to proposed legislation related to the TIF statute, TIF 1-22 may be decertified at the end of 2022 rather than 2023.
- I. **Staff Workload Impact:** Staff involved in the effort to remove the three land parcels from TIF 1-22 include the EDA attorney and the Northland Securities staff as well as the Economic Development Manager and Community Development Director.
- II. **Budget Impact:** There will be modest budget impacts due to legal fees required for consultation with the EDA attorney and preparation of the City resolution. These expenses will be coded to the administrative line item of TIF District 1-22. There may also be minor impacts to tax increment collection as noted above.
- III. **Comprehensive Plan Impact:** Although not directly related to a specific Monti2040 policy, the proposed action allows the City to support the establishment of Redevelopment TIF District 1-45 to facilitate Block 52 redevelopment proposal by Deephaven Development.

#### **STAFF RECOMMENDED ACTION**

Staff supports Alternative 1. The removal of the parcels and modification to the TIF Plan is required to allow the establishment of Redevelopment TIF District 1-45 to proceed.

#### **SUPPORTING DATA**

- Resolution 2022-62

**CITY OF MONTICELLO  
WRIGHT COUNTY  
STATE OF MINNESOTA**

**RESOLUTION NO. 2022-62**

**RESOLUTION APPROVING A MODIFICATION TO THE TAX  
INCREMENT FINANCING PLAN FOR TAX INCREMENT FINANCING  
DISTRICT NO. 1-22**

*WHEREAS*, the City of Monticello (the “City”) and the Housing and Redevelopment Authority in and for the City of Monticello (the “HRA”) previously established the Central Monticello Redevelopment Project Area No. 1 (the “Redevelopment Project”) pursuant to Minnesota Statutes, Sections 469.001 through 469.047, as amended (the “HRA Act”); and

*WHEREAS*, on March 10, 1997, the City and the HRA approved a Tax Increment Financing Plan (the “TIF Plan”) for Tax Increment Financing District No. 1-22 (the “TIF District”) located within the Redevelopment Project, pursuant to the HRA Act and Minnesota Statutes, Sections 469.174 to 469.1794, as amended (collectively, the “Act”); and

*WHEREAS*, administration of the TIF District was subsequently transferred to the City of Monticello Economic Development Authority (the “Authority”); and

*WHEREAS*, the following properties, by property identification number, were included in the TIF District:

155-010-052010  
155-010-052060  
155-010-052110

*WHEREAS*, the City desires by this resolution to approve a modification to the TIF Plan (the “Modification”) to remove the above-described parcels (the “Removed Parcels”) from the TIF District, thereby reducing the size of the TIF District; and

*WHEREAS*, because the current net tax capacity of the Removed Parcels equals or exceeds the net tax capacity of Removed Parcels in the TIF District’s original net tax capacity, the Modification does not require notice, discussion, a public hearing, or original plan approval findings pursuant to Section 469.175, subd. 4(e)(2)(A) of the Act; and

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

1. Subject to approval by the Board of Commissioners of the Authority, the Modification is hereby approved.
2. City staff is authorized and directed to notify the Wright County auditor of the reduction of the size of the TIF District pursuant to Section 469.175, subd. 4(e) of the Act.

Approved by the City Council of the City of Monticello, Minnesota on May 23, 2022.

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Mayor

ATTEST:

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City Clerk

DRAFT